



2020

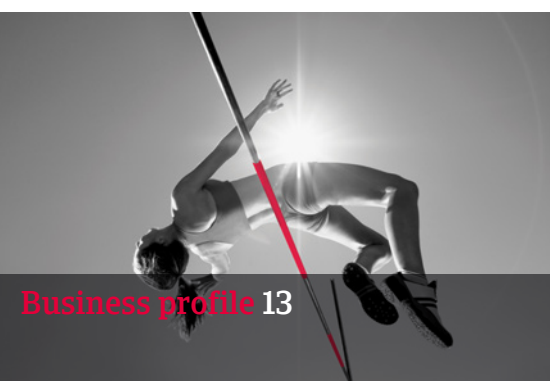
Annual Report Atradius N.V.



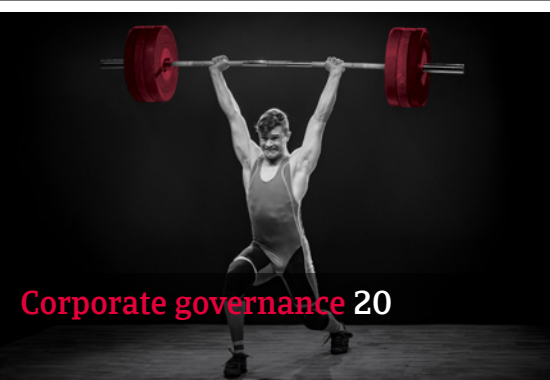
Contents



This is Atradius 3



Business profile 13



Corporate governance 20



Company information 31

Management report

This is Atradius

- > This is Atradius 4
- > Our 2020 performance at a glance 6
- > Ten years in figures 8
- > A message from the Management Board 9

Business profile

- > Products and services 14
- > Global footprint 17
- > Atradius Group organisation 19

Corporate governance

- > Report of the Supervisory Board 21
- > Shareholder structure 24
- > Corporate governance 27

Company information

- > The global economic environment 32
- > Business performance 36
- > Human resources 44
- > Risk and capital management 48
- > Corporate responsibility 51

> Financial statements 55

- > Consolidated financial statements 2020 56
- > Company financial statements 2020 140

> Other information 150

- > Independent auditor's report 153
- > Glossary 156
- > Overview of subsidiaries, branches, associated companies and minority shareholdings 159

Click on the arrow > to go straight to that section of the report



This is Atradius



This is Atradius

2020 was a year of new challenges. Tackling the impact of Covid-19 has demonstrated our fortitude and sustainability as a company, but it has also helped us push forward with initiatives to modernise the ways in which we work together with our customers and partners.

This has also led to new ways of doing business and shown us that we can move boldly forward with ideas that just last year may have seemed untenable.

We have always been a business that puts customers first. Delivering the best possible service to our customers, everywhere they do business with us, is our highest priority. With businesses in lockdown around the world, this most important deliverable was being challenged. However, we rose to the task by ensuring our staff have all of the resources they need, despite working from home, to continue to meet our customers' needs and by providing our customers with the flexibility they require to continue doing business with buyers that are important to their sustainability.

We reviewed buyers case by case then worked together with our customers to maximise cover on their buyers in the current environment. We extended claims periods giving our customers more time to collect overdue invoices without changing the reimbursement period when they do have claims. We worked together with the government in a number of countries so that credit insurance could continue to be offered on buyers that might otherwise be left without cover. With communication and collaboration as the hallmarks of our service offering, we are happy to say that our retention rate has remained high.

Throughout the year, we continued to prepare Atradius for the future. New product features that have system dependencies, such as exposure pricing, or hybrid non-can/cancellable cover will be delivered to provide customers with greater flexibility and choice. In addition, a simplified product and pricing structure allows for faster response times to customers and prospects with right-first-time information, enhanced documentation and quicker turnaround times. The pricing mechanism will also be enhanced so that it is possible to understand the price impact of different cover features to facilitate a dialogue between customers and brokers about finding the right solution at the right price. We are further rolling out our credit management tool Atradius Flow. The substantial progress we are making in development of technological advancements will increase the value of and improve the efficiency with which our credit insurance, bonding and collections customers access and share information, products and services.

While we hope that this is a 100-year event and does not revisit us again, it has been a challenge that we and our customers can be happy to say we have learned and grown from. We are ready to move forward and grow along with our customers, brokers and partners in 2021 and the years to come.



The evolution of Atradius

- 1925** – NCM (Nederlandsche Credietverzekering Maatschappij) is founded in the Netherlands, with the aim of improving trading conditions for Dutch companies.
- 1929** – Crédito y Caución is founded, becoming the first credit insurer in the Spanish market.
- 1932** – NCM partners with the Dutch government to provide export credit services to Dutch companies on behalf of the Dutch State. This relationship continues to be successful.
- 1954** – In Germany, Gerling Kreditversicherung (Gerling Credit) is established as the credit insurance arm of the Gerling Group.
- 1962** – Gerling Credit opens its first international branch office, in Switzerland, and is the first private credit insurer to offer export credit protection.
- 1991** – NCM acquires the short-term export credit arm of the UK's Export Credit Guarantee Department (ECGD), itself a long-standing credit insurer.
- 2001** – The paths of NCM and Gerling Credit meet and Gerling NCM is formed
- 2004** – Gerling NCM rebrands to Atradius.
- 2008** – Grupo Catalana Occidente S.A. becomes the major shareholder of Atradius. Crédito y Caución becomes a key part of the Atradius Group.
- 2011** – Atradius launches its Roadmap for Success; a strategy to enable its regional teams across the globe to be even more responsive to their customers' needs.
- 2013** – Atradius redefines its corporate guiding principles with a clear focus on delivering tailor-made solutions in each of its markets.
- 2014** – Grupo Catalana Occidente S.A. celebrates its 150th anniversary, and the 10th anniversary of the Atradius brand.
- 2016** – Atradius merged its two European insurance carriers consolidating the leadership in the market, and strengthen its information services by acquisitions of Graydon Holding N.V. (Graydon) in the Netherlands and IGNIOS Gestão Integrada de Risco S.A. in Portugal (now named Iberinform Portugal).
- 2017** – Atradius acquires 25% of Credit Guarantee Insurance Corporation of Africa Ltd.
- 2018** – Atradius Credit Insurance further continued to expand and strengthen the geographic footprint in 2018 by opening new offices in Bulgaria, Romania, Indonesia, Taiwan and Vietnam, as well as strengthening our presence in Thailand and Malaysia. Atradius Collections opened a new office in Turkey and Atradius Bonding expanded into Portugal.
- 2019** – Atradius acquired full ownership of Iberinform Portugal S.A. Atradius Collections established an office in Dubai, further expanding its geographical coverage.



Our performance at a glance

Supporting our customers during the most challenging of times

- Net result of EUR 44.2 million
- Insurance premium revenue decreased by 1.8%
- Atradius claims ratio increased to a 58.6%
- The expense ratio for the year improved to 35.7%
- The gross combined ratio ended at 94.3%
- A positive contribution of EUR 14.3 million from our prudent investment portfolio
- Our shareholder's equity and subordinated debt position decreased by 4.8%

Management Board

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

The Supervisory Board

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

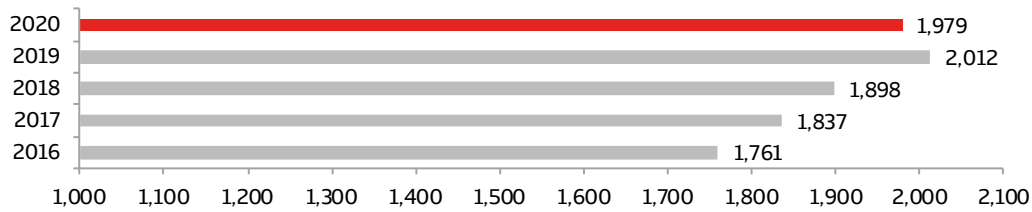
Supervisory Board Committees

Audit Committee
Remuneration, Selection and Appointment Committee



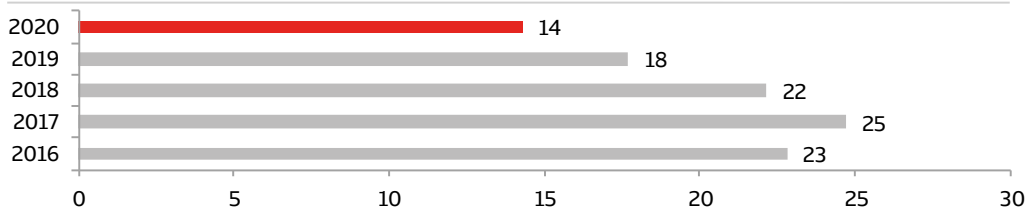
Total Revenue

In EUR million

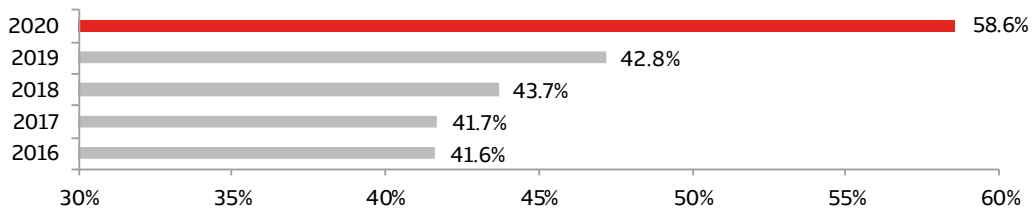


Net Investment Result ⁽¹⁾

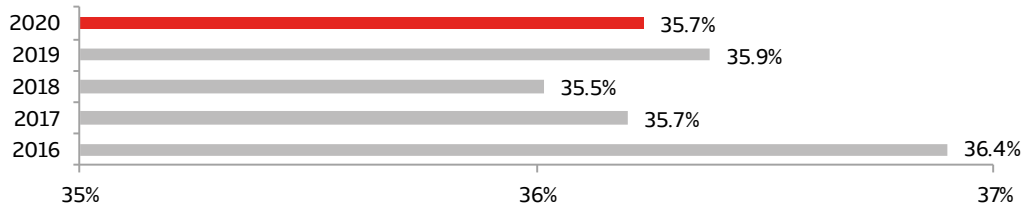
In EUR million



Gross Claims Ratio

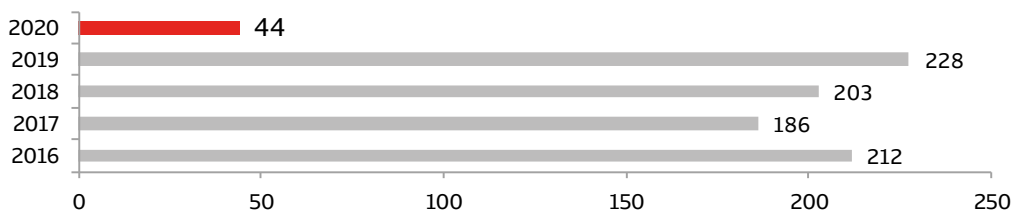


Expense Ratio



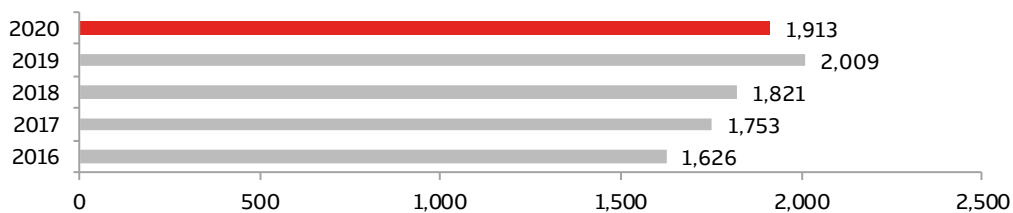
Result For The Year

In EUR million



Equity

In EUR million



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



Ten years in figures

Financial information (in EUR million)	2020	2019	2018	2017	2016 ⁽¹⁾	2015	2014	2013	2012	2011
Insurance premium revenue	1,727.4	1,759.5	1,648.5	1,588.1	1,557.6	1,537.0	1,458.2	1,412.1	1,439.8	1,403.4
Service and other income	252.0	252.5	249.5	249.1	203.1	180.8	169.0	166.4	161.8	150.5
Total revenue	1,979.4	2,012.0	1,898.0	1,837.2	1,760.7	1,717.8	1,627.2	1,578.4	1,601.6	1,553.8
Net investment result ⁽²⁾	14.3	25.9	22.1	24.7	22.8	36.0	37.8	35.1	30.3	31.1
Total income	1,993.7	2,037.9	1,920.2	1,861.9	1,805.6	1,753.8	1,665.0	1,613.5	1,632.0	1,584.9
Result for the year	44.2	227.7	202.7	186.2	211.8	178.2	161.2	134.5	113.6	129.8
Balance sheet information										
(in EUR million)										
Equity	1,913.3	2,008.7	1,821.4	1,753.2	1,625.5	1,500.2	1,393.0	1,286.9	1,196.3	1,129.8
Total assets	5,380.2	5,067.4	4,725.3	4,519.2	4,391.5	4,250.2	4,130.9	3,697.8	3,737.2	3,580.1
Insurance contracts	1,902.7	1,706.2	1,619.9	1,530.3	1,561.2	1,648.8	1,572.2	1,486.3	1,592.8	1,549.3
Shareholders information										
Return on equity ⁽³⁾	2.3%	11.9%	11.3%	11.0%	13.6%	12.3%	12.0%	10.8%	9.8%	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)	102.9	91.8	83.9	76.7	71.2	64.9	53.8	43.5	43.5	25.3
Technical ratios										
Gross claims ratio ⁽⁴⁾	58.6%	42.8%	43.7%	41.7%	41.6%	43.5%	40.7%	45.6%	51.2%	49.7%
Gross expense ratio	35.7%	35.9%	35.5%	35.7%	36.4%	37.1%	36.6%	35.9%	35.0%	35.2%
Gross combined ratio	94.3%	78.7%	79.2%	77.4%	78.0%	80.6%	77.3%	81.5%	86.2%	84.9%
Net claims ratio	55.9%	43.3%	44.7%	41.4%	42.0%	42.0%	42.6%	46.4%	49.1%	50.3%
Net expense ratio	36.7%	30.0%	32.0%	34.2%	35.4%	35.9%	35.8%	37.4%	37.5%	34.2%
Net combined ratio	92.6%	73.4%	76.7%	75.5%	77.4%	77.9%	78.3%	83.8%	86.7%	84.5%
Employees										
Full-time equivalents (FTE), at year-end	3,503	3,531	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149
Financial strength ratings										
Moody's ⁽⁵⁾	A2, outlook stable									
A.M. Best ⁽⁶⁾	A (excellent), outlook stable									

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

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

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

⁽⁴⁾ 2019 Gross Claims Expenses and the Gross Claims Ratio shown in the management report exclude a single large claim of 83.9m which was 100% reinsured and had zero impact on the net insurance result.

⁽⁵⁾ Moody's affirmed the A2 financial strength rating of the Atradius rated entities with a stable outlook since February 2021 (after a temporary reduction to negative outlook in March 2020 reflecting market uncertainty).

⁽⁶⁾ In 2020 A.M. Best reaffirmed the Financial Strength Rating of A (Excellent), outlook stable and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of the Atradius rated entities as "a+".



A message from the Management Board



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

The impact of Covid-19 continues to permeate all aspects of society – often with unclear potential outcomes.

The global economic impact has already been severe, but it is expected that the world is not over the peak yet. This results in a business environment full of uncertainties, but we are confident that especially in these trying times we can support our customers, partners, employees, and shareholders with our strong proposition.



Operations and staff

Our core asset is our people and it was key for us to protect them in this difficult year. We have been monitoring the outbreak of Covid-19 closely. On all relevant levels, we have activated incident management teams in step with the severity of the outbreak. Following public health authority guidelines, our offices and office policies have been adapted, enacting working from home policies where possible, while ensuring that employees that have to work from the office, can do so safely.

As our employees had to switch over to working remotely immediately, we increased our remote working capacity and accelerated the rollout of virtual collaboration tools.

Additionally, to help each other through these times, we have also been pursuing virtual means of staying connected. This included regular informational newsletters, Covid-19 themed webinars, and informal virtual meetings.

We have been impressed by the extraordinary motivation and commitment from our employees to go the extra mile during these circumstances. This spirit and motivation is a reflection of our confidence in our ability to provide excellent service to our customers and partners.

Performance

As we are fully committed to unrivalled customer service, we intensified the communication with our customers and partner to understand their challenges in these unprecedented times.. This allowed us to understand their individual situation and how we can best serve them, while also managing our risk appropriately and avoiding claims in sectors that are most severely affected by the pandemic.

Unlike other economic crises, we were also able to leverage the opportunity within several European countries, protecting their local economy by establishing government support schemes for credit insurance.

This has helped us to fulfil our objective of protecting our customers from claims and allow them the necessary freedom to trade in such a difficult year. However, even with this support, the effects of the pandemic are visible in our financial performance.

Our insurance premium revenue saw a reduction of 1.8% compared to last year, reaching EUR 1,727.4 million. Nonetheless, our customer retention is at a very strong level of 92.7%. The need to maintain prudent loss reserves leads to an increase of claims expenses and a gross claims ratio of 58.6%, whereas the expense ratio decreased marginally to 35.7%. The overall result, reached EUR 44.2 million, and our equity base reduced by 4.8% to EUR 1,913.3 million.



The extraordinary motivation and commitment of our employees during these circumstances is a reflection of our confidence in our ability to provide excellent service to our customers and partners.



Key projects

Even in these challenging times, we are committed to further evolving through technology and digitalisation. The current crisis has only accelerated the underlying developments for working, connecting and transacting digitally. Hence, we are glad to say that we are on track in our plans to modernise our core systems, both in credit insurance and bonding, to further develop our customer portal Atrium, and to prepare ourselves for compliance with relevant upcoming regulations, such as IFRS17.

2020 also saw the first implementation phase of our new system Arcade in some key commercial processes as well as the launch of our new product management functionality.

We have further expanded our capabilities, not only in connecting with our customers through APIs, but also in participating in new trading opportunities through platforms, such as our very own B2BSafe marketplace in Spain.

Also for our other business lines, we are exploring new means of improving the customer experience. Examples include the development of a new online integrated secured loan platform for insured consumer credits by ICP, and our online collections portal Agora.

Financial strength

AM Best has affirmed our financial strength rating as A (Excellent) and our Long-Term Issuer Credit Rating of a+, also confirming the outlook as stable.

Moody's has affirmed our A2 financial strength rating with a stable outlook since February 2021 (after a temporary reduction to negative outlook in March 2020 reflecting market uncertainty).

In the current circumstances, where most of the World economies have been plunged into recession added to a rising insolvencies environment, the reaffirmation of our rating is an endorsement of our financial strength, approach to managing risks and resilience to cope with the market uncertainty caused by the Covid-19 pandemic.

The ratings reflect the strength of our balance sheet, which AM Best categorises as very strong, as well as our strong operating performance, favourable business profile and appropriate enterprise risk management.



These challenging times have sharpened our focus to further evolving through technology and accelerated our underlying developments for working, connecting and transacting digitally.



Outlook

The global economy is expected to recover to relatively high levels in 2021, as vaccination rates against Covid-19 increase and lockdown measures are relaxed. Emerging markets are forecast to benefit to a larger degree, which is skewed by a projected strong Chinese growth due to pent up demand and an effective pandemic response. Latin America and Eastern Europe are expected to grow slightly slower, also as a result of the lack, or reduction of fiscal measures. Advanced economies are projected to recover to a growth of 3.9%, with the Eurozone experiencing a longer recovery due to extended lockdowns.

Bankruptcies and insolvencies are expected to increase in almost all economies, as government measures suspending against insolvencies conclude. The economic damage of the pandemic will take years to recover, but the beginnings are expected in 2021.

As the governmental support in the economy will continue in 2021 and some countries will extend their governmental schemes, we are confident that also our risk management actions will continue to be balanced and customer focussed.

Also with the current economic uncertainties, we are confident and committed to advance our service and value proposition. This means that also in 2021, we will pursue our innovative company-wide multi-year programme to modernise our IT systems. Further development and rollout of functionality in these programmes is scheduled and underway. We expect to continue rolling out the commercial application Arcade in most of the Atradius countries, as well as the new bonding application in Italy.

Next to this, we want to enhance our digital capabilities to connect with our customers and partners through the full rollout of our API library and providing our Atradius Flow service to more countries. With Atradius Flow, our customers will be able to access credit insurance processes directly in their ERP systems, in this case, in one of the market leading applications Microsoft Dynamics®.

In the last years, the number of employees at Atradius has been very stable. Looking forward, no substantive changes in workforce are planned or expected.

The year 2020 has been full of challenges and we will feel the effects well beyond its end. Nonetheless, we continue to work as a team in an agile and relationship-driven organisation that is committed to supporting our customers, business partners, brokers, and shareholders.

The Management Board would like to thank our customers, business partners, brokers, agents, reinsurers and employees for their continued commitment and collaboration during these challenging times.

The Atradius Management Board

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



Business profile





Products and services

Credit Insurance: tailor made solutions for companies of all sizes

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

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

We have solutions for all sizes of business:

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

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

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

The added value of purchasing credit insurance from us comes from the day to day credit management and risk assessment support that we provide alongside our credit insurance policy. Each policy is supported by an account manager, credit limit underwriting and our on-line tools and services.

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

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



Our on-line tools provide additional credit management support services such as 'Insights' which allows you to analyse the risk in your portfolio. 'Atrium' allows you to perform administrative tasks for your policy such as applying for a credit limit or submitting a claim.

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

With the rise of digital trading via platforms we have also developed a single transaction credit insurance product which can be digitally integrated with platforms so that credit insurance can be purchased on-line, in the moment when trading decisions are being taken. This has allowed us to integrate our credit insurance on Kemiex, the first online trading platform to buy and sell raw materials for Feed, Food, Vet and Pharma.

Reinsurance: specialised solutions for credit and bonding

Atradius Reinsurance DAC (Atradius Re) is a leading monoline credit and bonding reinsurer, offering reinsurance solutions for credit insurance and bonding primary insurers around the globe. Through its team of underwriters in Dublin, Ireland, Atradius Re supports over 100 clients in 50 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 credit and bonding underwriters.

Bonding: leading bond supplier in Europe

Present in 12 European countries, Atradius Bonding serves an extensive portfolio of businesses in a wide range of industries, helping them secure their performance and support their business development both locally and internationally. We help our customers in much more than just managing risks and protecting themselves against worst-case scenarios. We provide tailor-made solutions that fit their needs and strategies, providing all-round support. We are the first choice for companies that are subject to bond obligations. With our long-standing bonding expertise and international network, we can meet customers' large, specific and complex needs quickly and efficiently, allowing us to grow steadily in recent years. As a trusted business partner and guarantor, we have earned the trust of major organizations and have a strong credit rating, allowing us to become a leading bonds supplier in Europe.

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

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



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

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

The latest addition to our Collections services is Agora, our online debt recovery platform. This online service allows prospects and customers to get an instant quote on the collection of outstanding debts, initiate their collection, and receive updates until the debt is collected. Dutch State Business: the export credit agency of the Netherlands

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

Credit Information Services: business intelligence to support credit management decisions

We offer 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 credit management, risk and compliance management and marketing decisions. They also support us by providing information to underwrite buyer risks for our core credit insurance business.



Global footprint

Europe

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

Middle East

Bahrain	C	Manama ⁽¹⁾
Israel	C	Tel Aviv ⁽¹⁾
Lebanon	C	Beirut ⁽¹⁾
Oman	C	Muscat ⁽¹⁾
Qatar	C	Doha ⁽¹⁾
Saudi Arabia	C	Riyadh ⁽¹⁾
United Arab Emirates	C	Dubai ⁽¹⁾

Americas

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

Asia

China	C I	Guangzhou, Shanghai ⁽²⁾
Hong Kong, SAR	C	Hong Kong, SAR
India	C I	Mumbai, New Delhi, Kolkata ⁽²⁾
Indonesia	C I	Jakarta ⁽²⁾
Japan	C I	Tokyo
Malaysia	C	Kuala Lumpur ⁽¹⁾
Philippines	C	Manila ⁽¹⁾
Singapore	C	Singapore
South Korea	C I	Seoul ⁽²⁾
Taiwan	C I	Taipei ⁽¹⁾
Thailand	C I	Bangkok ⁽²⁾
Vietnam	C I	Ho Chi Minh City ⁽¹⁾

Africa

Kenya	C	Nairobi ⁽¹⁾
Morocco	C	Casa Blanca ⁽²⁾
South Africa	C	Johannesburg ⁽¹⁾
Tunisia	C	Tunis ⁽¹⁾

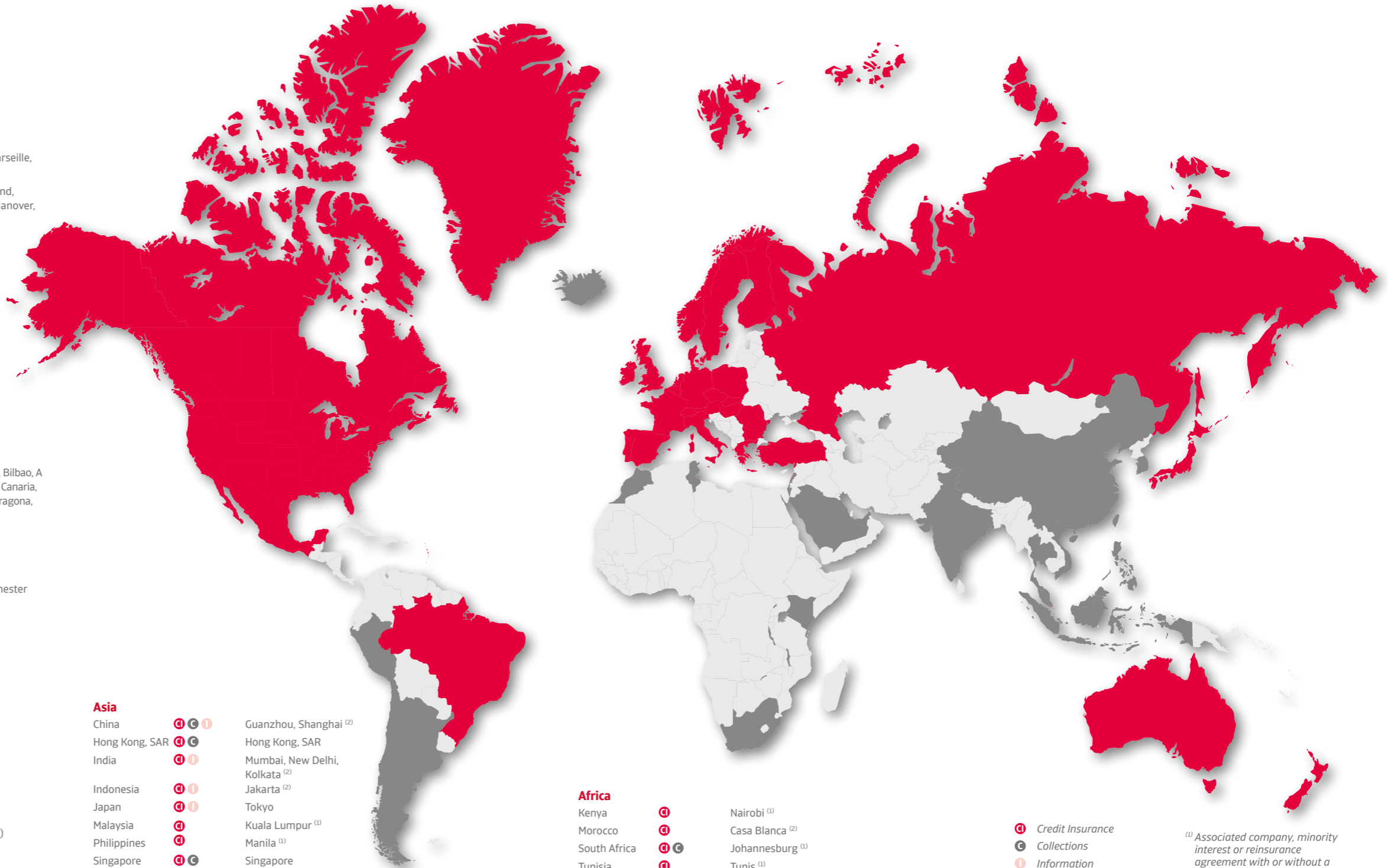
Oceania

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

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

⁽¹⁾ Associated company, minority interest or reinsurance agreement with or without a co-operation agreement with local partner

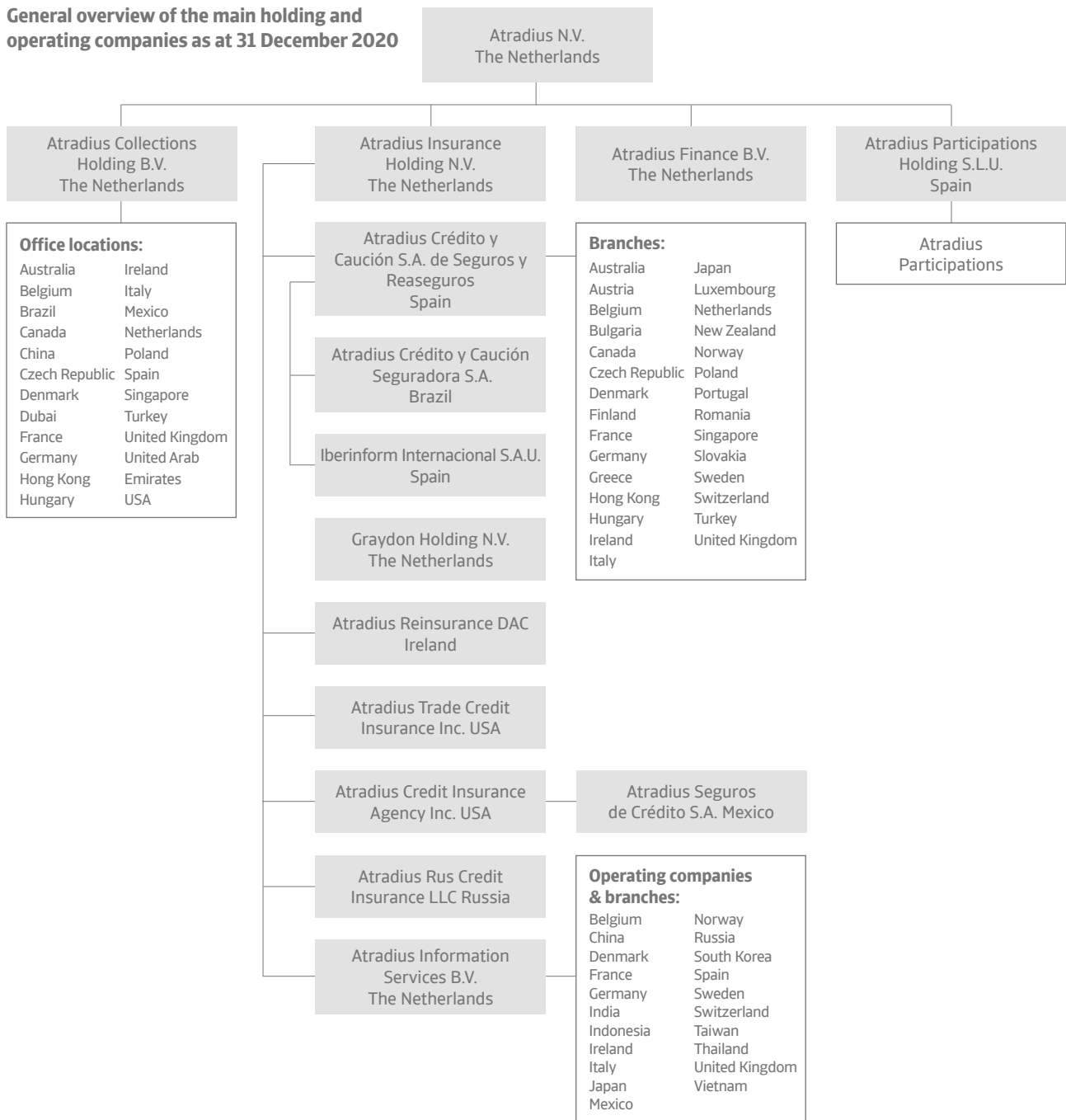
⁽²⁾ Service establishment and co-operation agreement with local partner





General Atradius group organisation

General overview of the main holding and operating companies as at 31 December 2020





Corporate governance



Report of the Supervisory Board

During 2020, Atradius showed its resilience remaining in a position to continue to support its customers and protect its employees, while maintaining its strength in the context of the unprecedented events resulting from the Covid-19 pandemic.

In this environment, the global economy entered a sharp recession, with the containment measures restricting economic activity and the outlook for corporate insolvencies having worsened in spite of the fiscal stimulus packages and other temporary measures implemented by governments.

Against this backdrop, Atradius stayed committed to its value proposition continuing to contribute to the commercial development of its customers, and took risk mitigating measures and worked with several governments across Europe to implement schemes aiming at protecting trade and the economies of the countries in scope.

The financial results for the year amounted to an annual turnover of 1,979.4 million euros and a profit of 44.2 million euros, while managing to maintain a strong solvency position.

In a year full of unparalleled challenges, Atradius took swift measures to minimise the disruption for its customers preserving the continuity of services and systems and maintaining a customer-oriented approach through clear and transparent communication. From the beginning of the outbreak, Atradius protected and supported its staff across its various locations, implementing remote working solutions driven by local government guidelines as well as collaboration and communication tools. In this difficult environment, and, focusing on its long-term strategy, Atradius remained committed to its innovation programmes and its digital transformation, taking key steps on the programmes designed to transform Atradius' core systems by enhancing the business processes while strengthening the value proposition in Credit Insurance and Bonding, respectively.



In line with the strategic priorities of Grupo Catalana Occidente, Atradius further strengthened its commitment to ethical, environmental, social and governance behaviour and to report its sustainability performance in a consistent and transparent way, contributing to the Environmental, Social and Governance (ESG) initiatives launched by Grupo Catalana Occidente in early 2020.

With regard to corporate governance, the Supervisory Board ensures that Atradius runs its business and manages risk for stakeholders in a transparent, ethical way. In 2020, the full Supervisory Board convened five times. The Supervisory Board has established two Committees, the Audit Committee and the Remuneration, Selection and Appointment Committee that discuss specific issues in depth and prepare items on which the full Supervisory Board makes decisions. In 2020, the Audit Committee convened four times and the Remuneration, Selection and Appointment Committee convened twice.

In terms of key topics discussed during the 2020 Supervisory Board meetings, detailed attention was given to the actions taken by Atradius towards the effects of Covid-19, including in respect of the schemes implemented by governments. The Supervisory Board also reviewed Atradius' results and strategy, as well as of the main business risks and the risk management framework of Atradius, and the renewal of the reinsurance programme. The Supervisory Board was also updated on compliance matters, on the ongoing IT transformation programmes and on the developments around IT security. The budget for 2021 was approved at the Supervisory Board in December 2020.

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

During 2020, the Remuneration, Selection and Appointment Committee discussed the performance of the members of the Management Board and evaluated the scope and composition of the Management Board. It also reviewed the Remuneration Policy, variable pay and targets set for the members of the Management Board and Strategic Staff and made recommendations on the re-appointments of members of the Supervisory Board. The Remuneration, Selection and Appointment Committee further reviewed the result of the yearly self-assessment undertaken by the Supervisory Board.

With effect 1 January 2020, David Capdevila took over the position as Atradius' CEO and member of the Management Board of Atradius N.V. Furthermore, in December 2020, Messrs. Carlos Halpern, John Hourican and José María Sunyer were re-appointed as members of the Supervisory Board.



Atradius stayed committed to its value proposition continuing to contribute to the commercial development of its customers.



Atradius N.V.'s Annual Report contains the financial statements for the financial year 2020, 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 2020.

The Supervisory Board would again like to thank the Management Board and all employees of Atradius for their commitment and the resilience shown to overcome the challenges faced in 2020, as well as to all customers for continuing to entrust their business to us. The Supervisory Board trusts that the Atradius management team, stakeholders as well as employees are best placed to weather the uncertainties expected for 2021 and contribute to Atradius having a successful year.

The Supervisory Board

Ignacio Álvarez
Chairman





Shareholder structure

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



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

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

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

The shares of Grupo Catalana Occidente are listed on the Continuous Market of the Barcelona and Madrid stock exchanges as part of the IBEX Medium Cap Index. Currently, 32.42% of its capital is floating and the main shareholder is INOC, S.A., holding 61.95% 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)	2020	2019	% change 2019/2020
Long-term capital market value	4,663.4	4,574.1	1.7%
Equity	3,937.6	3,851.20	2.2%
Subordinated debt	200.7	200.5	0.1%
Return on long-term capital	7.3%	11.1%	
Funds under management	14,758.9	14,377.3	2.7%
Total revenue	4,559.5	4,547.7	0.3%
Consolidated result	270.1	424.5	36.4%



Grupo Catalana Occidente

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

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

More than 17,000
Intermediaries

More than
1,600 offices

Presence in
more than 50
countries

More than
7,400 employees

More than
€4,500 million
turnover

Strategic goal

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

Growth

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

Profitability

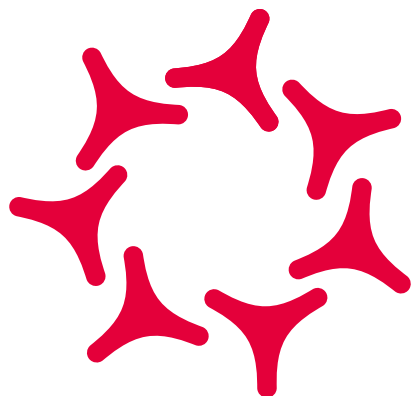
Recurrent and sustained profitability based on technical and actuarial rigour, investment diversification and processes that allow tight cost ratios and quality service.

Solvency

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



	Characteristics	Lines of Business
Traditional Business	Focused on Spain	Multi-risk
	Families and small and medium sized companies	Automobile
	Professional agency network	Other non-life
	1,405 offices	Life and financial products
Credit Insurance Business		Health
		Funeral
	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 Jesús Serra

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



Building trust

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

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

The Management Board

Composition

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

David Capdevila - Chairman and Chief Executive Officer

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 2020.

Conflict of interest

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

The Supervisory Board

Composition

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

Ignacio Álvarez, Chairman

Francisco Arregui, Vice-Chairman

Xavier Freixes

Désirée van Gorp

Carlos Halpern

John Hourican

Bernd Hinrich Meyer

Hugo Serra

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 in the full Supervisory Board, rather than in a specific risk committee.

Audit Committee

The Audit Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The Audit Committee monitors, independently and objectively, the financial reporting process within Atradius and the system of internal controls. The Audit Committee also facilitates the ongoing communication between the external auditor, the Management Board, the internal audit department and the Supervisory Board on issues concerning the Company's financial position and financial affairs. In 2020, the Audit Committee met four times. The Audit Committee currently consists of Xavier Freixes (Chairman), Francisco Arregui and Bernd Hinrich Meyer.



Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for proposals for the appointment of members of the Management Board and the Supervisory Board, the remuneration policy, the remuneration of senior management and other corporate governance matters. In 2020, the Remuneration, Selection and Appointment Committee met twice. 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 2020.

Conflict of interest

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

General Meeting

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

The internal and external auditor

Internal auditor

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

External auditor

The General Meeting appoints the external auditor on the recommendation of the Audit Committee of the Supervisory Board. The Audit Committee evaluates the performance of the external auditor and also pre-approves the fees for audit 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 Policy on Auditor Independence.

The General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the Company's external auditor for the financial year 2020.



[Company information](#)



The global economic environment

Major downturn due to Covid-19

The year 2020 turned out to be completely different to the one envisaged a year ago. At the end of 2019, our main concern was the escalating trade war between the United States and China. But the outbreak of the coronavirus ushered in a global pandemic with unprecedented economic consequences. World GDP is estimated to contract by 3.7% in 2020, a higher contraction than occurred in 2009, after the 2008 financial crisis.

Advanced markets

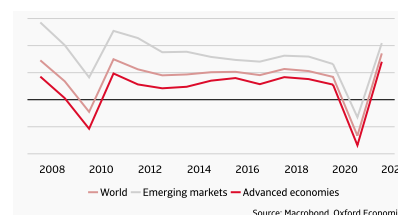
A sharp economic downturn occurred in all advanced markets in 2020. There was a big decline in output in the second quarter of 2020, following containment measures to limit the spread of Covid-19. There was some mechanical recovery in GDP over the third quarter, followed by a setback in the fourth quarter as many countries tightened restrictions during the second wave.

The United States still registers one of the highest rates of infections in the world. While the economy has made some headway towards recovery in recent months, we estimate a 3.5% contraction of GDP in 2020. Consumer spending (which typically accounts for 70% of US GDP) and fixed investment account for the decline. The US government has reacted with a massive fiscal stimulus programme (amounting to around USD 2.3 trillion, or 11% of GDP), addressing every segment of the economy and a further USD 900 billion stimulus bill was approved in December.

The Eurozone witnessed a second wave of infections towards the end of 2020, leading to tighter restrictions and clouding the economic outlook. GDP decreased by 7.1% in 2020. Domestic demand was under pressure as employment and household incomes declined. The unemployment rate is rising, but still understates the true effect of the coronavirus crisis as young people in particular retreat from the labour market. The unemployment rate rose from a low of 7.2% in April to 8.3% in November.

In a bid to contain the market fallout caused by the pandemic, central banks across advanced markets further loosened monetary policies. The European Central Bank (ECB) announced the purchase of an extra EUR 1.85 trillion of bonds under the Pandemic Emergency Purchase Programme (PEPP). The Federal Reserve lowered the policy rate by a cumulative 1.5 percentage points to 0.25%. Both the ECB and the Federal Reserve have also taken liquidity enhancing measures. Despite the loosening of monetary policies, credit conditions have deteriorated as banks brace for a rise in bad loans due to the pandemic. Central bank surveys in both the Eurozone and the United States point to a tightening of credit standards for businesses and households.

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





Emerging markets

Many emerging market economies are still at a critical stage in the public health crisis. There is a sharp downward effect on economic growth from stringent lockdowns and indirect negative effects from lower world trade. Moreover, the plunge in tourism income and commodity prices negatively impact markets that are dependent on these sectors. GDP of emerging markets as a group declined 1.9% in 2020.

Prospects for China are much stronger than for most other countries in the emerging markets group. The Covid-19 virus emerged in the Chinese city of Wuhan towards the end of 2019. While it initially spread throughout the country, the government was able to suppress the virus in Q1 2020 with a stringent lockdown and to keep it under control since then. Economic activity rebounded again in Q2 2020 and full-year growth is forecast at 1.8%. Growth was supported by monetary policy and fiscal stimulus. India has been struggling to contain Covid-19 infections. GDP contracted strongly in 2020 owing to harsh measures to control the virus and limited fiscal support.

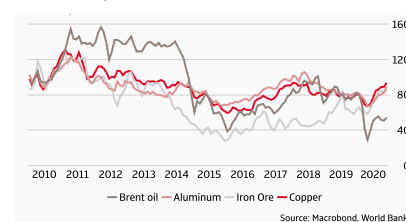
Countries in Latin America remain severely affected by the pandemic and the government response has often been slow or not had the desired impact. Two of the region's largest economies, Mexico and Argentina, were in deep recession in 2020. In Brazil, the recession was less deep due to substantial government support. Argentina faced the combined impact of a confidence crisis and the negative spill over effects from the pandemic. Mexico also witnessed a deep recession in 2020, driven by steep contractions in consumption and investment, and with the government only providing modest support. The automobile sector, Mexico's leading source of exports, suffered from a sharp fall in external demand and severe supply-chain disruptions. In Eastern Europe, the Russian economy faced a double blow from lower oil prices and weakened demand due to domestic lockdown measures. In Turkey, the economy managed to avoid recession, as domestic demand was helped by a strong credit push.

Global insolvencies: calm before the storm?

Despite the sharp economic downturn, corporate insolvencies declined in many markets in 2020. We witness this decline in all major regions, especially in Europe and Asia. Two types of policies are responsible for this. First, many countries amended their insolvency regimes to protect companies from going bankrupt. This includes temporary suspensions of insolvency applications in bankruptcy courts. Second, governments provided fiscal support to companies whose revenues came under pressure as a result of the crisis. In the Eurozone, France, Austria and Belgium stand out as the countries with the strongest decline in insolvencies. These countries have sizeable fiscal stimulus programmes in combination with temporary adjustments to insolvency procedures.

Global commodity prices

Price index, 2010 = 100





For Italy and Spain we forecast a milder decline in insolvencies due to weaker government support, but they do have temporary insolvency suspensions. Germany is expecting a minor insolvency decrease due to its fiscal package as well as institutional reasons that make business failures less responsive to GDP changes compared to other European countries. Despite these measures, we expect to see an uptick in insolvencies in the final quarter of 2020 compared to the relatively low levels in the first three quarters. This is because the changes to insolvency regimes are only temporary and fiscal support will be gradually phased out.

United States business insolvencies are expected to show a mild increase in 2020. The United States did not make adjustment to its bankruptcy court proceedings and insolvencies have a high responsiveness to economic growth. The virus plunged the United States economy into recession, while growth was already decelerating last year due to the US-Sino trade war, which has weakened Chinese imports and tourism, and caused disruptions in global supply chains. The United Kingdom witnessed a decline in insolvencies. UK companies benefitted from strong government support, amidst a severe economic downturn driven by stringent lockdown measures as well as Brexit-related uncertainty. Several advanced markets in Asia, such as Japan, Singapore and South Korea, also witnessed a decline in insolvencies.

Emerging economies had a more challenging insolvency environment, as they generally had more limited government support schemes. Of all major emerging economies, Russia and Turkey are forecast to have an increase in insolvencies, while the number of insolvency registrations declined in Brazil. Even though Brazil was in deep recession in 2020, several government measures including fiscal stimulus prevented an increase in bankruptcies.

Outlook for 2021

In 2021, growth of the world economy is likely to rebound to 5.0%. This relatively high growth rate is partly a 'technical' rebound from a relatively low base in 2020. As the vaccination process is underway, we assume that social distancing measures will be gradually reduced in 2021. We expect that a large part of the developed world will be vaccinated by the summer of 2021. While economic activity is expanding, costs of the crisis in terms of bankruptcies and unemployment remains high.

Emerging markets as a group are forecast to grow by 6.3% in 2021, sufficient to more than recover lost GDP in 2020. However, the picture is biased by strong Chinese growth in 2021 (8.8%). China has been able to avoid a second wave of infections, and the economy will receive a temporary boost in 2021 from pent-up demand, with GDP growth returning to normal levels in later years. Without China, emerging markets are expected to expand by 'only' 4.8% in 2021. In Latin America, limited fiscal policy options and an uncertain health situation hinder recovery prospects. In Eastern Europe, the low oil price and the government's plan to roll back fiscal stimulus slows the recovery in Russia. In Turkey, authorities started to tighten financial conditions recently, which will slow the recovery in 2021.



In 2021, growth of the world economy is likely to rebound to 5.0%.



Growth in the advanced economies is projected to strengthen to 3.9%, leaving GDP some 1.2% below what it was in 2019. Based on an expected additional fiscal stimulus under US president Joe Biden, the United States is expected to regain most of the lost value in GDP in 2021, but the costs to the economy in terms of unemployment and bankruptcies remain high. The Eurozone faces a more protracted recovery as many economies remain in stringent lockdowns in Q1 2021. The outlook will continue to be dominated by the evolution of the pandemic and the size of fiscal policy responses. Economic activity is not expected to return to its pre-crisis levels in 2021.

We expect a rise in bankruptcies in virtually all markets as the measures that helped to suppress insolvency growth in 2020 are gradually unwound. There remains a wide dispersion of insolvency projections between countries. Insolvency growth will be high in European countries like Spain, France and Belgium, that made drastic adjustments to insolvency procedures in 2020. It will also be high in Australia, the United Kingdom, and the United States. In the United Kingdom, the deep recession of 2020 will have a delayed upward effect on bankruptcies in 2021. The trade deal that was signed with the EU in December 2020 will increase trade barriers between the two economic blocs, though much less so than under a no-deal scenario.

It will take years for economies to recover from the damage caused by the coronavirus. The first steps will be taken in 2021, but it will not be enough to bring GDP back to pre-corona crisis levels, let alone reverse the economic damage to businesses and households.



Unwavering business continuity and customer support

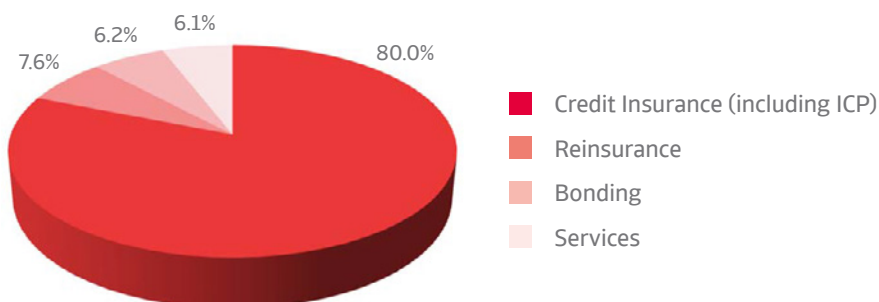
(EUR thousands)	2020	2019	
Gross Insurance revenue	1,860,481	1,896,024	(1.9%)
Gross insurance claims and loss adjustment expenses ^{(1) (2)}	(1,090,163)	(810,989)	(34.4%)
Gross insurance operating expenses	(664,845)	(680,260)	2.3%
Reinsurance result ⁽²⁾	(28,146)	(82,596)	65.9%
Insurance result	77,327	322,179	(76.0%)
Service income ⁽¹⁾	121,550	118,575	2.5%
Service expenses	(119,711)	(115,340)	(3.8%)
Service result	1,838	3,235	(43.2%)
Net investment result	14,322	17,682	(19.0%)
Operating result before finance costs	93,488	343,096	(72.8%)
Result for the year (after tax)	44,167	227,708	(80.6%)
Employees (FTE)	3,503	3,531	(0.8%)

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

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

	Gross		Net	
	2020	2019	2020	2019
Claims ratio	58.6%	42.8%	58.6%	43.3%
Expense ratio	35.7%	35.9%	34.2%	30.0%
Combined ratio	94.3%	78.7%	92.8%	73.4%

Revenue by business segment





2020 was an unprecedented year that featured a global pandemic leading to a worldwide recession. The global economic environment led to a decline in insurable business transactions resulting in a 1.9% decrease in gross insurance revenue. Gross claims ended at EUR 1,090 million, an increase of 21.8% based on rising loss reserves related to the Covid-19 outbreak. The overall insurance result decreased by 76.0% on a reported basis due to the impact of Covid-19.

Expenses decreased by 2.3%, due mainly to savings measures taken when lockdowns commenced, offsetting costs related to the implementation of the company's digital strategy, including a range of measures to support customers. Our recurring expense ratio for the year was 35.7%, which is below the 35.9% realised in the prior year. Brokerage fees are marginally below last year. In spite of the decrease in the expense ratio, the net combined ratio for the year increased to 94.3%.

The Covid-19 health crisis has severely impacted the world economy. Faced with this situation, the governments of many of the largest European countries have relied on credit insurance to support the business fabric of their economies. The government reinsurance arrangements are part of a comprehensive package of measures and aim to ensure that sufficient liquidity is available in the market, to counteract the damage inflicted on businesses affected by the pandemic and to preserve the continuity of economic activity during and after the pandemic. The reinsurance result in 2020 was EUR -28.1 million, which EUR minus 44.9 million resulting from the government support schemes in multiple countries across the group, primarily in Europe.

The net investment result decreased by 19.0% in a difficult environment with volatile equity markets, despite a reduction of the profitability of the investment portfolio.

The financial income and expenses result is higher than the previous financial year mainly due to the impact of variances in the exchange rates.

Thus, the consolidated result, at EUR 44.2 million, decreased by 80.6% compared to 2019.

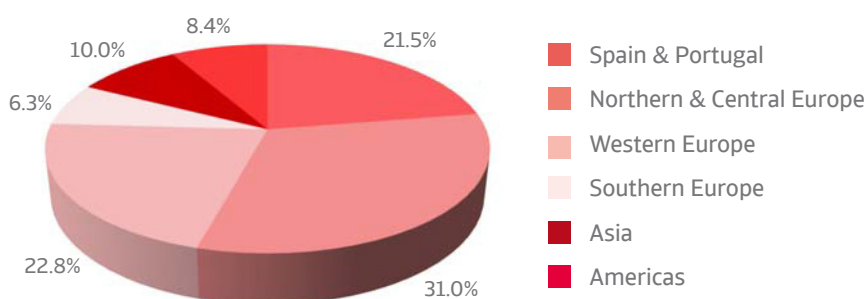


Credit Insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2020	2019	
Insurance premium revenue	1,453,060	1,496,618	(2.9%)
Information income	133,071	136,500	(2.5%)
Insurance revenue	1,586,131	1,633,119	(2.9%)
Gross insurance claims and loss adjustment expenses ⁽¹⁾	(927,362)	(688,292)	(34.7%)
Gross insurance operating expenses ⁽¹⁾	(554,422)	(563,226)	1.6%
Result before reinsurance	104,347	298,224	(65.0%)
Reinsurance result	(12,387)	(66,075)	81.3%
Result after reinsurance	91,961	316,049	(70.9%)
Total credit insurance and ICP gross claims ratio	58.5%	42.1%	(16.4% pts)

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

Credit insurance & ICP revenue by region



2020 was a challenging year for Atradius' credit insurance business with the Covid-19 outbreak and the resulting reduction in insurable business. As a result gross insurance revenues decreased by 2.9% (1.1% at constant foreign exchange rates), collectively generating EUR 1,208.0 million in revenue. Claims expenses increased 20.1% due to an economic environment that prompted for the increase in loss reserves, leading to a result after reinsurance of EUR 91.7 million (71.0% lower than in 2019).

The Group has reduced its risk exposure (TPE) by 8.6%, to EUR 605.7 billion at year-end 2020, due to an adjustment in the risk selection criteria in accordance with the current health crisis and lower commercial activity of our policyholders.



In 2020, the competitive environment proved to be increasingly challenging and few of our local credit insurance units achieved growth compared to the previous year. Asia maintained a growth trend in 2020 of 12.3% as we continue to pursue our ambition in this region and North America showed excellent growth of 5.4%, driven by new business and strong contributions from renewing policies. Our markets in the UK, Ireland, and Oceania also showed growth throughout the year (4.4% and 2.9% respectively), while France grew 2.5% and Belgium & Luxemburg by 0.9%. The rest of our European markets had negative growth due mainly to the reduction in shipments and insurable turnover.

Gross claims expenses for our local credit insurance units ended at EUR 570.2 million with a gross claims ratio 17.7%pts higher than the previous year. Increases in claims were most notable in Spain, Asia, our Special Products Unit, UK & Ireland, North America and the Netherlands.

Atradius Global's growth compared to past years also receded. Despite our first class service and excellent retention rate, reductions in insurable turnover and premium revenue reflect decreased sales, a consequence of the current economic environment on our customers since the onset of the Covid pandemic. While many customers were impacted negatively, some did however observe increased sales.

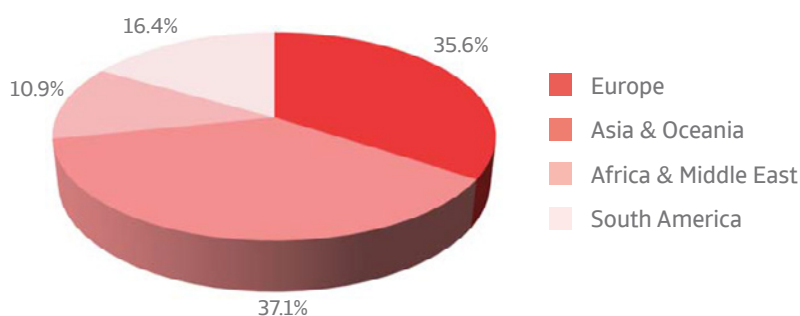
The technical result of our credit insurance & ICP business reduced by 70.9% compared to 2019, placing it at EUR 92.0 million.



Reinsurance

(EUR thousands)	2020	2019	
Insurance revenue	150,764	140,218	7.5%
Gross insurance claims and loss adjustment expenses	(124,617)	(75,426)	(65.2%)
Gross insurance operating expenses	(58,572)	(57,447)	(2.0%)
Result before reinsurance	(32,426)	7,345	(541.5%)
Reinsurance result	(120)	(3,990)	97.0%
Result after reinsurance	(32,546)	3,354	(1,070.3%)
Gross claims ratio	82.7%	53.8%	(28.9% 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 100 clients over 50 countries, maintaining a balanced diversity within the portfolio. The underlying business consists of 60% credit insurance and 40% 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 40% of its treaties; in addition, it maintains close contacts with specialist brokers. The quality of these client relationships is underscored by the Company's unique offering: combining the Group's skills in the primary underwriting of credit insurance and bonding risks with its own distinctive approach, and expertise, in structuring reinsurance solutions. In this way, Atradius Re can always anticipate and respond to the specific and changing needs of its customers.

Total reinsurance revenue, of EUR 140.2 million in 2019, increased to EUR 150.8 million, in 2020, due to strong organic growth from cedants.

The claims ratio increased from 53.8% in 2019 to 82.7% in 2020, due to conservative prudence in respect of underwriting years 2019 and 2020, reflecting the uncertainties arising out of the Covid 19 pandemic and its impact on global economies.

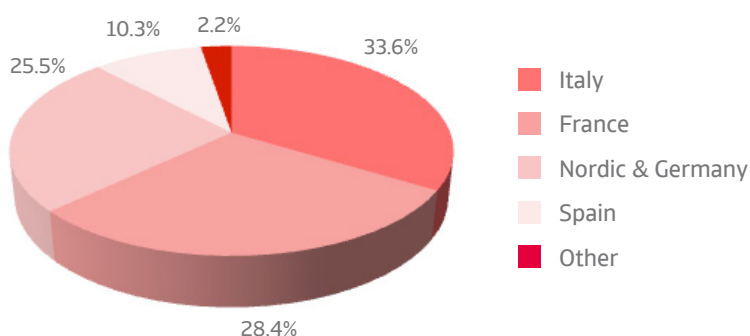
Gross insurance operating expenses showed an increase in monetary value from €57.4 million to €58.6 million, due to higher earned premium. The gross insurance operating expense ratio however decreased from 41.0% in 2019 to 38.9% in 2020.



Bonding

(EUR thousands)	2020	2019	
Insurance revenue	123,586	122,687	0.7%
Gross insurance claims and loss adjustment expenses	(38,183)	(47,271)	19.2%
Gross insurance operating expenses	(43,431)	(51,986)	16.5%
Result before reinsurance	41,973	23,431	79.1%
Reinsurance result	(15,639)	(12,530)	(24.8%)
Result after reinsurance	26,334	10,899	141.6%
Gross claims ratio	30.9%	38.5%	7.6% pts

Bonding revenue by region



As a leading bond and surety provider in Europe, Atradius Bonding holds a long-standing expertise and knowledge across the European markets in which we are active. After expanding in different countries during recent year, we are now consolidating our strong presence within 12 markets (Italy, France, Spain, Portugal, Denmark, Finland, Norway, Sweden, Germany, Netherlands, Belgium and Luxembourg), offering tailor made products and solutions to our customers. We offer comprehensive products and services to our customers, helping them to manage market risks and enhance their business development. We focus on supporting our customers both domestically and internationally.

Innovation is essential to our business strategy. As the bonding market becomes increasingly technologically advanced, we have made it a priority to provide up-to-date tools to support our product offering to our customers.

Our locally focused web portals boost our customer service through accessibility, speed and flexibility. These enable our customers to access their policies and bond limit information at a click of a button, 24/7. Our portals help our customers minimise the amount of time they spend on administration and enable them to always be on top of their business. They provide safety, efficiency and transparency.

A business transformation programme is currently underway, aiming at providing a modern state of the art user journey and experience, through which our customers and partners will feel truly supported at every step. This new system will boost our performance and the future profitability of our business. Furthermore, it will enable us to continue our geographical expansion and enhancement of the flexible products and solutions we offer to our customers.

The business transformation programme will deliver a common platform for the whole bonding business, which will further foster productivity, capacity and efficiency of operations.

Despite the global impact of the pandemic in 2020, Atradius Bonding has been able to advise and support our customers on their specific needs throughout the year. Furthermore, despite the challenges of 2020, our tailored risk underwriting approach allowed us to record a claims ratio of 30.9%, an improvement of almost 8%pts compared to 2019.

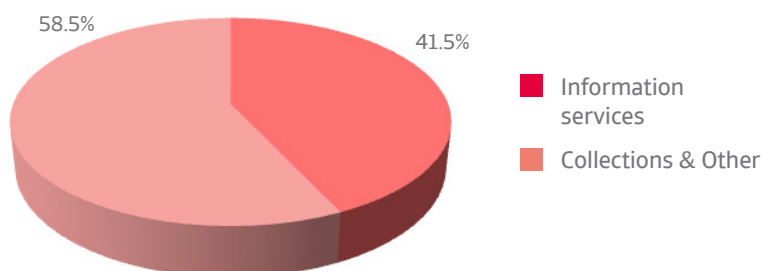


Services

(EUR thousands)	2020	2019	
Service income ⁽¹⁾	121,550	118,575	(2.5%)
Service expenses	(119,711)	(115,340)	(3.8%)
Service result	1,838	3,235	43.2%

⁽¹⁾ Overview includes inter-segment revenues.

Service revenue



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

Debt Collection

Atradius Collections helps our customers – both credit insured and non-insured – to recover domestic and international trade debts while maintaining sound business relationships with their clients. We have built an enviable reputation, becoming the global trade invoice collector of choice, leveraging the strength of our core credit insurance business with our own integrated international collections network. We offer a single point of contact for all debt collection cases and worldwide collections expertise 'on the ground' through a presence in 30+ countries, covering 96% of all countries worldwide through a global network of collectors, lawyers and insolvency practitioners.

Debt collection and credit insurance complement each other as they follow different performance patterns through the cycle, with the collection service picking up as the economy deteriorates and credit insurance prospering more in a benign environment. The collection service supports the product and risk diversification of our business as it is free of insurance risk.

2020 was characterised by an on-going challenging economic climate, linked to the often unclear effects of the pandemic and its impact on global trade and payment morale. Atradius Collections service income increased by 4% to EUR 56.6 million in 2020 while debt placements stabilised as a result of the unstable economic outlook combined with trade stimuli in the form of government schemes. By adapting to remote working and adjusting the debt collection approach to the market circumstances, daily service was provided at a high standard with recoveries increasing by 7.9%, contributing to both the insured and non-insured products.



Atradius Collections enhances overall group and unit efficiency and expanded its reach in 2020 through an intensified cooperation with Gestifatura in Portugal, resulting in the integration of this company in January 2021. Further expansion in the coming years is expected in new markets. As global customers grow their business in these regions, Atradius Collections' goal is to be there to support them locally.

Atradius Dutch State Business

The technical results for the account of the Dutch state were positive throughout 2020 as ADSB provided cover for risks related to infrastructure projects, the export of capital goods, services to buyers in countries outside the Netherlands, as well as cover for political risks related to investments in other countries. Despite the Covid crisis claims didn't increase significantly. To help exporters in these difficult times a support package was developed of which many exporters and banks made use.

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

Next to providing credit insurance solutions, ADSB also offers direct finance for export contracts up to EUR 5 million by discounting bills of exchange. This direct finance option is available for transactions insured under either the Dutch Good Growth Fund or the Dutch Trade and Investment Fund.

Information Services

Graydon is one of the leading providers of business information solutions for credit management, marketing intelligence, and risk and compliance. Graydon's markets demonstrated modest growth, with fierce competition at the low-end segment and large customers demanding value-added services. In this competitive market the company was able to realise revenues that are almost equal to 2019.

The company is moving towards more tailored solutions for its customers, offering scalable products and services. Shortly after the Covid-19 outbreak the company launched an "Impact Score" in Belgium which measures how robust a company is in extraordinary circumstances within a disrupted environment. Graydon has supported the Belgian government in measuring the impact of support schemes on the economy. Moreover many customers have benefitted from the insights.

The company continued to upgrade customers to new solution for (international) credit reports and monitoring, with customer feedback being very positive.

In the Iberian markets, Iberinform continued to support our insurance business as well as our customers, showing improved profitability through marginal savings in direct expenses whilst maintaining stable revenue.



Human resources

As one Atradius, we have risen to the many challenges that this pandemic has brought us and the world at large. It was essential that we acted promptly to ensure that our employees and customers around the world remained safe and well during the outbreak of Covid-19. As a result, we immediately activated our Group Incident Management Team, as well as the Incident Management Teams for every location. These teams have been taking action, and offering local guidance, in line with the directives of their local public health authorities’

When the outbreak occurred, we asked all of our employees to work from home. However, we recognised that some employees, because of the nature of their job, had to continue to work from the office. Therefore, we ensured that our offices were adapted in such a way that these employees could continue to work safely. This work has also enabled us to put in place the necessary safety measures for the phased return to the office of other employees.

Even with the pandemic’s many downsides, we became closer as an Atradius family both with our customers, and with our colleagues around the world. The launch of a variety of collaboration tools group-wide helped us all to stay connected. We saw each other’s lives at home through our computer cameras, and could support each other through the challenges that the different waves of the pandemic brought us.

The wellbeing of our employees is paramount. In addition, the continuation of their working network needed to be supported. To help with both elements, many initiatives were put in place to stay connected, engaged and motivated at both group and local level. For example, we have promoted several virtual sessions, like virtual coffee meetings and virtual team off-sites. We set up a private LinkedIn group, which enabled people to share experiences and advice. We published regular newsletters with practical tips for how to deal with the challenges our employees were facing. Our Management Board and Atradius Leadership Teams held webinars in which they updated all our employees on the latest position and made themselves available to answer questions.



Measuring Employee Engagement

It was important for us to monitor the pulse of how our employees were dealing with the different challenges they were facing. One of the methods we employed for this was a regular group-wide survey asking our employees questions about how they feel, their workload, the challenges they faced while working from home and how they believe we, as a company, are responding to the pandemic.

The results of these surveys have been encouraging; we scored 8.1 on Performance Enablement compared to a benchmark of 7, and 8.4 on Business Continuity compared to a benchmark of 7.7. Furthermore, 86% of our employees have a feeling of safety. This is giving us confidence in our ability to provide the best service to our customers and partners in these difficult times.

Word class Workplace

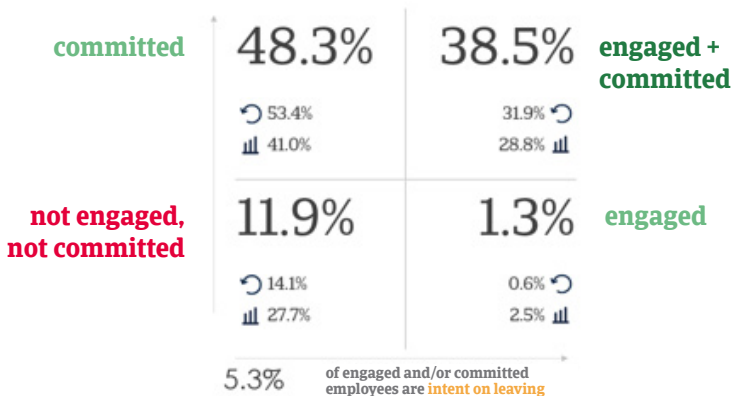
As part of our regular routine, in March 2020 we conducted our Employee Engagement Survey. Atradius can be very proud of this year's Employee Engagement result; it is an all-time high. Overall, Atradius scored not only higher than the previous survey but also higher than the external benchmark on most themes.

Effactory started 15 years ago with mapping and rewarding good employers and great employership. Based on six elements: employership, company pride, organisational direction, appreciation, job pride and employing talent, we were awarded the badge of World-Class Workplace! Organisations only become a world-class workplace as a result of a good rating from their employees.



Even with the pandemic's many downsides, we became closer as an Atradius family both with our customers, and with our colleagues around the world.

Employees' engagement and commitment has increased and is outperforming the BM by 9.7% points





Rethinking the way we work

What is becoming clear is that the changes brought by the pandemic will have a long-term impact on how we work. With many lessons learned, we started answering the question “How to facilitate a hybrid workplace?”. We set up a project to consider the future of our workplace. The project is looking at different components such as the home set-up of our employees, the joint workplace in the office, the legislation that we should take into account, and how we can maintain our culture and customer service excellence. In November, we conducted a survey to invite employees to share their needs and ideas. Our goal with this project is to ensure that, when the pandemic ends and everyone can return to the office, our workplace has adapted to everything we have learned during the pandemic.

Atradius Business transformation - Shaping Tomorrow Together

To support the Atradius Business Transformation, in 2019 we started the ongoing initiative Shaping Tomorrow Together; a call to action for our employees. In 2020, we continued emphasising the importance of demonstrating a growth mindset, being part of the transformation by developing yourself and the need to embrace new technologies. In this challenging year we demonstrated the potential we have to adapt quickly to new situations and to embrace new technologies to deliver our promise to our customers to provide customer service excellence.

Evolving our Culture

To help the company during these challenging and fast changing times we strengthened our culture via evolve+, our multi-year cultural programme. Evolve+ supports the ongoing Atradius business transformation by progressively developing our culture. The Evolve+ team organised webinars with an impressive number of participants; over 1,800 employees participated in the webinars, one of which was held with the Management Board. Additionally, the Evolve+ team looked at the most optimal structure of using collaborative tools. We started a managers team, where Atradius managers from all over the world have the opportunity to share and connect with each other and exchange their views on managing during these challenging times. This new environment also includes a toolbox to help managers in their job.



Development of our people

This year our employees showed their flexibility and adaptability. Working from home brought a great number of development opportunities. By the successful launch of Microsoft Teams™, we saw that our employees are flexible and willing to adapt to new systems.

The Atradius Academy supports this process. By creating weekly newsletters that covered topics such as vitality, working remotely and happiness in challenging times, we strove to create an environment where learning and development is seen as business as usual. We invested in people by offering a wide choice of digital development opportunities. Due to working remotely and not being able to have face-to-face sessions, we adapted and offered all the activities we planned virtually. All employees did two mandatory e-learning courses “Refresher of the Code of Conduct” and “Sanctions”. Besides that, all employees have the possibility to have access to all (15,000) courses of LinkedIn Learning. Our face-to-face management development programs could not take place. Instead, we were able to transform the program into different virtual sessions focussed on how to deal with the current challenges. Last but not least – we are very proud of our people, we feel that we stayed connected, engaged and motivated and lived our values in order to serve our customers in the best way.

Indicators	2020	2019	2018	2017	2016 ⁽¹⁾	2015	2014	2013	2012	2011
Headcount	3,653	3,692	3,707	3,756	3,758	3,333	3,298	3,257	3,315	3,304
Total average number of employees (full-time equivalent)	3,517	3,538	3,571	3,591	3,584	3,153	3,132	3,132	3,139	3,159
Total year end number of employees (full-time equivalent)	3,503	3,530	3,545	3,596	3,586	3,161	3,139	3,107	3,143	3,149
Retention rate	92.4%	90.3%	91.1%	91.1%	92.3%	92.0%	94.9%	91.4%	92.6%	91.1%
Sick leave	3.3%	3.6%	3.8%	3.1%	2.9%	3.1%	2.8%	3.0%	3.1%	3.4%
Development and training										
Expenses as % of salaries	1.3%	2.0%	2.5%	1.8%	1.7%	1.6%	1.5%	1.2%	1.4%	1.3%
Expenses Education per year end number of employees (full-time equivalent) ⁽²⁾	771	999	1,106	1,082	939	986	867	724	781	730

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

⁽²⁾ In 2020 due to Covid-19 some education was postponed resulting in lower costs per employee for the year.



Managing Extraordinary Risks to Secure Future Financial Stability

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

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

The above classification is not exhaustive. Within the above risk types, Atradius also focuses on Environmental, Social and Governance (commonly referred to as ESG) risks. Concepts such as sustainability, integrity, transparency and a responsible attitude to carrying out activities are important to the company.

During 2020, Atradius addressed special challenges in all risk types as well as increasing its focus on ESG issues.

Risk management framework

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 and report to the RSMB. These committees operate 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 that 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 of the consolidated financial statements.



Underwriting risk

During 2020, in response to Covid-19 and its economic impacts, Atradius organised its commercial and risk underwriting resources to address rapidly changing circumstances in the geographies and trade sectors in which we provide services. We proactively took measures to preserve the quality of our risk profile. At the same time, we maintained continuous communication with our stakeholders (customers, brokers, reinsurers, regulators, shareholders) to ensure transparency and to steer as smooth a course as possible through turbulent conditions.

Operational risk

As with many companies worldwide, Atradius' operational risk increased in 2020. With the coronavirus pandemic causing many employees to be unable to access our offices, we quickly adapted our remote working solutions to support worldwide access to our business systems from home such that we continued to provide best in class customer service throughout the year. At the same time, we supported our employees to ensure their continued health and safety. All of this was achieved while stringently adhering to government guidelines in all of our locations.

Financial risk

Atradius maintains a diversified portfolio of investments, which is closely monitored and managed according to strategic asset allocation parameters. The portfolio is very liquid and concentrated around high quality fixed income assets. Sufficient cash liquidity is maintained for any given moment in time, and can be supported with a credit facility in the unlikely event of a liquidity crunch. The impact of exchange rate fluctuations is limited as revenue, expenses, assets and liabilities within our non-Euro operations are generally denominated in the same currencies.

Credit risk is low as Atradius maintains a highly creditworthy reinsurance panel. Other sources of credit risk (bank accounts, policyholders) are not material.

Risk and capital

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 and measurement activities and thus enhances Atradius' ability to monitor and manage risk levels within the organisation through the allocation of risk-based capital.

In 2020, given the internal model's ability to react quickly to a changing portfolio and environment, the internal model was more important than ever in the management of Atradius' risk profile. It supported Atradius management in taking appropriate measures while taking into account risk and capital considerations. In addition, the model continues to be used to calculate regulatory capital requirements under Solvency II.



Atradius compliance framework

Compliance practices support our business, our reputation and our integrity. Complying with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and stable business processes. The Atradius Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all our employees and that govern the Atradius operations and business conduct. Employees who have concerns about a (suspected) violation of the Code of Conduct are encouraged to speak up and share their concerns. The Speak up Procedure or Policy on Whistle-blowing gives guidance on how to raise these kinds of concerns in a confidential manner. Additional compliance policies address specific compliance areas in more detail, and set out the requirements to which Atradius employees must adhere. These requirements are also included in existing and new business procedures. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks. Atradius has also implemented a Data Protection Framework, which includes controls, policies and procedures to comply with the applicable data protection legislation.

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

Capital management

Atradius seeks to maintain a strong capital position and well-capitalised operating entities in line with the defined risk appetite. This helps 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.

Shareholders' funds and Subordinated debt

Atradius continued to maintain a very strong capital position despite the pressure on profitability from the disruption to the business and financial markets caused by the Covid-19 pandemic. Shareholders' funds at the end of 2020 amounted to EUR 1,913.3 million, a decrease of 4.8% from EUR 2,008.7 million at year-end 2019 reflecting slower profit generation in 2020 after the record-high 2019 results and subsequent dividend distribution in early 2020.

Subordinated debt of EUR 325 million (nominal value) at the end of 2020 consisted of subordinated notes of EUR 250 million and a subordinated loan of EUR 75 million (both amounts unchanged versus 2019), 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 2020.

Regulatory capital

At the end of 2020, Atradius' companies collectively held a solvency ratio above 200% ⁽¹⁾.

Atradius applies a partial internal model (comprised of an internal model to measure substantially all underwriting risk exposure and the regulatory Standard Formula to measure other risk types) 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.



Environmental, Social and Governance Sustainability

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

Environmental, Social and Governance Sustainability is embedded in our culture and our day-to-day operations. We recognise the intrinsic value of insurance, which contributes to the welfare of society by offering companies and their people protection from risks they face in their activities.

Managing risk enables trade, which is essential for economic development. It helps companies grow, thereby creating long-term value. We follow the principles of responsibility, ethics, transparency and commitment to the law in all our activities, and try to maximise the creation of sustainable social value for stakeholders across the globe. We will minimise and, if possible, prevent potential negative impacts on social and environmental matters arising from our activities, by taking pro-active measures. It is in the interest of our stakeholders and ourselves to safeguard our reputation and, where possible, improve it further.

Atradius and Environmental, Social and Governance (ESG) Sustainability

As a responsible global company, we aim to manage the ethical, environmental and social risks of the way we do business. While endeavouring to make a valuable contribution to successful world trade and our customers' prosperity, we incorporate environmental aspects in our value chain and acknowledge our responsibility on human rights across our operations. The same goes for our relationships with our suppliers and associates as well as communities in which we operate. As we want to take our responsibility in helping secure growth opportunities for future generations and carefully look after the planet we live on, Atradius continues to support and implement the ten principles of the United Nations Global Compact (UNGC) on human rights, labour conditions, the environment and anti-corruption. Every year we provide an update on the progress we have made. Our ESG Sustainability Policy is managed by the ESG Sustainability Team, which is joined by representatives from offices all over the world. The team coordinates group activities and addresses issues identified as most material by our stakeholders.

The ESG Sustainability team of Atradius evaluates the effectiveness of the company's ESG Sustainability Policy and suggests improvements to the Management Board when applicable. The ESG Sustainability Policy of Atradius is in line with the ESG Sustainability Plan of Grupo Catalana Occidente (GCO), our parent company.



Renewed commitment and amplified ambitions to ESG Sustainability

During 2020 we further strengthened their commitment to ethical, environmental, social and governance topics by building a Sustainability and Corporate Responsibility project called 'Environmental, Social and Governance (ESG)'. This project builds on what we have already achieved over the years and takes our commitment to the next level by bringing together senior executives and all of the units in both organisations to contribute as a whole organisation.

ESG is classified as a group programme and has a wider scope and ambition, which will provide even more benefits to aspects of ESG. Therefore, the title of the Corporate Social Responsibility chapter in our annual report has been changed to **Environmental, Social and Governance (ESG) Sustainability** to reflect the renewed ambition, as well as its wider scope and involvement.

In 2020, we also established the Group Sustainability Committee to guide and support our ambitions on a senior level. The Sustainability Committee has consulting and decision-making duties in relation to the development of sustainability and embedding it in the group's strategy.

The Sustainability Committee has agreed on an updated three-year Master Plan (2020-2023) and a set of actions for 2020. This master plan builds on the previous one by adding new topics, ideas, insights and actions. It also includes areas that have already been addressed as business as usual but not directly linked to the master plan (e.g. digitalisation and Omni-channel, innovation and ESG risk management where Atradius has already been active for many years).

The Sustainability Master Plan goals are:

- i. Offer a common working framework in the sustainability area for the entities that are part of Grupo Catalana Occidente, including Atradius.
- ii. Promote those lines of work on sustainability that support the basic pillars of the Group's strategy and respond to the challenges, both those of the sector and those specific to Grupo Catalana Occidente and Atradius.
- iii. Progress in the commitments taken on with the stakeholders in the Corporate Responsibility Policy.
- iv. Establish a work agenda to continue to promote sustainability for the period 2020-2023 and define responsibilities.
- v. Manage the material issues identified.

The Sustainability Committee meets every quarter to discuss the progress and achievements in ESG Sustainability areas.

A few examples of ESG Sustainability initiatives that Atradius has undertaken are; creation of a 'Group HR Policy' and a 'Group Human Rights Policy', the Corporate Social Responsibility Tribe to increase awareness within the organisation through engagement and webinars, and an investigation of whether there is a need/demand from our customers for a 'sustainable' product.

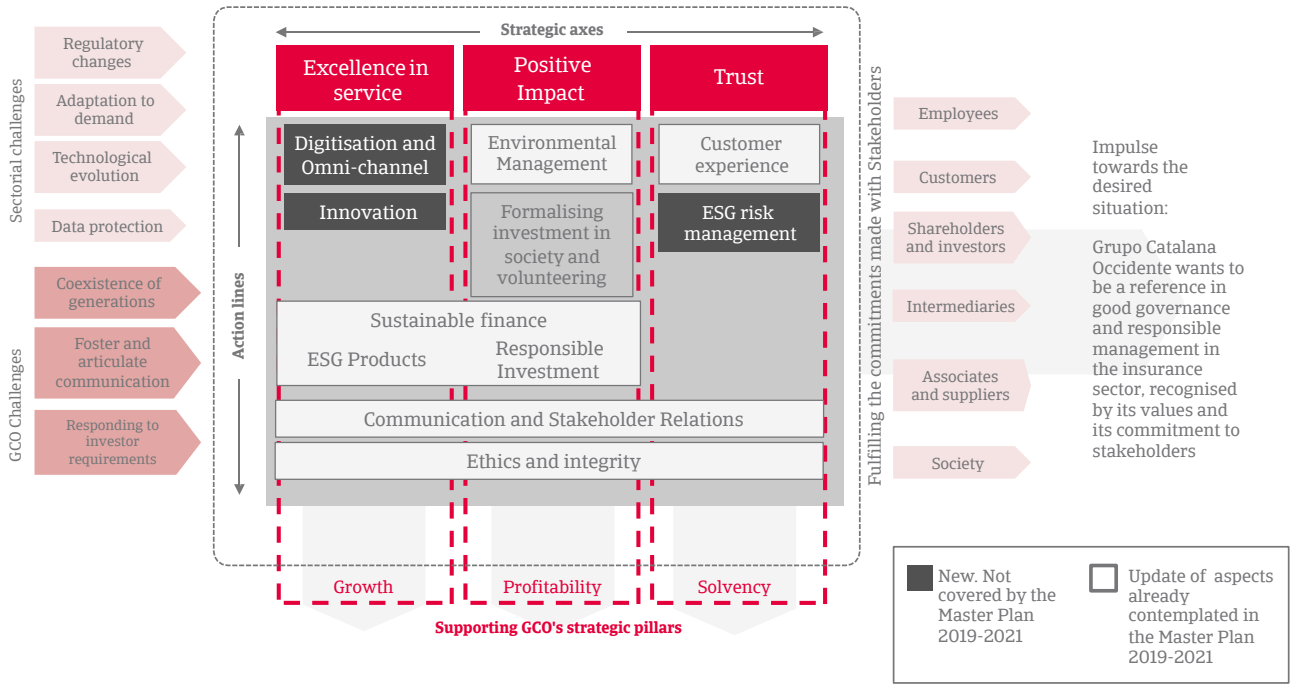
The infographic below represents the areas in scope and how the Master Plan is linked to our strategic pillars of Growth, Profitability and Solvency.



Managing risk enables trade, which is essential for economic development. It helps companies grow, thereby creating long-term value.



Sustainability Master Plan 2020-2023



Our success and achievements in ESG Sustainability areas in the past years combined with the new ESG Project will accelerate our ESG approach, ambition and achievements.



Our compliance with the UN Global Compact

Environmental KPIs ⁽¹⁾	2020	2019	2020/2019
KPI	Total	Total	Change
Number of reporting countries	32	32	-
Number of offices	98	99	decrease
Total office space (m²)	103,013	102,629	increase
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	5,253,779	7,037,424	decrease
Electricity from renewable source (kWh)	1,657,669	2,874,299	decrease
% of renewable electricity	24.0%	29.0%	decrease
Total electricity (kWh)	6,911,448	9,911,723	decrease
Gas (m ³)	281,909	401,971	decrease
Total energy	9,396,758	13,455,503	decrease
Travel			
Employee air travel (km)	2,321,249	15,050,653	decrease
Employee rail travel (km)	711,238	2,648,104	decrease
Company lease car travel (km)	6,331,731	9,168,351	decrease
Total travel (km)	9,364,218	26,867,108	decrease
CO2 footprint (tonnes of CO2)			
Energy (CO2)	4,466	6,578	decrease
Travel (CO2)	2,176	7,290	decrease
Total (CO2)	6,642	13,868	decrease
Paper used			
Non-recycled paper (sheets A4)	7,712,722	11,823,839	decrease
Recycled paper (sheets A4)	1,170,872	3,876,649	decrease
% recycled paper	13.2%	24.7%	decrease
Total paper	8,883,594	15,700,488	decrease
Water usage (m³)	26,469	38,480	decrease
Waste - per type			
Hazardous waste (tonnes)	4.4	5.7	decrease
Non-hazardous waste (tonnes) ⁽²⁾	556.0	688.0	decrease
Total waste	560.4	693.7	decrease

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

⁽²⁾ Due to Covid-19 almost all figures were lower in 2020 than they would be normally.



Consolidated financial statements 2019

Contents

Consolidated financial statements	56
Notes to the consolidated financial statements	
1 General information	61
2 Summary of significant accounting policies	61
3 Critical accounting estimates and judgements in applying accounting policies	78
4 Risk and capital management	80
5 Segment information	102
6 Intangible assets	106
7 Property, plant and equipment & investment property	109
8 Subsidiaries	112
9 Investments in associated companies	112
10 Financial investments	115
11 Receivables	115
12 Deferred acquisition costs	116
13 Miscellaneous assets and accruals	116
14 Cash and cash equivalents	117
15 Capital and reserves	117
16 Subordinated debt	119
17 Employee benefit assets and liabilities	119
18 Insurance contracts	125
19 Provisions	129
20 Deferred and current income tax	129
21 Payables	132
22 Other liabilities	132
23 Net premium earned	133
24 Service and other income	133
25 Net income from investments	134
26 Insurance claims	135
27 Net operating expenses	135
28 Finance expenses	136
29 Income tax	136
30 Dividends per share	137
31 Assets not freely disposable	137
32 Capital commitments and contingencies	137
33 Personnel	137
34 Related party transactions	138
35 Events after the reporting period	139



Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2020	31.12.2019
Intangible assets	6	258,858	257,701
Property, plant and equipment	7	200,827	210,051
Investment property	7	26,413	13,988
Investments in associated companies	9	62,816	63,110
Financial investments	10	2,678,826	2,589,165
Reinsurance contracts	18	850,505	611,602
Deferred income tax assets	20	52,434	35,615
Current income tax assets	20	35,420	40,889
Receivables	11	245,004	239,565
Accounts receivable on insurance and reinsurance business		173,057	192,782
Other accounts receivable		71,947	46,783
Other assets		544,404	601,443
Deferred acquisition costs	12	68,968	76,300
Other assets and accruals	13	475,436	525,143
Cash and cash equivalents	14	424,741	404,244
Total		5,380,248	5,067,373
Equity			
Capital and reserves attributable to the owners of the Company	15	1,913,294	2,008,726
Non-controlling interests		-	-
Total		1,913,294	2,008,726
Liabilities			
Subordinated debt	16	324,177	323,982
Employee benefit liabilities	17	139,720	124,884
Insurance contracts	18	1,902,726	1,706,229
Other provisions	19	5,496	2,620
Deferred income tax liabilities	20	84,291	103,509
Current income tax liabilities	20	46,710	38,747
Payables	21	378,595	178,682
Accounts payable on insurance and reinsurance business		310,549	122,186
Trade and other accounts payable		68,046	56,496
Other liabilities	22	585,239	579,994
Borrowings	14	-	-
Total		3,466,954	3,058,647
Total equity and liabilities		5,380,248	5,067,373



Consolidated income statement

	Note	2020	2019
Insurance premium revenue	23	1,727,410	1,759,523
Insurance premium ceded to reinsurers	23	(899,360)	(685,288)
Net premium earned		828,050	1,074,235
Service and other income	24	251,998	252,497
Share of income/ (losses) of associated companies	25	3,008	(1,093)
Net income from investments	25	11,314	18,776
Total income after reinsurance		1,094,370	1,344,415
Insurance claims and loss adjustment expenses	26	(1,087,540)	(892,311)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	552,538	370,095
Net insurance claims		(535,002)	(522,216)
Net operating expenses	27	(465,881)	(479,103)
Total expenses after reinsurance		(1,000,883)	(1,001,319)
Operating result before finance costs		93,487	343,096
Finance income		2,608	2,629
Finance expenses	28	(18,089)	(32,887)
Result for the year before tax		78,006	312,838
Income tax expense	29	(33,839)	(85,130)
Result for the year		44,167	227,708
Attributable to:			
Owners of the Company		44,167	227,708
Non-controlling interests		-	-
Total result for the year		44,167	227,708



Consolidated statement of comprehensive income

	Note	2020	2019
Result for the year		44,167	227,708
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Actuarial gains/(losses) on defined benefit pension plans	15.5	(11,868)	(21,023)
Income tax relating to items that will not be reclassified		5,852	4,829
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	(6,113)	75,516
Share of other comprehensive income of associated companies		-	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	(31,447)	11,723
Income tax relating to items that may be reclassified		6,835	(19,682)
Other comprehensive income for the year, net of tax		(36,741)	51,363
Total comprehensive income for the year		7,426	279,070
Attributable to:			
The owners of the Company		7,426	279,070
Non-controlling interests		-	-
Total comprehensive income for the year		7,426	279,070



Consolidated statement of changes in equity

Note	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Result for the year			
Balance at 1 January 2019	79,122	639,228	25,508	(61,518)	(144,397)	1,080,824	202,638	1,821,405	33	1,821,438
Acquisitions	-	-	-	-	-	33	-	33	(33)	-
Dividends	30	-	-	-	-	(91,782)	-	(91,782)	-	(91,782)
Total comprehensive income for the year	-	-	56,411	11,146	(16,194)	202,638	25,070	279,070	-	279,070
Appropriation of prior year result	-	-	-	-	-	202,638	(202,638)	-	-	-
Result for the year	-	-	-	-	-	-	227,708	227,708	-	227,708
Other comprehensive income	-	-	56,411	11,146	(16,194)	-	-	51,363	-	51,363
Balance at 31 December 2019	79,122	639,228	81,919	(50,372)	(160,591)	1,191,712	227,708	2,008,726	-	2,008,726
Balance at 1 January 2020	79,122	639,228	81,919	(50,372)	(160,591)	1,191,712	227,708	2,008,726	-	2,008,726
Acquisitions	-	-	-	-	-	-	-	-	-	-
Dividends	30	-	-	-	-	(102,859)	-	(102,859)	-	(102,859)
Total comprehensive income for the year	-	-	(1,108)	(29,617)	(6,016)	227,708	(183,541)	7,426	-	7,426
Appropriation of prior year result	-	-	-	-	-	227,708	(227,708)	-	-	-
Result for the year	-	-	-	-	-	-	44,167	44,167	-	44,167
Other comprehensive income	-	-	(1,108)	(29,617)	(6,016)	-	-	(36,741)	-	(36,741)
Balance at 31 December 2020	79,122	639,228	80,811	(79,989)	(166,607)	1,316,561	44,167	1,913,294	-	1,913,294



Consolidated statement of cash flows

	No	2020	2019
I. Cash flows from operating activities			
Result for the year before tax		78,006	312,838
Adjustments for:			
Realised capital (gains)/losses on investments		(4,599)	(1,560)
Dividends received from financial investments		(8,172)	(9,431)
Impairment loss		27,201	17,079
Share of income of associated companies	9	(3,008)	(7,126)
Depreciation and amortisation		46,429	68,467
Interest expense on subordinated debt	28	17,081	17,077
Net interest income		(31,261)	(35,518)
Other non-cash items		14,572	14,430
Changes in operational assets and liabilities:			
Insurance contracts	18	196,497	86,359
Reinsurance contracts	18	(238,903)	(13,886)
Deferred acquisition costs	12	7,332	(4,557)
Accounts receivable and payable on insurance and reinsurance business		208,088	(42,896)
Changes in other assets and liabilities		93,923	19,086
Pensions and other long-term employee benefit net contributions		(27,285)	(31,863)
Cash generated from operations		375,901	388,500
Income tax paid		(47,966)	(98,605)
Interest paid		(18,452)	(18,675)
Net cash (used in)/generated by operating activities		309,483	271,220
II. Cash flows from investing activities			
Investments and acquisitions (cash outflows):			
Short-term investments		(112,147)	(251,486)
Financial investments available-for-sale	10	(1,071,612)	(981,753)
Property, plant and equipment and intangible assets		(55,756)	(56,413)
Divestments, redemptions and disposals (cash inflows):			
Investment property		263	882
Short-term investments		137,970	359,608
Financial investments available-for-sale	10	896,739	678,598
Property, plant and equipment and intangible assets		68	54
Dividends received from financial investments		8,172	9,431
Interest received		35,398	37,078
Net cash (used in)/generated by investing activities		(160,905)	(204,001)
III. Cash flows from financing activities			
Dividend paid	30	(102,859)	(91,782)
Interest paid on subordinated debt		(16,875)	(16,875)
Net cash (used in)/generated by financing activities		(119,734)	(108,657)
Changes in cash and cash equivalents (I + II + III)		28,765	(41,438)
Cash and cash equivalents at the beginning of the year	14	404,244	446,021
Effect of exchange rate changes on cash and cash equivalents		(8,268)	(339)
Cash and cash equivalents at the end of the year		424,741	404,244

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 3,653 people as at 31 December 2020 (2019: 3,692). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (equal to 2019) of the shares in Atradius N.V. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A., which holds 73.84% of the shares in Grupo Compañía Española de Crédito y Caución, S.L. and 35.77% (equal to 2019) 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 3 March 2021 and have been reviewed by the Supervisory Board. On 3 March 2021 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 2020 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 2020

The following relevant standards, amendments and interpretations have been adopted in 2020, but have had no material effect on the consolidated financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the Interest Rate Benchmark Reform (effective 1 January 2020). The amendments provide temporary relief for hedge relationships and its accounting during the replacement process of benchmark interest rates (phase 1). Remaining issues will be addressed once the existing



interest rates have been replaced. These amendments have no material impact on the consolidated financial statements.

- 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. These amendments have no 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. This standard has no material impact on the consolidated financial statements.
- Amendment to IFRS 16 for Covid-19-related rent concessions. The amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient may account for those rent concessions as if they were not lease modifications. This amendment has no 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 2020 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 2023. In case of a significant change in operating activities, Atradius will reassess whether its activities are predominantly connected with insurance. Please refer to the 'Temporary exemption from IFRS 9' section included in Risk and Capital management for the related disclosures.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform - Phase 2* (effective 1 January 2021). The amendments ensure that companies will not have to derecognise or adjust carrying amounts of financial instruments for changes required by the reform, will not have to discontinue existing hedge relationships solely because it makes changes required by the reform and will be required to disclose information about new risks arising from the reform and how it manages transition to alternative benchmark rates. In the absence of any hedge relationships it is expected that these amendments will not have a material impact on the consolidated financial statements.

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

- IFRS 17 Insurance contracts (effective 1 January 2023). In November 2018, the IASB agreed to start the process to amend IFRS 17 to defer the mandatory effective date of IFRS 17 (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, 2023. The standard replaces the existing guidance in IFRS 4 Insurance contracts. IFRS 17 aims to provide a more useful and consistent accounting model among entities issuing insurance contracts. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies, however this is not applicable for Atradius as these types of contracts are not underwritten. Atradius is currently assessing the impact of the standard on the consolidated



financial statements, including which measurement model should be applied to which products, credit insurance, bonding, instalment credit protection (ICP), assumed business and reinsurance held and how the requirements with regards to the level of aggregation should be applied. The impact assessment also includes the transition requirements. The standard can be applied retrospectively in accordance with IAS 8, but it also contains a 'modified retrospective approach' and a 'fair value approach' for transition depending on the availability of data. Atradius will most likely apply a blend of transition approaches. Although the impact on the consolidated financial statements is expected to be material in terms of recognition, measurement and on the presentation and disclosures in the consolidated financial statements, no further details can be provided yet.

- Amendments to IFRS 3 Business Combinations (effective 1 January 2022). The IASB has updated references in IFRS 3 to the Conceptual Framework without changing any of the accounting requirements. These amendments will not have a material impact on the consolidated financial statements.
- Amendments to IAS 16 Property, Plant and Equipment (effective 1 January 2022). The amendments prohibit deducting from cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use and requires it to recognise the amounts received as sales proceeds and related costs in profit or loss. It is expected that these amendments will not have a material impact on the consolidated financial statements.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022). These amendments require a company to include both incremental costs as well as an allocation of other costs of fulfilling a contract when assessing whether that contract will be loss-making. It is not expected that these amendments will have a material impact on the consolidated financial statements.
- Annual Improvements 2018-2020 (effective 1 January 2022). The annual improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. These amendments will not have a material impact on the consolidated financial statements

2.3 Consolidation

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

2.3.1 Subsidiaries

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

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

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

2.3.2 Business combinations

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any)



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

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

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

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

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

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

2.3.3 Associated companies

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

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

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

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



2.4 Segment reporting

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

2.5 Foreign currencies

2.5.1 Functional and presentation currency

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

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

2.5.2 Transactions and balances

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

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

2.5.3 Atradius companies

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

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

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

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

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

Currency	End rate			Average rate		
	GBP	USD	AUD	GBP	USD	AUD
At 31 December 2020	1.112	0.815	0.629	1.113	0.835	0.616
At 31 December 2019	1.175	0.890	0.625	1.173	0.911	0.616



2.6 Goodwill and other intangible assets

2.6.1 Goodwill

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

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

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

For more information related intangibles please see note 6.

2.6.2 Software

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

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

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

2.6.3 Other intangible assets

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

For more information related intangibles please see note 6.

2.7 Property, plant and equipment

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



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

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

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

2.7.1 Leased property, plant and equipment

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

As a lessee

A right of use (ROU) asset and a lease liability are recognised at the commencement date of the lease. The ROU asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the costs to remove the underlying asset or to restore the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments to be paid, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Group's incremental borrowing rate. Atradius generally uses its incremental borrowing rate as the discount rate that applies to the lease.

Subsequently, the ROU asset is depreciated using the straight-line depreciation method over the shorter of the asset's useful life and the lease term. The lease liability is subsequently measured at amortised cost using the effective interest method. The depreciation expense on the ROU asset and the interest expense on the lease liability are separately recognised in the income statement.

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

The Group has chosen to implement IFRS 16, applying the modified retrospective approach. As such, the comparative information of 2018 is no longer applicable. Atradius has elected not to recognise ROU assets and lease liabilities for short-term-leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis in the income statement.

As a lessor

The Group classifies all leases for which it is a lessor as operating leases, because none of these leases transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in 'net investment income'.

2.8 Investment property

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

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



2.9 Fair value measurements

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

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

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

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

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

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

The fair values of property for own use and investment property are determined, every two years, by independent real estate valuers 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 pension vehicle due to solvency and/or control requirements.

2.15.6 Retained earnings

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



2.15.7 Non-controlling interests

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

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

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

2.16 Subordinated debt

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

2.17 Insurance contracts

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

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

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

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

2.17.1 Deferred acquisition costs

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

2.17.2 Provision for unearned premium

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

2.17.3 Provision for outstanding claims

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



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

2.17.4 Liability adequacy test

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

2.17.5 Reinsurance contracts

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

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

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

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

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

2.17.6 Receivables and payables related to insurance contracts

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

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

2.17.7 Salvage and subrogation reimbursements

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

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



2.17.8 Insurance portfolios

Acquired insurance portfolios are initially recognised at fair value by estimating the net present value of future cash flows related to the liability arising from insurance contracts, being the provision for unearned premium and the provision for outstanding claims at the date of acquisition. The difference between the carrying value and the fair value of the insurance contracts is recognised as an intangible asset.

The Group subsequently amortises this asset based upon the duration of the underlying cash flows. The carrying amount after initial recognition is adjusted for accumulated amortisation and any accumulated impairment losses.

2.18 Provisions

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

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

2.19 Deposits received from reinsurers

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

2.20 Employee benefits

2.20.1 Post-employment benefits

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

Defined benefit plans

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

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

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding net interest that is calculated by applying the discount rate) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income. Atradius determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of



contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

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

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

Defined benefit costs are categorised as follows:

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

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

Defined contribution plans

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

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

2.20.2 Other long-term employee benefits

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

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

2.20.3 Termination benefits

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

2.20.4 Profit sharing and bonus plans

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



2.21 Taxation

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and Atradius intends to settle its current tax assets and liabilities on a net basis. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss, it is not accounted for.

2.22 Consolidated income statement

2.22.1 Income

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

Premium earned

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

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

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

Service and other income

Service income includes the income from:

- Credit information services, consisting of providing up-to-date credit information on buyers for which a customer requires a credit limit application under the insurance policy. This performance obligation is satisfied over time during the policy period. Revenue is recognised based on the credit limit applications requested by and invoiced to the customer, against fixed prices stated in the contract. If a contract includes a separate charge for monitoring, this element is recognised evenly over time;
- Debt collection services for debts owed to customers. The performance obligation is defined at the level of the individual debts, placed under the contract. Revenue is recognised in line with the actual collected amounts, based on fees specified in the debt collection agreements.
- Business information and other service income.
 - Business information is provided online to customers on a subscription basis. Revenue is recognised evenly over time based on the consideration in the contract, reflecting the constant effort required to acquire and prepare business information.



- Atradius Dutch State Business (ADSB) is the official Export Credit Agency for The Netherlands and issues export credit insurance policies and guarantees to Dutch businesses, on behalf of and for the risk of the Dutch State. ADSB receives a service fee for managing the credit insurance facility, specified in the service contract. This income is recognised evenly over time.

Share of income of associated companies

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

Net income from investments

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

Investment expenses comprise impairment losses recognised on financial investments and investment property. Realised gains or losses on investment property recognised in the income statement represent the difference between the net disposal proceeds and the carrying amount of the property.

2.22.2 Expenses

Net insurance claims

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

Net operating expenses

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

Finance income and expenses

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

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

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

2.23 Consolidated statement of cash flows

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

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

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



3 Critical accounting estimates and judgements in applying accounting policies

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

3.1 Measurement of fair value

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

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

3.2 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts

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

Pipeline premium

Pipeline premium relates to shipments made by Atradius' policyholders for which Atradius is at risk but has not invoiced the 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 results from estimates. The assumptions are based on recent trends in insured business, client specific information, knowledge of pending claims, and when relevant, macroeconomic information. It is this current changing macroeconomic information, under an unprecedented pandemic, which requires a quantification of the additional uncertainty over the business as usual process followed in the pipeline estimates, to ensure that potential future developments of pipeline are not impacting negatively the financial statements in the coming years (See Note 13). Historical positive development derived from this process shows that, any potential deviation on unknown shipments under this unprecedented pandemic would be covered without significant impacts on insurance premium.

3.3 Impairment of available-for-sale equity financial investments

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

Had all the declines in fair values below cost been considered significant or prolonged Atradius would have an additional EUR 7.4 million loss before tax (2019: EUR 3.1 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% - 1.5% and the specific discount rate.

The projection period is 10 years, where the first 1-4 year projections are based on financial budgets and/or forecasts. In the budgets and forecasts, the impact of the changed macroeconomic situation due to the Covid-19 pandemic situation is taken into account. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value.

3.5 Pension and post-retirement benefits

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

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

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



4 Risk and capital management

4.1 Risk management

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

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

4.1.1 The risk landscape

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

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

In 2020, the most significant developments in the risk landscape are related to the worldwide effects of the Covid-19 pandemic. The pandemic has affected all risk areas – from underwriting risk (impact on buyers (credit insurance) and customers (bonding)) to financial risk and operational risk (impact on Atradius' ability to maintain its standard of service and to ensure that the needs of employees are adequately addressed). Atradius has taken the appropriate steps to manage its exposure to the effects of the pandemic.

A key part of our underwriting strategy during the Covid-19 crisis has been supporting our customers in insuring their receivables, and, at the same time, protecting them against losses in a heightened risk environment in an explainable and comprehensible way. While Covid-19 risks were spread broadly, the risks were not uniform across all countries, sectors and portfolios. We analysed the nature and sources of the risks and how they constantly shifted, e.g. from supply chain to liquidity-related. We continually analysed all trade sectors for relevant risk factors, such as how they might be influenced by governmental response and readiness, and changing infection rates in different countries and regions. Using segmentation tools, extensive data and analytics, dedicated Covid-19 response teams coordinated our worldwide risk and commercial organisations to rigorously review and take action on portfolios. Most of our underwriting algorithms were re-parameterised in the Covid-19 environment. These continuous underwriting actions were performed in alignment with commercial strategies on (re)pricing, policy restructuring and prudent sales, underpinned by a deliberate and transparent communication with the market.

Covid-19 – Following the initial 'lockdowns' in most countries and travel bans, actions were taken to ensure human resource and IT capabilities were sufficient to maintain the expected level of customer service and to manage the risk exposure

Another notable development was Brexit. The UK left the EU on Friday 31 of January 2020 enabled by the Withdrawal Agreement agreed between the EU and the UK Government. Atradius' activities are continuing without interruption post-Brexit as it had prepared itself well for the regulatory changes. Atradius had applied to the UK's Prudential Regulatory Authority [PRA] for authorisation as a Third Country Branch [TCB] and is now operating 'as if' authorised as a TCB, under the Bank of England's Temporary Permissions Regime which will be in place for up to three years. With branches across the EEA and in the UK, Atradius continues to issue policies in all EU27 countries and in the UK.



4.1.2 The risk management and internal control framework

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

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

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

Central to Atradius' system of governance is the Atradius risk governance structure. The risk governance structure comprises a framework of committees, which support the RSMB in specific risk areas.

By applying the Atradius risk governance structure, Atradius is able to:

- Communicate risk-related norms and values across the organisation;
- Provide clarity over the various responsibilities and accountabilities in the management of risk;
- Manage the Group's risk profile and development of the business over time;
- Ensure that Atradius adheres to an approved risk appetite;
- Ensure appropriate ownership of decisions; and
- Provide the Management Board with clear insight 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 default-related 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, counterparty credit risk and liquidity risk. Operational risks arise from inadequate or failed internal processes, people, systems, or from external events.

4.2 Insurance risk

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

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

The starting point for the management of insurance risk is that all staff have well-defined authorities specifying the level of risk they can accept. Furthermore, Atradius' reinsurance structure imposes checks on the largest exposures. Exposures beyond a certain threshold are subject to special acceptance by our leading reinsurers.

Traditional credit insurance and special products

In traditional credit insurance, Atradius insures its customers against the risk of non-payment of trade receivables. The causes of loss covered differ by policy and usually include all forms of legal insolvency. Policies can also cover so-called 'political' causes of loss, which include but are not limited to, the risk of non-payment due to payment transfer



problems, cancellation of export/import licenses and contract frustration. Traditional credit insurance does not cover non-payment of trade receivables due to commercial disputes. Each policy stipulates a maximum credit period that the policyholder can offer to its buyers without prior approval from Atradius. 'Buyers' are the customers of Atradius' insured customers, i.e., the parties that Atradius insures trade 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. 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 dynamically 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 models and 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 and in some exceptional cases the approval of the (leaders of the) reinsurance panel.

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

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

Bonding

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

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



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

The spread of customers over industry sectors varies by country as a result of differing legal and market environments. The type of bonds issued include bid bonds, performance bonds, maintenance bonds, advance payment bonds and various types of administrative bonds. These are issued with tenors ranging from a few weeks to years, but only rarely in excess of five years.

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

Other products

Reinsurance

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

Atradius Reinsurance DAC provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding markets. It currently assumes business from 70 countries worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of approximately 60% credit insurance and 40% bonding, based on premium volume.

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

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

Instalment Credit Protection (ICP)

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

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

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

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 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 2020, Atradius decided to renew its reinsurance arrangements for 2021. This trend continued with the renewal of the reinsurance arrangements for 2022 in early 2021. On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including excess of loss. A number of items are taken into consideration during this review, including the forecast growth in the underlying business, economic developments etc. In addition, the proposed structure is considered in the context of the Solvency II capital requirements and Atradius' SCR appetite.

For the underwriting year 2020 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The retention under this treaty is 63% (2019: 62%).

In addition, there are two separate quota share treaties, which cover a limited number of policies, where the retention percentage is 25%. In addition, there is a single excess of loss programme, covering the own retention under these quota share treaties, consisting of a series of excess of loss treaties (per buyer group). These excess of loss treaties also provide protection for the assumed business of Atradius Reinsurance DAC. The combined excess of loss programme for Atradius has mitigated the likelihood of it retaining two separate retentions if a common buyer were to fail, affecting both the assumed and direct business of Atradius. The top of the excess of loss layers is chosen so that, in the judgement of management, there remains only a very remote possibility that failure of any single buyer group will exceed the top end of the excess of loss coverage purchased.

The attachment point of the excess of loss treaties has been set such that the net retention for business ceded under the quota share treaties and excess of loss structure for any buyer group does not exceed EUR 26.25 million for Atradius (2019: EUR 24.5) Atradius Reinsurance DAC has also purchased additional lower level protection EUR 7.5 million for Atradius Re (2019: EUR 7.5)

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



2020 Government Agreements

The Covid-19 pandemic crisis has strongly affected the world economy.

The GDP forecast made by the IMF went from +3.3% at the beginning of the year to -4.4% in October, updating it to -3.5% in its last published in January 2021.

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

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

Atradius entered into agreements with Germany, Denmark, Norway, Belgium, France, Luxemburg, the Netherlands, United Kingdom, Italy and Spain. In general terms, all government schemes cover Credit Insurance with policyholders from the country and buyers of everywhere (domestic and export credit). In Europe, all agreements previously were approved by the European Union. These agreements apply before private reinsurance in place with exception of Spain that the agreement provides an additional cession (works in parallel current private cession to the market). All government schemes are risk attaching and cession rate for premiums and claims depends on the country.

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

(EUR thousand)	Total
Balance Sheet	
Technical Provision Ceded	217,781
Premiums Provision Ceded	6,452
Cash in Bank	(78,565)
Accounts Receivables/Payables	(195,371)
Reinsurance commission	4,845
Income statement impacts:	
Insurance premium ceded	(412,662)
Insurance claims recovered	266,688
Reinsurance commission	101,118
Government Scheme's Result	(44,856)

2021 Government Agreements

Due to the uncertainties for the coming future, Atradius has extended until 30 June 2021 the government schemes in Germany, Denmark, Norway, Belgium, Luxemburg, the Netherlands, United Kingdom, Italy and Spain.

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 2020 and 2019 terms of the sum of credit limits registered by Atradius on individual buyers. This is referred to as total potential exposure or TPE.

TPE is an approximate upper boundary to real exposure, in the sense that a limit that Atradius has issued does not necessarily give rise to underwriting risk at a specific point in time. Atradius normally does not know the real outstanding exposure under its limits on any specific buyer. The 'usage' of limits is, on average, much smaller than the amount of the limit. At the portfolio level, real outstanding exposure tends to be in the range of 10% to 30% of TPE, on top of which customers still have their own retention. In addition to the TPE, customers are often allowed to bring exposure under the policy through discretionary limits and potential exposure resulting from a discretionary limit on



any buyer is not held on Atradius' system. Each policy specifies the maximum discretionary limit allowed under the policy. For most policies this is no more than EUR 20 thousand per buyer. This illustrates that TPE is a crude measure of exposure and that, in aggregate, real exposure will be far lower.

To manage concentration risks in our portfolio during the Covid-19 pandemic, we prioritised our underwriting strategy on countries and sectors first, and then reviewed our largest and most severe risks at a credit limit and buyer exposure level, considering contagion impacts. Actions were taken based on credit reviews, and on timely available information, as well as on the significantly reduced level of trading in the foreseeable future. During 2020, a significant number of limits were withdrawn and reduced across all markets, with a focus on the most vulnerable segments. As a result of these actions, our portfolio has shrunk and improved in overall quality, and concentration risk has decreased.

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

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

Buyer country	TPE 2020 (EUR million)	%	TPE 2019 (EUR million)	%
Spain, Portugal	79,231	12.9%	98,739	14.7%
Germany	93,568	15.2%	93,024	13.8%
Central and Eastern Europe	64,630	10.5%	68,595	10.2%
USA	54,188	8.8%	60,602	9.0%
France	45,239	7.4%	48,407	7.2%
United Kingdom	42,034	6.8%	46,219	6.9%
Italy	42,001	6.8%	43,661	6.5%
Nordic	30,779	5.0%	31,748	4.7%
The Netherlands	29,875	4.9%	30,392	4.5%
Other	133,004	21.6%	151,132	22.5%
Total	614,549	100%	672,520	100%

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

Industry sector	TPE 2020 (EUR million)	%	TPE 2019 (EUR million)	%
Chemicals	82,804	13.5%	87,466	13.0%
Electronics	73,189	11.9%	82,858	12.3%
Consumer durables	69,071	11.2%	73,145	10.9%
Metals	61,597	10.0%	72,285	10.7%
Food	63,860	10.4%	64,587	9.6%
Transport	53,098	8.6%	61,128	9.1%
Construction	47,072	7.7%	51,495	7.7%
Machines	39,635	6.4%	41,225	6.1%
Agriculture	29,845	4.9%	33,954	5.0%
Construction materials	29,345	4.8%	29,389	4.4%
Services	23,346	3.8%	27,109	4.0%
Other	41,685	6.8%	47,881	7.1%
Total	614,549	100%	672,520	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.

TPE Value band (EUR million)	TPE 2020 (EUR million)	%	TPE 2019 (EUR million)	%
0 - 20	322,137	52.4%	357,231	53.1%
20 - 100	103,940	16.9%	116,550	17.3%
100 - 250	69,176	11.3%	68,958	10.3%
250 - 500	50,378	8.2%	53,359	7.9%
500 - 1000	34,522	5.6%	39,402	5.9%
1000 - and more	34,396	5.6%	37,021	5.5%
Total	614,549	100%	672,520	100%

Exposure for bonding and for instalment credit protection has different characteristics and therefore not included in these tables. The bonding exposure is EUR 24.1 billion (2019: EUR 24.8 billion). Exposure for instalment credit protection amounts to EUR 3 billion (2018: EUR 3 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 state 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.

As result of Covid-19, the state of the economy in the near future is significantly more uncertain than usual. This, in turn, impacts uncertainty related to the frequency and severity of claims. In light of Covid-19, governments all around the world have taken measures to support the economy. The uncertainty with respect to the timing and speed with which those measures are roll out is also a factor.

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

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

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

4.2.6 Sources and assumptions

4.2.6.1 Sources of uncertainty in the estimation of future claims payments

The sources of uncertainty in the estimation of future claims payments include, but are not limited to, all the factors that affect the frequency and severity of claims in general, as described in Note 4.2.5.

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

- for traditional credit insurance, premium is earned in full when the underlying shipment takes place. UPR exclusively relates to the unearned part of premium invoiced in advance and to risks that have not started.



IBNR is Atradius' estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received;

- for the local credit insurance business in Spain and Portugal, premium is earned pro rata over the period between invoice date and due date of invoices for the insured shipments. Thus, part of UPR relates to risks that have started, in the sense that the underlying insured shipment has taken place. IBNR is the local business in Spain and Portugal's estimate for future claims payments that will result from risks taken on, for which no claims notification has been received and for which the underlying invoices are overdue at the end of the reporting period;
- for bonding, instalment credit protection and reinsurance, the UPR relates to risk taken on; and
- for special products, UPR is set on the same basis as for traditional credit insurance. With the exception of single transactions, where the UPR relates to risk taken on.

As a consequence, the release of the provision for unearned premium should be taken into account for the local credit insurance business in Spain and Portugal, bonding, instalment credit protection and reinsurance when interpreting the claims development tables in Note 18 to evaluate the accuracy with which Atradius has historically estimated future claims payments.

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

In the case of traditional credit insurance, the main sources of uncertainty for estimates of future claims payments include:

- the amounts that will be paid out as a percentage of the claim amount;
- the speed with which customers submit claims, as measured from the moment that the insured shipment took place, the expected average claims payment and the expected percentage of cases that do not lead to a payment;
- the expected number of claims for risks taken on during the most recent months since very few claims will have been reported for the most recent four to six months (depending on the country of the customer);
- the inflow by number and size of large case; and
- the estimation of the expected recovery percentages.

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

4.2.6.2 Assumptions, change in assumptions and sensitivity

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

Under normal circumstances, the most important assumption used in the main methods for reserving for traditional credit insurance to set the estimate for the ultimate number of claims for the most recent months of risk would be that the claims inflow in early 2020 would be around 20% above the level of end 2019. The main methodologies for estimating claims provisions for traditional credit insurance combined underpin 81% (2019: 83%) of the claims provisions for traditional credit insurance.

In light of the increased uncertainty as result of the current circumstances, however, we take a different approach for 2020 closing. During the second half of 2020, the number of reported claims dropped significantly compared to the first half of the year. This partly relates to a drop of insured business as result of the lock-downs early 2020 and partly



because of government's support for the economy. Provisions have been set based on the assumption that this drop is temporary and imply a strong increase in expected claim received count early 2021 of 10%-40%, depending on the country, above the level of the first half of 2020.

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 35 million, gross of reinsurance (2019: EUR 29 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size. This sensitivity is approximately linear. Unless noted otherwise, the same holds true for other sensitivities mentioned in this section.

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. From historic data it can be seen that the correlation between the ultimate aggregate losses arising from large claims by underwriting year and the attritional losses is larger than 80%.

As such, supporting the plausibility of the management judgement. Provisions for large cases are in part based on historic experience with large cases and in part on case by case reporting of ultimate loss estimates. The approach that relies on historic experience sets an ultimate loss arising from large cases as a fraction of the total losses for the last two risk years. If these fractions were chosen 10% higher, then the claims provisions for traditional credit insurance would increase by EUR 71 million (2019: EUR 38 million). The case by case estimates are specific to the individual facts and circumstances of the case. As such, no meaningful overall insight to the sensitivity can be given.

Atradius is regularly reviewing how the Brexit might affect the defaults in the UK buyer portfolio. As result of the UK economy having deteriorated significantly, the impact of which having been fully reflected in the provisions resulting from the normal methodology for the UK, Atradius has concluded that the specific and additional provision for a severe Brexit scenario (2019: EUR 29 million) was no longer needed. As such, it was released during 2020.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 490 million (2019: EUR 481 million). The largest two components of the expected recoveries are the recoveries for traditional credit insurance of EUR 218 million (2019: EUR 245 million) and for instalment credit protection of EUR 154 million (2019: EUR 149 million).

As recovery rates differ by country as well as product, moreover, that the development depends on the age of the underwriting year, it is challenging to provide insight into sensitivity to assumptions by measuring the impact of a mere parameter change. For traditional credit insurance, ultimate recoveries are first estimated using commonly used projection methods. These estimates are then reduced considering a margin for uncertainty, such that a favorable development on these estimates is by far the most likely outcome. Nevertheless, the impact of setting the recovery provisions lower by 10% is EUR 22 million (2019: EUR 25 million). For instalment credit protection, for which similar margins for uncertainty are introduced, impact of setting recovery provisions lower by 10% is EUR 15 million (2019: 15 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, decreases or increases due to adverse movements in equity prices, interest rates or currency exchange rates. Atradius exposes itself to these risks by holding assets and liabilities which fair value is sensitive to movements in those prices. To measure these risks, Atradius uses several risk metrics. The most important ones being the mismatch between assets and liabilities which fair value is denominated in foreign currency, value-at-risk, capital models from the credit assessment institutions and interest rate duration.



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

4.3.1.1 Fair value of financial assets and liabilities

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

The fair values correspond with the price, at our best estimate, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, we use valuation techniques which are based on market prices of comparable instruments or parameters from comparable active markets (market observable data). If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors. Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

The fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk taker. To this end, Atradius establishes the accounting policies and processes governing valuation and is responsible for ensuring that these comply with all relevant accounting pronouncements. Within this governance structure, non-quoted investments or illiquid investments in which Atradius invests are valued by an external independent valuation company. That company uses its own proprietary valuation systems to value the securities supported by economic and market assumptions from financial information providers. The valuations are provided on a monthly basis and are reviewed and approved by Atradius.

Debt and equity securities available-for-sale

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

Loans and short-term investments

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

Other financial assets

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

Subordinated debt

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

Other financial liabilities and deposits received from reinsurers

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



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

Financial instruments measured at fair value	Quoted prices in active markets Level 1	
	2020	2019
Assets		
Available-for-sale:		
Equity securities	388,726	370,138
Debt securities:		
Government bonds	549,357	562,622
Corporate bonds	1,618,001	1,504,007
Total	2,556,084	2,436,767

The Company has at 31 December 2020 and respectively 31 December 2019 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 minimise the idiosyncratic risk of individual assets.

Individual equity instruments

Atradius invests in individual equities via a segregated mandate in which the asset manager has discretion to select the equity portfolio in accordance with investment restrictions set in the investment management agreement. This diversified portfolio consists of EUR denominated large capitalisation equities. Per the end of December 2020, the market value of these equities is EUR 140.5 million (2019: EUR 137.1 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 %	
	2020		2019	
Passive equities exchange traded funds	184,941	74.5%	199,173	85.5%
Active money market funds	40,416	16.3%	16,700	7.2%
Real estate funds	22,910	9.2%	17,097	7.3%
Total	248,267	100.0%	232,970	100.0%

Passive equities exchange traded funds

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

Active money market funds

The portfolio of active money market funds consists of money market funds denominated in British pound, US dollar and Brazilian real.

Real estate funds

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

4.3.1.3 Interest rate risk

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

Profile

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

	Fixed rate instruments - carrying amount		Variable rate instruments - carrying amount	
	2020	2019	2020	2019
Financial assets ^{(1) (3)}	2,167,358	2,066,629	547,483	556,642
Financial liabilities ^{(2) (4)}	(324,177)	(323,982)	(49,369)	(43,529)
Total	1,843,181	1,742,647	498,114	513,113

1) Fixed rate financial assets include debt securities;

2) Fixed rate financial liabilities include the subordinated debt;

3) Variable rate financial assets include cash and cash equivalents, loans, short-term investments.

4) Variable rate financial liabilities include borrowings and deposits received from reinsurers.

Duration

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



Atradius uses the duration to assess its interest rate risk exposure and monitors whether the duration remains between the minimum and maximum duration limit (between one to five years for government bonds and one to three years for corporate bonds) as set in the Atradius Investment Policy. The duration is calculated as the weighted average of the discounted future cash flows to be received measured in years. The duration as per 31 of December 2020 is 2.5 years (2019: 2.3 years) and the average maturity for 2020 is 2.7 years (2019: 2.4 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 these as main inputs. These volatilities and correlations are provided by financial information providers or financial institutions.

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

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

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

Value-at-Risk	EUR million	% of the market value	EUR million	% of the market value
	2020		2019	
Equity securities:				
Shares (including funds ¹⁾)	264.5	76.0%	119.6	33.8%
Debt securities:				
Government bonds	13.3	2.4%	9.5	1.7%
Corporate bonds	71.3	4.4%	24.1	1.6%
Total portfolio	279.2	10.4%	124.9	4.8%

¹⁾ It excludes money market funds

The classification of financial investments in the VaR table stated above are based on the actual financial risks that the individual securities present in the investment portfolio carry. For instance, within debt securities a separation between government bonds, and corporate bonds is maintained to capture the actual exposure to corporate bonds that carry additional credit risk above the risks that government bonds bring along. When individual securities are classified to the asset class that fits their actual risk profile, the volatility of that asset class is calculated using the volatility to the financial markets of the underlying securities in that asset class. The volatility of each asset class as a whole serves as input for the VaR calculation of that asset class. In case of an investment fund, the volatility of the fund (driven by the characteristics of its underlying securities) serves as input for the calculation of the VaR on that specific investment fund and is subsequently included in the VaR calculation of the asset class. Total portfolio VaR is less than the sum of the VaR of the individual portfolio components because the correlation between these components is less than one and forms the basis of portfolio diversification. The VaR percentage increased from 4.8% at the end of 2019 to 10.4% at the end of 2020 and the VaR value increased from EUR 124.9 million at the end of 2019 to EUR 279.2 million at the end of 2020. The economies have been impacted in 2020 and there is an increased volatility in the financial markets.



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 2020, the Euro depreciated in value against most of the non-Euro functional currencies (see Note 2.5.3) resulting in a foreign currency lost in other comprehensive income of EUR 29.5 million, net of tax (2019: an income of EUR 11 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 2020 and 31 December 2019, is presented in the following table, in EUR:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2020			2019		
EUR	257,697	262,118	(4,421)	237,983	228,290	9,694
GBP	6,426	9,136	(2,710)	14,353	22,380	(8,028)
USD	428,920	336,435	92,485	347,882	309,017	38,865
AUD	6,643	8,174	(1,531)	6,921	8,839	(1,918)
Other	107,258	215,997	(108,739)	117,619	213,144	(95,525)
Total	806,944	831,860	(24,916)	724,758	781,670	(56,912)

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 2019. A 10% weakening of the aforementioned foreign currencies against the Euro as at the end of the reporting period would have had an equal but opposite effect.

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

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	2020			2019		
EUR	3,830,461	2,297,920	1,532,541	3,708,155	2,060,116	1,648,039
GBP	319,766	256,068	63,698	214,218	134,698	79,521
USD	550,009	369,291	180,718	479,557	312,857	166,700
AUD	110,712	58,295	52,417	96,970	51,673	45,297
Other	569,300	485,380	83,920	568,473	499,304	69,169
Total	5,380,248	3,466,954	1,913,294	5,067,374	3,058,647	2,008,726



4.3.2 Credit risk

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

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

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

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

With regard to managing the credit risks of the financial investments, the investment policy of Atradius is to hold a, principally Euro-centric, internationally diversified portfolio and to avoid large risk concentrations. From a Standard & Poor's rating scale or comparable perspective, the minimum allowed average rating of the overall fixed income portfolio is A-, whereas investments in individual fixed income securities are allowed a minimum issue rating of BBB- at purchase. If a debt security in which Atradius has invested falls below the minimum credit rating or is not rated, it should be reviewed by the Group Investment Committee to decide whether the debt security is still a suitable investment. The maximum concentration limit per issuer (per legal entity and at Atradius N.V. level) is 5% of the market value of the financial investments of the legal entity or Atradius N.V.. The concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The Group Investment Committee monitors this limit and takes action if necessary.

As a result of the Covid-19 pandemic many companies around the world suffered a significant decrease in profitability, which contributed to rating downgrades of securities. Atradius investment assets were not exempt from the impact and observed mostly a one notch downgrade on 13.6% of the market value of its 2020 corporate bond portfolio. Despite difficult market circumstances the fixed income portfolio remains healthy with its average credit rating of 'A' in Standard & Poor's rating scale.

The main objectives of the investment portfolio concentrate on the capital preservation and liquidity, in order to support Atradius strategic and operational needs at any given moment in time. Despite the outbreak of the Covid-19 pandemic, the annual review of the investment policy did not lead to any changes in the concentration risk settings, as the existing restrictions were considered to be sufficient. Atradius has no investment exposure to sectors directly impacted by the pandemic, however as a precaution the Group Investment Committee closely monitored any downgrades on the BBB-rated bonds and any major changes in the concentration exposure by issuer throughout the year.

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 2020 and as at 31 December 2019, are presented in the following tables:



At 31 December 2020 (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	62	277	273	28	29	669
Deposits received from reinsurers	-	(20)	(16)	(13)	(0)	(49)
Debt securities:						
Government bonds	244	257	12	24	12	549
Corporate bonds	23	160	809	619	6	1,618
Short-term investments:						
Deposits withheld by ceding companies	-	7	6	4	6	22
Bank deposits under short-term investments	39	13	27	22	-	100
Cash and cash equivalents	-	39	321	47	18	425
Total	368	733	1,432	731	71	3,335

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

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

4.3.2.1 Temporary exemption from IFRS 9

Atradius has decided to apply the temporary exemption for the application of IFRS 9 to its financial assets (see Note 2.2.2 'Standards, amendment and interpretation not yet adopted'). The financial assets for financial year ending 31 December 2020 are still classified and measured based on IAS 39 (see Note 10 'Financial investments' and Note 2.2.2 'Standards, amendment and interpretation not yet adopted'). The disclosure below provides information required for the application of the temporary exemption.

IFRS 9 classification of financial assets is based on assessment of the business model and the contractual cash flows of the instruments. Contractual cash flows are assessed to check if the asset gives rise to payments on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Contractual cash flows that are SPPI on the principal amount outstanding are consistent with basic lending arrangements. Interest is the consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic risks



(e.g. liquidity risk) and costs (e.g., administrative costs) associated with holding the financial assets for a particular period of time, and a profit margin that is consistent with a basic lending agreement.

The table below presents an overview of the fair values of financial assets based on SPPI criteria as at 31 December 2020, as well as the changes in the fair values during the year. The asset classes are divided into two categories:

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

(EUR million)	Fair Value at		Change in fair value
	2020	2019	
Debt securities:			
(Government bonds + Corporate bonds)	2,167	2,067	100
SPPI	2,164	2,061	103
Other	4	5	(1)
Equity securities:	389	370	19
SPPI	-	-	-
Other	389	370	19
Short-term investments:	123	152	(29)
SPPI	123	152	(29)
Other	-	-	-
Cash and cash equivalents	425	404	21
SPPI	425	404	21
Other	-	-	-
Total	3,104	2,993	111

The credit ratings of the financial assets included the SPPI test (debt securities, bank deposits under short-term investments and cash and cash equivalents) 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 2020 .

For information on credit exposure of 'Other accounts receivables', See 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 (2019: 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.

At 31 December 2020		Contractual cash flows (undiscounted)				Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	285,802		249,177
Subordinated loan	5.00%	-	76,120		-	75,000
Bankoverdraft	0.00%	-	-	-	-	-
Deposits received from reinsurers	0.20%	-	49,369	-	-	49,369
Total		-	138,614	285,802	-	373,546
Non-interest bearing liabilities						
Insurance contracts		-	1,300,531	577,943	(473)	1,902,726
Payables		-	378,595	-	-	378,595
Total		-	1,679,126	577,943	(473)	2,281,321
At 31 December 2019		Contractual cash flows (undiscounted)				Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	298,927	-	248,982
Subordinated loan	5.00%	-	3,750	76,120	-	75,000
Bankoverdraft	0.00%	-	-	-		-
Deposits received from reinsurers	0.42%	-	43,529	-	-	43,529
Total		-	60,404	375,047	-	367,511
Non-interest bearing liabilities						
Insurance contracts		-	1,155,589	535,943	(9,882)	1,706,229
Payables		-	178,682	-	-	178,682
Total		-	1,334,271	535,943	(9,882)	1,884,911



At 31 December 2020	Weighted average effective interest rate %	Contractual cash flows (undiscounted)				Carrying amount
		On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing assets						
Debt securities	-0.04%	-	575,057	1,523,640	84,855	2,167,358
Investments: deposits and cash held for investments	0.19%	33,124	89,727	-	-	122,742
Cash: Cash and bank deposits	-0.03%	422,546	2,195	-	-	424,741
Total		455,670	666,979	1,523,640	84,855	2,714,841
Non-interest bearing assets						
Other financial assets ¹⁾		-	388,735	-	-	388,735
Reinsurance contracts		-	588,982	261,737	(214)	850,505
Receivables		-	245,004	-	-	245,004
Total		-	1,222,721	261,737	(214)	1,484,244

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

¹⁾It includes shares, loans and receivables and investments in group non consolidated entities

4.4 Operational risk

4.4.1 Operational risk management

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

The Operational Risk and Control (ORC) unit is part of the Group Risk Management department it is responsible for developing methods for the identification, assessment and response to risks, and for monitoring and further enhancing the overall risk management and control framework. The ORC unit works closely with both Internal Audit and the Legal and Compliance unit. At the highest level, operational risk is overseen by the Operational Risk Committee, which has a reporting line to the RSMB.



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

In respect of external fraud, the Fraud Control Group, composed of employees across various locations, monitors the activity of customers and buyers to detect indications of fraud. Atradius also provides fraud awareness training and advice to employees and customers to help identify fraudulent buyers. Internal fraud is addressed through manual and automated operational controls such as the segregation of duties, application of signing authorities and role-based system privileges and authorities.

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

4.4.1.1 Risk registers and risk / control self-assessments

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

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

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

4.4.1.2 Business continuity management

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

Covid-19 – Following the initial 'lockdowns' in most countries and travel bans, actions were taken to ensure human resource and IT capabilities were sufficient to maintain the expected level of customer service and to manage the risk exposure. Many staff are working remotely and will continue to do so as necessary. IT systems have remained stable and collaboration tools have been enhanced for the whole workforce. Overall service to customers and all other counterparties is being maintained.

As subsequent lockdowns occur in various geographies, the arrangements established in the first half of the year ensure that the Company is prepared for all eventualities. The Group Incident Management Team (comprised of the Management Board and additional senior management from relevant departments) meets regularly, monitors the situation globally and locally and takes action where required.

4.4.1.3 Compliance Framework

Compliance practices support our business, our reputation and our integrity. Complying with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and more-stable business processes. The Atradius Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all our employees and that govern the Atradius operations and business conduct.



Additional Compliance Policies address specific compliance areas in more detail, and set out the requirements that Atradius' employees must adhere to. These requirements are also included in existing and new business procedures. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks. Atradius has also implemented a Data Protection Framework, which includes controls, policies and procedures to comply with the applicable data protection legislation.

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

4.4.1.4 Brexit

Brexit affects, amongst others, regulations, including passporting rights and may also affect financial reporting. The UK left the EU on Friday 31 of January 2020 enabled by the Withdrawal Agreement agreed between the EU and the UK Government. The structured withdrawal provided for a transition period (or 'implementation period') until 31 December 2020. Accordingly, from 1 January 2021, all legal and regulatory arrangements permitted under the transition ceased – for financial services the passporting rights (Freedom of Services & Freedom of Establishment) ended. To mitigate the impact of this change, Atradius applied to the UK's Prudential Regulatory Authority [PRA] for authorisation as a Third Country Branch [TCB] and dialogue with the PRA has been progressing positively. In the meantime, from 1 January 2021, Atradius has continued to operate 'as if' authorised as a TCB, under the Bank of England's Temporary Permissions Regime, which will be in place for up to three years.

A customer contingency plan to minimise the impact of Brexit was developed and communicated to impacted customers and brokers. During 2020, the UK underwriting teams implemented a reduction in risk appetite, notably for those companies that are most vulnerable to the impacts of Brexit and took risk mitigation actions resulting in avoidance of losses.

A Brexit Taskforce comprising Legal, Compliance, Commercial, Risk Services, IT and Collections representatives continues to monitor the situation as it develops post-Brexit.

4.5 Capital management

4.5.1 Guiding principles

Capital management is guided by the following principles:

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

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

The Company shows a robust capital and solvency position which is not expected to be materially impacted from further economic downturns arising from the pandemic

Atradius manages capital worth more than two billion euro. Per year-end 2020, the capital includes shareholders' funds of EUR 1.9 billion and subordinated debt of EUR 325 million (nominal value). The subordinated debt includes subordinated notes of EUR 250 million (nominal value) and a subordinated loan of EUR 75 million. The subordinated notes and the subordinated loan are classified as Level 2 and as Tier 2 basic own funds for Solvency II.

In addition to the internally developed economic capital model, Atradius considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies in its process of managing capital.

In order to ensure capital adequacy, a capital buffer above the solvency capital required is maintained, such that large loss events would not impair the ability of Atradius to carry on its normal course of business and the ambition to maintain an 'A' rating level is sustained.



Atradius has embedded processes and procedures to ensure compliance with externally imposed regulations and internally imposed requirements for capital adequacy. Such compliance is ensured by:

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

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 2020, the capital of Atradius has been managed according to the Atradius guidelines and in close cooperation with the units involved. The Atradius entities were able to meet their financial obligations and to comply with local legal and regulatory requirements.

4.5.4 Solvency II

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

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

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

As per year end 2020 the eligible own funds under Solvency II for the Company amounts to EUR 2,173 million (2019: EUR 2,277 million).

5 Segment information

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

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

Atradius revenue has no dependency on any large customer.

Information regarding these segments is presented in the following tables:



Business segment	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
2020								
Insurance premium revenue	1,453,060	123,586	150,764	1,727,410	-	-	-	1,727,410
Service and other income	133,071	-	-	133,071	118,927	-	-	251,998
Inter-segment revenue	-	-	-	-	3,380	(3,380)	-	-
Total revenue	1,586,131	123,586	150,764	1,860,481	122,307	(3,380)	-	1,979,408
Insurance premium ceded to reinsurers	(821,278)	(50,178)	(27,904)	(899,360)	-	-	-	(899,360)
Total segment income after reinsurance	764,853	73,408	122,860	961,121	122,307	(3,380)	-	1,080,048
Insurance claims and loss adjustment expenses	(927,362)	(38,183)	(124,617)	(1,090,162)	-	2,622	-	(1,087,540)
Insurance claims and loss adjustment expenses recovered from reinsurers	513,761	15,128	23,649	552,538	-	-	-	552,538
Net insurance claims	(413,601)	(23,055)	(100,968)	(537,624)	-	2,622	-	(535,002)
Gross operating expenses	(554,031)	(43,431)	(58,572)	(656,033)	(120,862)	759	(8,420)	(784,556)
Commission received for business ceded to reinsurers	295,129	19,412	4,134	318,675	-	-	-	318,675
Net operating expenses	(258,902)	(24,019)	(54,438)	(337,359)	(120,862)	759	(8,420)	(465,881)
Operating segment result	92,350	26,334	(32,546)	86,138	1,445	1	(8,420)	79,165
Share of income/ (losses) of associated companies								3,008
Net income from investments								11,314
Finance income								2,608
Finance expenses								(18,089)
Result for the year before tax								78,006
Income tax expense								(33,839)
Result for the year								44,167

Business segment	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
2020							
Reinsurance contracts	638,686	154,941	56,878	850,505	-	-	850,505
Receivables	218,019	21,280	3,057	242,356	5,664	(3,016)	245,004
Unallocated assets	-	-	-	-	-	-	4,284,739
Total assets	856,705	176,221	59,935	1,092,861	5,664	(3,016)	5,380,248
Insurance contracts	1,167,214	321,455	414,057	1,902,726	-	-	1,902,726
Payables	342,906	32,841	588	376,335	15,730	(13,469)	378,595
Unallocated liabilities	-	-	-	-	-	-	1,185,633
Total liabilities	1,510,120	354,296	414,645	2,279,061	15,730	(13,469)	3,466,954
Total year end number of employees (full-time equivalent)	2,704	143	27	2,874	629	-	3,503



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

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



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 60% credit insurance contracts and approximately 40% bonding (2019: 61% and 39% respectively), based on premium volume.



6 Intangible assets

2020	Goodwill	Software	Other ¹⁾	Total
At cost at 1 January	151,425	305,339	30,468	487,232
Additions	-	39,151	-	39,151
Disposals	-	(6,004)	-	(6,004)
Effect of movements in foreign exchange rates	(2)	(6,000)	(92)	(6,094)
At cost at 31 December	151,423	332,486	30,376	514,285
Accumulated amortisation and impairments at 1 January	(10,736)	(191,766)	(27,029)	(229,531)
Amortisation charge for the year	-	(14,411)	(1,144)	(15,555)
Disposals	-	5,061	-	5,061
Impairment	(3,000)	(16,830)	-	(19,830)
Effect of movements in foreign exchange rates	-	4,336	92	4,428
Accumulated amortisation and impairments at 31 December	(13,736)	(213,610)	(28,081)	(255,427)
Balance at 1 January	140,689	113,573	3,439	257,701
Balance at 31 December	137,687	118,876	2,295	258,858

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

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

Goodwill

If applicable, impairment of goodwill is included as part of Finance expenses (see note 28). Atradius assessed all goodwill for impairment. Based on the update of the business plan's short term assumptions, Atradius decided to partly impair the goodwill on Graydon Holding N.V (EUR 3 million in 2020 vs EUR 10 million in 2019).



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

Cash-Generating Units	2020	2019
ACyC ¹⁾	98,797	98,797
Graydon Holding N.V.	17,931	20,931
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⁾	2,566	2,568
Other	4,450	4,450
Total	137,687	140,689

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 discounted 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-economic cycle performance, where the first 1-4 year projections are based on financial budgets and/or forecasts. In the budgets and forecasts the impacts of the changed macro-economic situation due to the Covid-19 pandemic situation are taken into account. 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 6.8% and 8.2% and the growth rate between 1% and 1.5%. 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%-1.5% (2019: 1%-2% and the specific discount rate. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated taking into account local solvency rules, the Solvency II Partial Internal Model and minimum shareholders equity required (non-distributable).

At 28 December of 2020, ANV, through its subsidiary AIH, continued supporting operations for Graydon in the uncertain economic environment derived from Covid-19, with a capital injection of EUR 5 million.

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 market value by the percentages shown below (other CGU are not included due to immaterial impacts):



Cash-Generating Units	Discount rate		Growth rate		Combined ratio ¹⁾		Solvency ratio ²⁾	
	+50bp	-50bp	+50bp	-50bp	+50bp	-50bp	+1,000bp	-1,000bp
2020								
ACyC	-4.8%	5.5%	0.3%	-0.3%	-2.2%	2.2%	-4.6%	4.6%
Graydon Holding	-10.9%	13.2%	13.7%	-11.3%	11.3%	-11.3%	0.0%	0.0%
Atradius Trade Credit Insurance Inc.	-14.0%	20.5%	16.2%	-11.1%	-3.4%	2.3%	-0.1%	-0.1%
Atradius Collections B.V.	-23.0%	40.1%	34.1%	-19.6%	0.0%	0.0%	0.0%	0.0%
ACyC (France)	-17.6%	28.3%	23.4%	-14.5%	-0.1%	6.5%	-3.0%	14.3%
ACyC (Nordic bonding)	-13.6%	21.6%	17.5%	-10.8%	-0.1%	5.0%	-2.9%	2.8%
2019								
ACyC	-6.1%	7.1%	1.2%	-1.1%	-3.6%	3.6%	-4.6%	4.6%
Graydon Holding	-7.5%	9.2%	7.2%	-5.9%	12.0%	-12.0%	0.0%	0.0%
Atradius Trade Credit Insurance Inc.	-5.6%	7.0%	7.3%	-5.8%	-2.7%	2.8%	0.0%	0.0%
Atradius Collections B.V.	-19.8%	34.2%	34.8%	-20.2%	0.0%	0.0%	0.0%	0.0%
ACyC (France)	-15.2%	24.8%	25.3%	-15.5%	-5.7%	5.7%	0.0%	0.0%
ACyC (Nordic bonding)	-7.7%	12.0%	12.3%	-7.9%	-4.2%	4.2%	-4.0%	3.5%

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

²⁾ With the same required capital.

No sensitivity analysis mentioned above would assume that the carrying amount of the GCUs would exceed their market value, except for Graydon.

Software

Atradius assessed all capitalised software to determine if the criteria for capitalisation are being met (see note 2.6.2). Based on this assessment Atradius decided to impair EUR 16.8 million (2019 EUR 7.1 million) of self-developed software since it did not satisfy all set requirements. During 2020 Atradius has capitalised EUR 32.6 million mainly due to Atradius Business Transformation project (2019: EUR 42.5 million).



7 Property, plant and equipment & investment property

2020	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	107,010	65,484	55,541	107,851	335,886	18,195
Additions	365	7,108	7,205	27,125	41,803	-
Disposals	-	(2,140)	(3,045)	(3,628)	(8,813)	(592)
Reclassification	(16,573)	-	-	-	(16,573)	16,573
Effect of movements in foreign exchange rates	(211)	(315)	(1,187)	(2,337)	(4,050)	(82)
At cost at 31 December	90,591	70,137	58,514	129,011	348,253	34,093
Accumulated depreciation and impairments at 1 January	(13,967)	(44,421)	(44,812)	(22,635)	(125,834)	(4,207)
Depreciation charge for the year	(991)	(4,544)	(5,783)	(22,314)	(33,632)	(249)
Disposals	-	2,007	2,958	2,072	7,037	117
Impairment / reversal impairment	13	-	-	-	13	27
Reclassification	3,379	-	-	-	3,379	(3,379)
Effect of movements in foreign exchange rates	37	150	806	618	1,611	10
Accumulated depreciation and impairments at 31 December	(11,529)	(46,808)	(46,830)	(42,259)	(147,426)	(7,681)
Balance at 1 January	93,043	21,063	10,728	85,216	210,051	13,988
Balance at 31 December	79,061	23,329	11,684	86,752	200,827	26,413



2019	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	111,608	63,656	52,826	-	228,090	14,609
Business combinations	-	-	-	-	-	-
First time adoption as per 1st January 2019	-	-	-	101,692	101,692	-
Additions	-	4,653	3,374	5,694	13,721	-
Disposals	-	(3,504)	(1,661)	(689)	(5,854)	(1,135)
Reclassification	(4,685)	-	-	-	(4,685)	4,685
Effect of movements in foreign exchange rates	87	679	1,002	1,154	2,922	36
At cost at 31 December	107,010	65,484	55,541	107,851	335,886	18,195
Accumulated depreciation and impairments at 1 January	(12,506)	(42,989)	(40,278)	-	(95,773)	(4,968)
Depreciation charge for the year	(1,115)	(4,399)	(5,486)	(22,698)	(33,698)	(134)
Disposals	-	3,506	1,651	176	5,333	457
Impairment / reversal impairment	69	-	-	-	69	42
Reclassification	(400)	-	-	-	(400)	400
Effect of movements in foreign exchange rates	(14)	(539)	(699)	(113)	(1,365)	(4)
Accumulated depreciation and impairments at 31 December	(13,967)	(44,421)	(44,812)	(22,635)	(125,834)	(4,207)
Balance at 1 January	99,102	20,667	12,548	-	132,317	9,641
Balance at 31 December	93,043	21,063	10,728	85,216	210,050	13,988

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	
	2020	2019	2020	2019
Spain and Portugal	77,796	89,024	21,259	12,713
Italy	20,650	21,020	681	681
Mexico	4,026	4,463	1,342	1,488
Other	1,065	1,001	-	-
Total	103,537	115,507	23,282	14,882

Fair value measurement

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

All significant inputs used in the measurement are market observable and the fair value is therefore classified in Level 2 in the fair value hierarchy (as in 2019). 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.

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: 94% office (2019: 90%) and 6% retail (2019: 10%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 29 thousand (2019: EUR 77 thousand). During the year an amount of EUR 513 thousand (2019: EUR 607 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 402 thousand for non-cancellable contracts (In 2019, expected rental income for next year was 673 thousand for non-cancellable contracts).

Leases: Right of Use Assets

Right of Use assets consist of office space (94%), including parking and vehicles under a number of operating lease agreements. The most significant lease contracts relate to the offices in our locations in Western Europe. The remaining terms of these office rentals vary between 2 to 12 years and most of the contracts contain extension options. The extension options are taken into account in the measurement of lease liabilities when the Group is reasonably certain to exercise these options.

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

	2020	2019
Lease liability included in statement of financial position at 31 December (see Note 22)	88,144	85,038
Amounts recognised in income statement :		
Interest expenses on lease liabilities	(2,196)	(2,552)
Expenses relating to short-term leases	(580)	(118)
Expenses relating to low-value assets	(26)	(17)
Amounts recognised in the statement of cash flows :		
Total cash outflow for leases	26,183	16,094



8 Subsidiaries

The following table sets forth, as at 31 December 2020 and 2019, the name and country of incorporation of the main subsidiaries of Atradius N.V.

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

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

9 Investments in associated companies

	2020	2019
Balance at 1 January	63,110	63,428
Results of income	3,008	7,126
Impairment of associated companies	-	(8,219)
Share of income of associated companies	3,008	(1,093)
Dividends received	(372)	(631)
Revaluations	259	1,166
Effect of movements in foreign exchange rates	(3,189)	240
Balance at 31 December	62,816	63,110

None of the associated companies are listed. All information from the associated companies, unless otherwise stated, is based on balance sheet dates between 30 September 2020 and 31 December 2020.

Atradius assessed the goodwill for impairment of investments in associated companies. Based on this assessment Atradius has decided that no impairment is needed in 2020 for the goodwill related to investments in associated companies.

Atradius Participations Holding S.L. has entered into a share purchase agreement to sell its shares in The Lebanese Credit Insurer s.a.l. The closing of the transaction is expected to take place in 2021. The net carrying amount has accordingly been reduced to fair value.



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

1) Minus one share

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



2020	Credit Guarantee Insurance Corporation of Africa Limited	CLAL Credit Insurance Ltd.	Compañía de Seguros de Crédito Continental S.A. 1)	The Lebanese Credit Insurer s.a.l.	Other	Total
Atradius 's interest						
Goodwill	-	380	1,611	-	-	1,991
Net assets	15,353	13,838	31,634	-	-	60,825
Carrying amount	15,353	14,218	33,245	-	-	62,816
Share of income of associated companies	(67)	759	2,298	18	-	3,008
Impairments	-	-	-	-	-	-
Result sale	-	-	-	-	-	-
Other income/(expense)	-	-	-	-	-	-
Dividends received	-	-	(372)	-	-	(372)
Associated companies						
Assets	128,417	95,722	124,789	6,614	-	355,543
Liabilities	67,004	26,535	61,517	6,614	-	161,669
Revenue	38,097	13,350	13,577	4,299	-	69,324
Net assets	61,413	69,188	63,273	-	-	193,874
Result for the year	(269)	3,796	4,592	39	-	8,158
2019						
Atradius 's interest						
Goodwill	-	380	1,611	-	-	1,991
Net assets	17,619	13,406	30,094	1	-	61,119
Carrying amount	17,619	13,786	31,705	1	-	63,110
Share of income of associated companies	2,272	701	4,072	80	-	7,126
Impairments	(6,927)	-	-	(1,292)	-	(8,219)
Dividends received	(323)	-	(308)	-	-	(631)
Associated companies						
Assets	144,748	90,632	114,972	6,547	-	356,899
Liabilities	74,274	23,601	54,785	6,544	-	159,204
Revenue	54,910	14,503	8,433	4,285	-	82,131
Net assets	70,474	67,031	60,187	2	-	197,695
Result for the year	9,090	3,506	8,143	(2,479)	-	18,261

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	
	2020	2019	2020	2019	2020	2019
Equity securities	388,726	370,138	-	-	388,726	370,138
Debt securities	2,167,358	2,066,629	-	-	2,167,358	2,066,629
Loans	-	-	9	8	9	8
Short-term investments	-	-	111,995	131,442	111,995	131,442
Cash held for investments	-	-	10,738	20,948	10,738	20,948
Total	2,556,084	2,436,767	122,742	152,398	2,678,826	2,589,165

1) There are no bank deposits tacitly renewable in 2020 and 2019.

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2020	2019	2020	2019	2020	2019
Balance at 1 January	370,138	241,720	2,066,629	1,831,308	2,436,767	2,073,028
Additions	131,927	78,333	939,685	903,420	1,071,612	981,753
Disposals	(89,791)	(12,225)	(806,948)	(666,373)	(896,739)	(678,598)
Amortisation charge for the year	-	-	(19,307)	(21,448)	(19,307)	(21,448)
Revaluations through other comprehensive income and income statement	(22,239)	61,993	13,525	12,089	(8,714)	74,082
Effect of movements in foreign exchange rates	(1,309)	317	(26,226)	7,633	(27,535)	7,950
Balance at 31 December	388,726	370,138	2,167,358	2,066,629	2,556,084	2,436,767

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

11 Receivables

	2020	2019
Accounts receivable on insurance and reinsurance business	173,057	192,782
Amounts owed by policyholders and direct insurance operations	133,984	137,038
Receivables arising out of reinsurance	39,073	55,744
Other account receivable	71,947	46,783
Total	245,004	239,565

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 71 million (2019: EUR 69.7 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 88.3% (2019: 89.2%) relates to receivables ageing less than three months.

All receivables are considered for impairment testing. As of 31 December 2020, receivables of EUR 26.3 million (2019: EUR 28.3 million) were considered to be partially impaired. The amount of the impairment taken related to these



receivables was EUR 12.2 million (2019: EUR 13.2 million). This balance takes into account that a portion of the impaired receivables will be recovered. Atradius does not hold any collateral over these balances.

The 'Other accounts receivable' related to service income, are short term balances which consist of individually small balances. The provision for impaired 'Other accounts receivable' for 2020 is EUR 1.9 million (2019: EUR 2.7 million)

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

	2020	2019
Balance at 1 January	13,218	12,743
Impairment of receivables	8,657	7,825
Receivables written off during the year as uncollectable	(9,076)	(6,402)
Unused amounts reversed	(635)	(948)
Balance at 31 December	12,164	13,218

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

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

12 Deferred acquisition costs

	2020	2019
Balance at 1 January	76,300	71,743
Deferred in the year	22,475	27,241
Amortisation change for the year	(25,417)	(23,540)
Effect of movements in foreign exchange rates	(4,391)	856
Balance at 31 December	68,968	76,300
Current	39,171	44,400
Non-current	29,797	31,900

13 Other assets and accruals

	2020	2019
Pipeline and return premium ceded	356,156	404,028
Prepayments and accrued interest	31,548	33,632
Net pension plan asset	53,667	53,393
Reimbursement rights	8,414	9,725
Other	25,651	24,363
Total	475,436	525,143

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

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



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

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 2020 is EUR 53.7 million (2019: EUR 53.4 million) (see Note 17).

14 Cash and cash equivalents

	2020	2019
Cash at bank and on hand	422,546	399,308
Short-term bank deposits	2,195	4,936
Cash and cash equivalents	424,741	404,244
Cash and cash equivalents	424,741	404,244
Cash and cash equivalents in the statement of cash flows	424,741	404,244

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.

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 (2019: the same) of which 79,122,142 ordinary shares were issued and fully paid (2019: 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 2020 were of EUR 0.6 per share.

15.2 Share premium reserve

	2020	2019
Balance at 1 January	639,228	639,228
Balance at 31 December	639,228	639,228



15.3 Revaluation reserve

	2020	2019
Balance at 1 January	81,919	25,508
Change in revaluation reserve - gross	(1,303)	76,872
Change in revaluation reserve - tax	3,933	(19,432)
Net (gains)/losses transferred to net profit on disposal - gross	(4,810)	(1,356)
Net (gains)/losses transferred to net profit on disposal - tax	1,072	327
Balance at 31 December	80,811	81,919

15.4 Currency translation reserve

	2020	2019
Balance at 1 January	(50,372)	(61,518)
Change in currency translation reserve - gross	(31,447)	11,723
Change in currency translation reserve - tax	1,830	(577)
Balance at 31 December	(79,989)	(50,372)

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

15.5 Pension reserve

	2020	2019
Balance at 1 January	(160,591)	(144,397)
Recognised actuarial gains/(losses)	(6,016)	(16,194)
Change in pension reserve - gross	(11,868)	(21,023)
Change in pension reserve - tax	5,852	4,829
Balance at 31 December	(166,607)	(160,591)

15.6 Retained earnings

	2020	2019
Balance at 1 January	1,191,712	1,080,824
Appropriation of prior year result	227,708	202,638
Acquisitions	-	33
Dividends	(102,859)	(91,782)
Balance at 31 December	1,316,561	1,191,712

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

	2020	2019
Balance at 1 January	323,982	323,790
Accretion of interest	196	192
Balance at 31 December	324,177	323,982

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 issued by Atradius Finance B.V. and guaranteed by the Company. 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 276 million (2019: EUR 288 million). The fair value estimate of the subordinated loan issued by Atradius Reinsurance DAC is EUR 78 million (2019: EUR 82 million). Both the subordinated notes and the subordinated loan are classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II.

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

17 Employee benefit assets and liabilities

	2020	2019
Retirement benefits	132,341	118,242
Other long-term employee benefits	7,379	6,642
Total	139,720	124,884

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in the United Kingdom, Germany and the Netherlands and these represent 90% (2019: 90%) 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 11.8 million in 2020 (2019: EUR 11.6 million).



Pension assets and liabilities

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2020	2019	2020	2019	2020	2019
Balance at 1 January	958,282	838,533	840,040	743,886	118,242	94,647
Additions	-	-	-	-	-	-
Included in the income statement:	-	-	-	-	-	-
Current service cost	14,806	12,428	-	-	14,806	12,428
Past service cost	279	-	-	-	279	-
Interest cost / income	12,022	17,294	12,001	17,055	21	239
Administration costs	630	580	-	-	630	580
Cost of Termination Benefits	-	-	-	-	-	-
Effect of movements in foreign exchange rates	2,319	(1,176)	(367)	882	2,686	(2,058)
Total included in the income statement	30,056	29,126	11,634	17,937	18,422	11,189
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
- demographic assumptions	(8,141)	(11,421)	-	-	(8,141)	(11,421)
- financial assumptions	86,569	112,844	-	-	86,569	112,844
- experience adjustments	(7,027)	770	-	-	(7,027)	770
Return on plan assets excluding interest income	-	-	61,013	83,032	(61,013)	(83,032)
Change in Irrecoverable Surplus other than Interest					-	-
Effect of movements in foreign exchange rates	(19,263)	16,056	(19,362)	16,179	99	(123)
Total included in OCI	52,138	118,249	41,651	99,211	10,487	19,038
Other:						
Contributions paid by the employer	(3,658)	(3,817)	11,426	16,128	(15,084)	(19,945)
Plan participants contributions	2,039	2,023	2,039	2,023	-	-
Benefits paid	(21,178)	(24,192)	(21,178)	(24,192)	-	-
Additional benefits	-	(1,640)	-	-	-	(1,640)
Reclassification of surplus plan assets	-	-	(274)	(14,953)	274	14,953
Total other	(22,797)	(27,626)	(7,987)	(20,994)	(14,810)	(6,632)
Balance at 31 December	1,017,679	958,282	885,338	840,040	132,341	118,242



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 16.9 million (2019: EUR 16.3 million) are classified as financial investments since in the event of bankruptcy, these assets are not fully secured for the members of the pension plan. In the UK, EUR 38.2 million of financial investments (2019: EUR 35.3 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 2020 is EUR 53.7 million (2019: EUR 53.4 million) is disclosed as net plan pension assets as part of Note 13.

In Spain and Portugal, the defined benefit plans are partially insured with Seguros Catalana Occidente S.A.. These insurance policies do not qualify as insurance policies under IAS 19, therefore the fair value is treated as reimbursement rights, which are recorded as part of other assets for an amount of EUR 7.7 million (2019: EUR 9.2 million). At the end of 2020, the defined benefit obligation related to the reimbursement rights amounts to EUR 15.8 million (2019: EUR 19.6 million). This same defined benefit obligation has in addition plan assets of EUR 13.8 million (2019: EUR 14.6 million).



Characteristics of the main defined benefit plans

Characteristic	United Kingdom	Germany	The Netherlands
Entitlement	Pension entitlements are based on a percentage of final salary (closed to new employees).	Pension entitlements are based on a percentage of the average salary of the last 10 years.	Pension entitlements are based on a percentage of the average salary (maximum of EUR 0.1 million - closed to new employees).
Number of participants	114 active members (2019: 130 active members). 530 inactive members (2019: 520 inactive members).	484 active members (2019: 496 active members). 466 inactive members (2019: 456 inactive members).	275 active members (2019: 289 active members). 1,364 inactive members (2019: 1,361 inactive members).
Defined benefit obligation	EUR 297 million (2019: EUR 287 million).	EUR 156 million (2019: EUR 149 million).	EUR 452 million (2019: EUR 407 million).
Plan assets	EUR 351 million (2019: EUR 341 million).	EUR 83.8 million (2019: EUR 74 million). Assets of EUR 16.9 million (2019: EUR 16.3 million) are recognised as part of the financial investments.	EUR 420 million (2019: EUR 382 million).
Remeasurement gain (loss) through OCI	EUR 3.3 million - gain (2019: EUR 6 million - gain).	EUR 7.0 million - loss (2019: EUR 10.5 million - loss).	EUR 7.4 million - loss (2019: EUR 8.6 million - loss).
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 2020 contributions amounted to 7.1% (2019: 7.1%) of the eligible salary.	None; all contributions are made by the employer.	Employees contribute in 2020 7.5% (2019: 7.5%) of their eligible salary.
ALM-strategy	A Cash Driven Investment portfolio has been implemented that combines Buy & Maintain Credit with a Liability Driven Investment, to provide contractual income that aligns with the timing of the pension liability cash flow payments together with a 100% interest rate and inflation rate liability hedge to maintain Self-sufficiency.	The investment objectives and policies are developed based on an ALM-study. The investment policy limits the interest rate risk by restricting the investment in bonds to fixed rate bonds. Equity price risk is controlled by investing according to the Dow Jones Euro Stoxx 50 Index.	At least once every three years an ALM-study is performed in which the impact of the strategic investment policies are analysed. The interest rate risk is partially hedged within the investment portfolio by the use of debt instruments in combination with liability driven investment funds.
Regulatory Framework	The UK pension plan is subject to UK pensions legislation and guidance issued by the Pensions Regulator in the UK	The German pension plan is subject to German pensions legislation and guidance issued by the Pensions Regulator in Germany	The Dutch pension plan is subject to The Netherlands pensions legislation and guidance issued by the Pensions Regulator in The Netherlands

In general, the defined benefit plans are administered by pension vehicles. Although liaised with the Group, these are separate legal entities (a Trustee in the United Kingdom, a Pension Trust eV in Germany and a Pension Fund in the Netherlands). The boards of these entities comprises 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 2020	Cash and cash equivalents	Equity instrument s	Debt instrument s	Investment funds	Insurance contracts	Real estate	Total 2020
Belgium	-	-	-	-	45,332	-	45,332
Germany	1,709	29,480	52,597	-	-	-	83,786
Mexico	-	21	757	-	-	-	778
Norway	-	-	-	-	3,416	-	3,416
Spain	-	-	-	-	13,781	-	13,781
Sweden	-	381	1,670	527	-	351	2,929
Switzerland	-	-	-	-	3,359	-	3,359
The Netherlands	6,575	152,544	-	260,751	-	-	419,870
United Kingdom	8,213	-	278,412	13,038	-	12,424	312,087
Total	16,497	182,426	333,436	274,316	65,888	12,775	885,338

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

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 71.7 million – gain (2019: EUR 98.3 million - gain).

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	
	2020	2019	2020	2019	2020	2019
Discount rate	1.50%	2.00%	0.75%	1.00%	1.00%	1.00%
Price inflation rate	2.75%	3.00%	1.75%	1.75%	1.75%	1.75%
Expected increase of future salaries	2.50%	2.25%	2.30%	2.30%	1.75%	1.75%
Expected increase of future benefit levels	2.67%	2.85%	1.50%	1.50%	1.50%	0.88%
Mortality table	CMI 2019 (1.5% LTR)	CMI 2018 (1.5% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G	Prognosetafel AG2020 + adjusted experience	Prognosetafel AG2018 + adjusted experience
Duration in years	20	20	16	17	21	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	2020		2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(165,634)	222,326	(151,496)	202,141
Price inflation rate (1% movement)	94,114	(70,009)	128,264	(109,091)
Future salary growth (1% movement)	21,137	(20,145)	20,232	(19,275)
Future pension growth (1% movement)	175,108	(138,026)	159,985	(126,183)
Future mortality (+1 year)	39,221	n/a	34,651	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 16.1 million (2019: EUR 13.9 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 15.8 million (2019: EUR 13.3 million) relates to pension plans and EUR 0.3 million (2019: EUR 0.6 million) to other long-term employee benefits.



18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
	2020			2019		
Claims reported and loss adjustment expenses	240,241	(135,407)	104,834	246,401	(121,494)	124,907
Claims incurred but not reported	827,205	(427,020)	400,185	593,922	(225,339)	368,583
Claims provisions	1,067,446	(562,427)	505,019	840,323	(346,833)	493,490
Provision for unearned premium	309,117	(133,138)	175,979	332,904	(101,679)	231,225
Total	1,376,563	(695,565)	680,998	1,173,227	(448,512)	724,715
Bonding						
Claims reported and loss adjustment expenses	205,149	(70,057)	135,092	198,008	(68,230)	129,778
Claims incurred but not reported	100,144	(14,023)	86,121	96,082	(15,554)	80,528
Claims provisions	305,293	(84,080)	221,213	294,090	(83,784)	210,306
Provision for unearned premium	220,870	(70,860)	150,010	238,912	(79,306)	159,606
Total	526,163	(154,940)	371,223	533,002	(163,090)	369,912
Total insurance contracts	1,902,726	(850,505)	1,052,221	1,706,229	(611,602)	1,094,627
Current	1,317,684	(588,982)	728,703	1,172,479	(420,278)	752,200
Non-current	585,042	(261,523)	323,519	533,750	(191,324)	342,427

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

18.1 Claims development tables

The claims development tables provide an overview of how Atradius' recognised claims costs for underwriting years 2011-2020 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 2020. Underwriting year here means the year in which the risks were accepted; for reinsurance business it is the treaty year.



Credit Insurance – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	739.7	809.6	682.1	753.0	829.6	755.7	770.4	833.8	858.5	992.3	
one year later	694.4	764.0	586.0	734.6	780.7	669.6	735.3	890.7	876.6	-	
two years later	670.4	704.9	554.6	734.9	744.5	638.5	679.9	826.7	-	-	
three years later	663.5	696.3	543.8	732.4	715.0	627.4	675.0	-	-	-	
four years later	649.7	684.3	540.9	724.5	701.7	623.7	-	-	-	-	
five years later	642.9	685.4	533.2	713.3	706.4	-	-	-	-	-	
six years later	636.7	678.1	522.2	707.6	-	-	-	-	-	-	
seven years later	630.5	683.2	524.0	-	-	-	-	-	-	-	
eight years later	623.9	693.9	-	-	-	-	-	-	-	-	
nine years later	621.4	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	621.4	693.9	524.0	707.6	706.4	623.7	675.0	826.7	876.6	992.3	7,247.7
Cumulative payments to date	621.2	659.2	528.1	688.2	712.5	653.0	680.5	795.2	678.6	175.3	6,191.6
Claims provision at 31 December 2020 in respect of 2011 - 2020	0.2	34.7	(4.1)	19.4	(6.0)	(29.3)	(5.4)	31.5	198.0	817.0	1,056.0
In respect of prior years (before 2011)											11.4
Total											1,067.4

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 2017-2019 in the current financial year for these blocks of business was EUR 137.3 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 52.7%. Risk mitigation for gross claims incurred as shown in this table varies between 41% and 54% (2019: 37% and 47%). These differ from the quota share treaties due to the private instalment credit protection which are not ceded and the inward reinsurance business which is covered by Excess of loss treaties.



Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	19.3	19.0	21.7	19.0	21.0	16.8	13.6	10.6	31.7	29.9	
one year later	48.8	48.6	32.6	34.6	26.8	22.8	32.0	36.1	38.3	-	
two years later	60.8	53.7	39.1	43.6	31.5	32.9	36.6	46.8	-	-	
three years later	62.8	58.4	42.0	45.8	38.2	37.4	40.0	-	-	-	
four years later	57.4	58.7	41.0	41.6	44.0	36.8	-	-	-	-	
five years later	60.7	58.5	40.2	39.3	41.0	-	-	-	-	-	
six years later	64.2	58.1	45.7	41.9	-	-	-	-	-	-	
seven years later	64.6	56.2	48.6	-	-	-	-	-	-	-	
eight years later	65.8	56.5	-	-	-	-	-	-	-	-	
nine years later	68.2	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	68.2	56.5	48.6	41.9	41.0	36.8	40.0	46.8	38.3	29.9	448.1
Cumulative payments to date	54.2	44.8	28.5	22.2	13.1	20.6	11.8	20.3	14.3	0.7	230.6
Claims provision at 31 December 2020 in respect of 2011 - 2020	13.97	11.71	20.11	19.72	27.96	16.16	28.27	26.46	23.96	29.18	217.5
In respect of prior years (before 2011)											87.8
Total											305.3

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 2017-2019 in the current financial year was EUR 85.5 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 27.5%. Risk mitigation for gross claims incurred as shown in this table varies between 17% and 28% (2019: 19% and 30%).

18.2 Insurance liabilities and reinsurance assets

18.2.1 Changes in insurance liabilities and reinsurance assets



Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
	2020			2019		
Balance at 1 January	840,324	(346,833)	493,491	821,940	(349,528)	472,412
Claims paid in the year	(709,892)	305,001	(404,891)	(773,560)	357,442	(416,118)
Increase/(decrease) in liabilities arising from claims	980,337	(535,652)	444,685	779,651	(351,921)	427,730
Foreign exchange rate and other movements	(43,323)	15,058	(28,265)	12,293	(2,826)	9,467
Balance at 31 December	1,067,446	(562,427)	505,019	840,324	(346,833)	493,490
Claims reported and loss adjustment expenses	240,241	(135,407)	104,834	246,401	(121,494)	124,907
Claims incurred but not reported	827,205	(427,020)	400,185	593,922	(225,339)	368,583
Total	1,067,446	(562,427)	505,019	840,323	(346,833)	493,490

Bonding

Balance at 1 January	294,090	(83,785)	210,305	269,359	(76,520)	192,839
Claims paid in the year	(44,601)	15,618	(28,983)	(45,270)	10,657	(34,613)
Increase/(decrease) in liabilities arising from claims	66,369	(16,886)	49,483	72,276	(18,174)	54,102
Foreign exchange rate and other movements	(10,565)	972	(9,592)	(2,275)	252	(2,023)
Balance at 31 December	305,293	(84,080)	221,213	294,090	(83,785)	210,306
Claims reported and loss adjustment expenses	205,149	(70,057)	135,092	198,008	(68,230)	129,778
Claims incurred but not reported	100,144	(14,023)	86,121	96,082	(15,555)	80,527
Total	305,293	(84,080)	221,213	294,090	(83,785)	210,305
Claims provisions	1,372,739	(646,507)	726,232	1,134,413	(430,618)	703,795

18.2.2 Provision for unearned premium

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
	2020			2019		
Balance at 1 January	332,904	(101,679)	231,226	308,226	(96,596)	211,630
Movement in the period	(7,959)	(38,251)	(46,210)	21,358	(4,584)	16,775
Foreign exchange rate and other movements	(15,829)	6,792	(9,037)	3,320	(499)	2,821
Balance at 31 December	309,117	(133,138)	175,978	332,904	(101,679)	231,225
Bonding						
Balance at 1 January	238,912	(79,306)	159,606	220,344	(75,072)	145,272
Movement in the period	(13,442)	6,891	(6,551)	17,069	(4,156)	12,913
Foreign exchange rate and other movements	(4,599)	1,555	(3,044)	1,499	(79)	1,421
Balance at 31 December	220,870	(70,860)	150,011	238,912	(79,306)	159,606
Provision for unearned premium	529,987	(203,998)	325,989	571,817	(180,985)	390,832



19 Other provisions

2020	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	1,485	-	1,135	2,620
Additional provisions	338	-	2,847	3,185
Unused amounts reversed	-	-	(264)	(264)
Utilised	-	-	(45)	(45)
Effect of movements in foreign exchange rates	-	-	-	-
Balance at 31 December	1,823	-	3,673	5,496
Current	1,823	-	2,675	4,498
Non-current	-	-	998	998

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

Litigation

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

20 Deferred and current income tax

Current income tax

	2020	2019
Current income tax assets	35,420	40,889
Current income tax liabilities	46,710	38,747
Net	(11,290)	2,142

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

	2020	2019
Deferred income tax assets before set-off	228,133	167,958
Set-off of deferred tax positions	(175,699)	(132,343)
Net deferred tax assets as presented in the statement of financial position	52,434	35,615
Deferred income tax liabilities before set-off	259,990	235,852
Set-off of deferred tax positions	(175,699)	(132,343)
Net deferred tax liabilities as presented in the statement of financial position	84,291	103,509

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

	2020	2019
Balance at 1 January	(67,894)	(63,884)
Credit (charge) to other comprehensive income for the year	10,859	(14,276)
Charge to the income statement for the year	24,150	11,188
Effect of movements in foreign exchange rates	1,028	(922)
Balance at 31 December	(31,857)	(67,894)

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

2020	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	8,836	-	13,437	(106)	22,166
Technical balances	44,047	-	13,045	(332)	56,760
Pensions	32,494	5,852	(2,957)	637	36,026
Fiscal goodwill	3,168	-	(998)	(20)	2,149
Financial investments	(22,963)	5,007	(2,885)	388	(20,453)
Equalisation provisions	(109,800)	-	(1,742)	521	(111,020)
Property, plant and equipment	(23,692)	-	11,831	40	(11,821)
Other	18	-	(5,580)	(103)	(5,665)
Total	(67,894)	10,859	24,150	1,028	(31,857)



2019	Balance at 1 January	Recognised in other comprehensive income for the year	Recognised in the income statement for the year	Effect of movements in foreign exchange	Balance at 31 December
Tax losses carried forward	12,662	-	(3,833)	7	8,836
Technical balances	33,810	-	10,122	114	44,047
Pensions	21,550	4,829	6,417	(301)	32,494
Fiscal goodwill	4,792	-	(1,618)	(7)	3,168
Financial investments	(4,268)	(19,105)	485	(76)	(22,963)
Equalisation provisions	(105,123)	-	(4,540)	(137)	(109,800)
Property, plant and equipment	(13,750)	-	(9,921)	(21)	(23,692)
Other	(13,556)	-	14,076	(502)	18
Total	(63,884)	(14,276)	11,188	(922)	(67,894)

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 2020, EUR 1.7 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2019: EUR 1.2 million). This is offset by the reversals of the impairments, prior year adjustments and foreign exchange, resulting in a net impairment of these deferred tax assets of EUR 138 thousand.

Atradius has unrecognised tax losses carried forward balances amounting to EUR 57.3 million (2019: EUR 56.0 million). The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	2020	2019
1 - 3 years	2,126	4,222
4 - 9 years	3,573	6,219
Indefinite	51,563	45,571
Total	57,261	56,012

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

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

	Deferred tax	Current tax	Deferred tax	Current tax
	2020		2019	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	5,007	-	(19,105)	-
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	5,852	-	4,829	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	1,829	-	(577)
Total	10,859	1,829	(14,276)	(577)



21 Payables

	2020	2019
Accounts payable on insurance and reinsurance business	310,549	122,186
Payables arising out of reinsurance operations	253,040	68,610
Amounts due to policyholders	40,603	35,003
Amounts due to intermediaries and current account Dutch State	16,907	18,574
Trade and other accounts payable	68,046	56,496
Accounts payable	29,043	22,723
Other accounts payable	39,003	33,773
Total	378,595	178,682

The payables are substantially all current.

The significant increase on payables arising out of reinsurance operations is coming from the schemes signed in some countries with the Governments (see section 4.2.3).

22 Other liabilities

	2020	2019
Ceded pipeline premium ¹ and return premium ²	216,775	205,231
Deposits received from reinsurers	49,369	43,529
Unearned reinsurance commission	67,554	64,165
Payroll and bonus accruals	44,748	51,198
Reinsurance accruals	15,317	28,173
Other accruals	81,081	92,690
Other taxes	22,251	9,971
Lease liabilities	88,144	85,038
Total	585,239	579,994

1) Ceded pipeline premium: Ceded accrued premium which has not been invoiced but for which Atradius is on risk

2) Return Premium – amount due the insured because the actual cost of a policy is less than the insured has previously paid

Other taxes increased due to the denetting of indirect tax advance payments.

Lease liability maturity analysis

Lease liability maturity analysis (undiscounted cash flows)	2020	2019
Less than one year	22,150	22,092
Between one and five years	56,698	50,943
More than five years	21,693	20,079
Total	100,541	93,114



23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	2020			2019		
Written premium	1,535,094	(888,755)	646,339	1,604,428	(638,189)	966,239
Change in provision for unearned premium	7,959	38,251	46,210	(21,358)	4,584	(16,775)
Other movements	83	46	130	(1,060)	419	(641)
Total	1,543,136	(850,457)	692,679	1,582,010	(633,186)	948,823
Bonding						
Written premium	170,894	(42,023)	128,870	194,766	(56,324)	138,441
Change in provision for unearned premium	13,442	(6,891)	6,551	(17,069)	4,156	(12,913)
Other movements	(62)	12	(50)	(183)	67	(116)
Total	184,274	(48,903)	135,372	177,514	(52,102)	125,412
Total premium earned	1,727,410	(899,360)	828,050	1,759,523	(685,288)	1,074,235

24 Service and other income

	2020	2019
Debt collection services	54,791	52,550
Credit information services	133,071	136,500
Business information and other service income	64,136	63,447
Total	251,998	252,497

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.
- In the cases that service income relates to variable consideration, the conditions 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.



25 Net income from investments

Net investment income by type of investment	2020	2019
Income		
Debt securities available-for-sale	12,736	15,524
Loans	6	9
Equity securities available-for-sale	18,475	9,435
Other investments	368	1,640
Total income from financial investments	31,585	26,608
Investment property	774	813
Total investment income	32,359	27,421
Expenses		
Debt securities available-for-sale	(412)	(132)
Equity securities available-for-sale	(14,862)	(4,114)
Handling expenses	(5,087)	(4,307)
Total expenses from financial investments	(20,361)	(8,553)
Investment property	(684)	(92)
Total investment expenses	(21,045)	(8,645)
Net income from investments	11,314	18,776
Share of income/ (losses) of associated companies	3,008	(1,093)
Net income from investments including associated companies	14,322	17,683
Net investment income by nature of income/(expense)	2020	2019
Income		
Interest	10,739	14,382
Dividends	8,172	9,431
Realised gains	12,925	2,994
Rental income from investment property	523	614
Total	32,359	27,421
Expenses		
Handling expenses	(5,087)	(4,307)
Realised losses	(8,326)	(1,434)
Impairment loss	(7,383)	(2,770)
Depreciation of investment property	(249)	(134)
Total	(21,045)	(8,645)
Net income from investments	11,314	18,776
Share of income of associated companies	3,008	7,126
Impairments of associated companies	-	(8,219)
Total	3,008	(1,093)
Net income from investments including associated companies	14,322	17,683

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 10.3 million (2019: EUR 12.7 million); this is derived from government and corporate bonds.



Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2020		2019	
Investment property	27	(212)	42	206
Financial assets classified as available-for-sale	(7,410)	4,811	(2,812)	1,354
Total	(7,383)	4,599	(2,770)	1,560

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	2020			2019		
Claims paid in the year	709,892	(305,001)	404,891	773,560	(357,442)	416,118
Change in claims provisions	270,445	(230,651)	39,794	6,091	5,521	11,612
Claims handling expenses	39,167	-	39,167	38,836	-	38,836
Total	1,019,504	(535,652)	483,852	818,487	(351,921)	466,566
Bonding						
Claims paid in the year	44,601	(15,618)	28,983	45,270	(10,657)	34,613
Change in claims provisions	21,768	(1,268)	20,500	27,006	(7,517)	19,489
Claims handling expenses	1,667	-	1,667	1,548	-	1,548
Total	68,036	(16,886)	51,150	73,824	(18,174)	55,650
Total insurance claims	1,087,540	(552,538)	535,002	892,311	(370,095)	522,216

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

27 Net operating expenses

	2020	2019
Total administrative expenses	558,562	565,821
Acquisition costs	223,053	233,480
Change in deferred acquisition costs	2,941	(3,701)
Gross operating expenses	784,556	795,600
Commissions received for business ceded to reinsurers	(318,675)	(316,497)
Total net operating expenses	465,881	479,103

Administrative expenses by type of business	2020	2019
Insurance and information expenses	470,115	482,218
Recoveries and collections expenses	52,218	52,432
Other service expenses	68,644	63,954
Group costs	8,420	7,601
Total gross administrative expenses	599,397	606,205
Claims handling expenses allocated to insurance claims	(40,834)	(40,384)
Total administrative expenses	558,562	565,821

In the gross administrative expenses are included:



- Depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 69 million (2019: EUR 78.5 million).
- Short term and low value leases amount to EUR 0.6 million

Employee benefit expenses	2020	2019
Salaries and wages (including social security costs)	325,779	333,288
Restructuring costs and termination benefits	338	1,176
Pension costs - defined contribution plans	11,827	11,607
Pension costs - defined benefit plans	16,099	13,918
Total employee benefit expenses	354,043	359,989

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

28 Finance expenses

	2020	2019
Impairment of goodwill	3,000	10,000
Interest and fees on the subordinated debt	17,081	17,077
Net interest on the net defined benefit liability	(13)	134
Other interest expense	1,373	1,833
Foreign exchange (income)/expense	(5,548)	1,291
Interest expense on Right of use	2,196	2,552
Total	18,089	32,887

The subordinated debt costs include the periodic interest expenses of EUR 16.9 million (2019: EUR 16.9 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2019: EUR 0.2 million).

29 Income tax

	2020	2019
Current tax	57,990	96,318
Deferred tax	(24,150)	(11,188)
Income tax expense/(income) for the year	33,839	85,130

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

	2020	2019
Result before tax	78,006	312,838
Tax calculated at domestic tax rates applicable to results in the respective countries	30,285	76,541
Tax exempt (income)/loss	(5,735)	1,561
Write down/(reversal) of deferred tax assets	90	168
Reassessment of prior year local tax positions	1,530	3,363
Impact of change in tax rate	2,326	(1,650)
Other	5,344	5,148
Income tax expense/(income) for the year	33,839	85,130



The weighted average applicable tax rate was 38.8% (2019: 24.5%).

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 2020 mainly reflects the effect of changes in income tax rate in the Netherlands, Switzerland, France, Belgium and the UK.

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

30 Dividends per share

The dividends paid in 2020 and 2019 were EUR 102.9 million (EUR 1.30 per share) and EUR 91.8 million (EUR 1.16 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2020 are EUR 284.6 million (2019: EUR 290.8 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 85.9 million (2019: EUR 84.4 million).

32 Capital commitments and contingencies

Capital commitments of EUR 11.4 million (2019: EUR 21.1 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 2.0 million (2019: EUR 1.2 million).

33 Personnel

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

	2020	2019
Total average number of employees (full-time equivalent)	3,517	3,538
Total year end number of employees (full-time equivalent)	3,503	3,530
Total year end number of employees (headcount)	3,653	3,692



34 Related party transactions

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

	Associated companies	Parent ⁽¹⁾	Associated companies	Parent ⁽¹⁾
	2020		2019	
Sales to related parties	16,673	17	15,539	775
Purchases from related parties	5,770	2,533	2,423	2,808
Amounts owed by related parties	5,740	20,906	983	12,502
Amounts owed to related parties	1	2,953	67	2,934
Total	28,184	26,409	19,012	19,019

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 and advance payments of the corporate tax.

Terms and conditions of transactions with related parties

No guarantees have been provided or received for any related party for 2020 or 2019. For the years ending 31 December 2020 and 2019, 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 2020 the interest expense relating to this portion was EUR 3.0 million (2019: EUR 3.0 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 2020 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
	2020		2019	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,116	40,000	2,110
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	36,291	1,880	36,291	1,871
Bilbao Compañía Anónima de Seguros y Reaseguros	43,000	2,167	43,000	2,158
Nortehispana, de Seguros y Reaseguros S.A.	6,000	301	6,000	299
Total	125,291	6,464	125,291	6,438

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.

Remuneration	2020	2019
Management Board		
Short-term employee benefits ⁽¹⁾	2,118	2,640
Long-term employee benefits	889	1,259
Post-employment benefits	293	344
Total compensation paid to Management Board members	3,300	4,243
Number of members	5	5
Supervisory Board		
Short-term employee benefits ⁽¹⁾	585	566
Total compensation paid to Supervisory Board members	585	566
Number of members	9	9

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

From the total compensation for Management Board members, EUR 2.4 million (2019: EUR 2.9 million) has been paid at the end of the reporting period. The remaining balance payable is subject to meeting the variable pay conditions. The Management Board and Supervisory Board members also participate in the Boards of some of the Company's subsidiaries. Apart from this they do not have other relationships with the Company or its subsidiaries.

If a member of the Management Board could have a conflict of interest with the Company, he must 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. In 2020 there has not been any conflict of interest.

35 Events after the reporting period

There are no events to report.



Company financial statements 2020

Contents

Company financial statements	141
Notes to the company financial statements	144
1 General information	144
2 Summary of significant accounting policies	145
3 Investments in group companies	145
4 Capital and reserves	145
5 Other liabilities	146
6 Contingencies	146
7 Personnel	146
8 Auditor fees	147
9 Remuneration of Management Board and Supervisory Board	147
10 Proposed profit appropriation	148
11 Events after the reporting period	149



Company financial statements

Company statement of financial position

(before profit appropriation)

Assets	Note	31.12.2020	31.12.2019
Fixed assets		1,892,384	1,994,631
Property, plant and equipment		5	5
Investments in group companies	3	1,892,379	1,994,626
Current assets		60,516	39,595
Receivables from group companies		34,815	25,572
Current income tax assets		5,269	1,836
Cash and cash equivalents		20,432	12,187
Total		1,952,900	2,034,226
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		(71,066)	(37,250)
- Reserve intangibles assets		76,575	73,649
- Revaluation reserve		80,811	81,919
- Pension reserve		(166,607)	(160,591)
- Currency translation reserve		(61,845)	(32,228)
Retained earnings		998,186	876,263
Result for the year (unappropriated)		44,167	227,708
Total		1,913,294	2,008,726
Liabilities			
Current liabilities		39,606	25,500
Payables to group companies		34,181	21,009
Other liabilities	5	5,425	4,491
Total		39,606	25,500
Total equity and liabilities		1,952,900	2,034,226



Company income statement

	2020	2019
Income after tax from group companies	47,273	229,939
Other results after tax	(3,106)	(2,231)
Result for the year	44,167	227,708



Company statement of changes in equity

	Share capital	Share premium reserve	Legal reserves				Retained earnings	Result for the year	Total
			Reserve intangibles assets	Revaluation reserve	Pension reserve	Currency translation reserve			
Balance at 1 January 2019	79,122	862,883	62,277	25,508	(144,396)	(43,374)	776,747	202,638	1,821,405
Change in revaluation reserve, pension reserve and currency translation reserve	-	-	-	56,411	(16,195)	11,146	-	-	51,362
Net income recognised directly in equity	-	-	-	56,411	(16,195)	11,146	-	-	51,362
Acquisitions	-	-	-	-	-	-	33	-	33
Appropriation of prior year result	-	-	-	-	-	-	202,638	(202,638)	-
Result for the year	-	-	-	-	-	-	-	227,708	227,708
Change in reserve intangible assets	-	-	11,372	-	-	-	(11,372)	-	-
Dividends	-	-	-	-	-	-	(91,782)	-	(91,782)
Balance at 31 December 2019	79,122	862,883	73,649	81,919	(160,591)	(32,228)	876,263	227,708	2,008,726
Balance at 1 January 2020	79,122	862,883	73,649	81,919	(160,591)	(32,228)	876,263	227,708	2,008,726
Change in revaluation reserve, pension reserve and currency translation reserve	-	-	-	(1,108)	(6,016)	(29,617)	-	-	(36,740)
Net income recognised directly in equity	-	-	-	(1,108)	(6,016)	(29,617)	-	-	(36,740)
Acquisitions	-	-	-	-	-	-	-	-	-
Appropriation of prior year result	-	-	-	-	-	-	227,708	(227,708)	-
Result for the year	-	-	-	-	-	-	-	44,167	44,167
Change in reserve intangible assets	-	-	2,926	-	-	-	(2,926)	-	-
Dividends	-	-	-	-	-	-	(102,859)	-	(102,859)
Balance at 31 December 2020	79,122	862,883	76,575	80,811	(166,607)	(61,845)	998,186	44,167	1,913,294



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 2020 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, Atradius Dutch State Business N.V and Atradius Information Services B.V.

The Company financial statements have been authorised for issue by the Management Board on 3 March 2021.

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.

Group companies are accounted for using the equity method. Equity of group and associated companies is based on IFRS accounting principles of Atradius N.V.

The Company has the power to govern the group companies . The equity method involves recognition of the group company’s profit or loss in the income statement for the Company’s share in the result. The Company’s interest in the group companies is carried in the balance sheet at an amount that reflects its share in the net asset value of the related subsidiary.

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:

	2020	2019
Balance at 1 January	1,994,626	1,817,073
Investments in group companies		33
Share of profit/(loss)	47,273	229,939
Dividends received	(112,859)	(103,782)
Change in revaluation reserve and pension reserve	(7,123)	40,217
Foreign exchange reserve movements	(29,538)	11,146
Balance at 31 December	1,892,379	1,994,626

4 Capital and reserves

4.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (equal to 2019) of which 79,122,142 ordinary shares were issued and fully paid (equal to 2019). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2020	2019
Balance at 1 January	862,883	862,883
Transfer between legal reserve and share premium reserve	-	-
Dividends	-	-
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.



4.4 Retained earnings

	2020	2019
Balance at 1 January	876,263	776,747
Appropriation of prior year result	227,708	202,638
Transfer between legal reserve and retained earnings	(2,926)	(11,372)
Dividends	(102,859)	(91,782)
Acquisition minorities		33
Balance at 31 December	998,186	876,263

5 Other liabilities

	2020	2019
Other taxes	157	-
Long-term employee benefits	1,450	1,890
Other liabilities	3,818	2,596
Total	5,425	4,486

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 (2019: EUR 0.6 million).

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

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, (2019: 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:

	2020	2019
Total average number of employees (headcount)	5	6
Total year end number of employees (headcount)	5	6



8 Auditor fees

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

2020 Including VAT	PwC Accountants N.V.	Other PwC Network organisations	Total PwC Network
Audit financial statements	330	2,027	2,357
Other audit services	15	481	496
Fiscal advisory services	-	-	-
Non-audit services	-	7	206
Total	345	2,515	3,059

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

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).

9 Remuneration of Management Board and Supervisory Board

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



10 Proposed profit appropriation

Proposed appropriation of result

The Management Board proposes to the General Meeting to allocate the result for the year to the retained earnings.



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.

3 March 2021

The Supervisory Board

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

The Management Board

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



Independent auditor's report

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

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of Atradius N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Atradius N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Atradius N.V., Amsterdam.

The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company profit and loss account for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

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

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

We have further described our responsibilities under those standards in the section

'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

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



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the consolidated management report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; glossary and overview of subsidiaries, branches, associated companies and minority shareholdings.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

Responsibilities for the financial statements and the audit

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

The management board is responsible for:

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

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

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

Our responsibilities for the audit of the financial statements

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

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

A more detailed description of our responsibilities is set out in the appendix to our report. Rotterdam, 3 March 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.D. Jansen RA



Appendix to our auditor's report on the financial statements 2020 of Atradius N.V.

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Glossary

Atradius Atrium

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 a performance indicator calculated using the general insurance standard; the sum of the claims and the expenses divided by total insurance revenue.

Credit Insurance (product)

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

Credit limit

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

Debt collection

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



Economic capital

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

Eurozone

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

Expense ratio

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

Exposure

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

Financial year

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

Global

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

Atradius Insights

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

Insolvency

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

Instalment credit protection

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

Insurance revenue

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

Medium-term business

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

Policyholder

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

Policy underwriting

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

Political risk

The risk that a government 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. The Solvency II Directive aims to create a harmonised, risk-orientated solvency regime resulting in capital requirements for (re) insurance companies that are more reflective of the risks they run. Its objectives are to deepen the integration of the EU insurance market, to improve the protection of policyholders and beneficiaries, to improve the international competitiveness of EU insurers and to instil better regulation of the EU insurance markets.

Underwriter

Person charged with risk acceptance, control of that risk and the setting of cover conditions on buyer/credit limits, including any country-specific terms of cover.

Underwriting year

The year in which a risk is accepted for a shipment from a customer/policyholder to its buyer. The underwriting year performance provides management with important insight into the buyer (risk) underwriting performance. In addition, it gives information about the most recent underwriting year performance without any impact from previous underwriting years.

UN Global Compact

A United Nations strategic policy initiative for Businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.



Overview of subsidiaries, associated companies and minority shareholdings

The following table sets forth, as at 31 December 2020*, 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	Name	Country	Ownership
Accento Services S.A.	Belgium		Atradius Crédito y Caución Seguradora S.A.	Brazil	
African Trade Insurance Agency	Kenya	1 share	Atradius Dutch State Business N.V.	Netherlands	
Atradius Collections B.V.	Netherlands		Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China	
Belgium branch	Belgium		Atradius Finance B.V.	Netherlands	
Czech Republic branch	Czech Republic		Atradius Information Services B.V.	Netherlands	
Denmark branch	Denmark		Belgium branch	Belgium	
France branch	France		Denmark branch	Denmark	
Germany branch	Germany		France branch	France	
Hungary branch	Hungary		Germany branch	Germany	
Ireland branch	Ireland		Ireland branch	Ireland	
Italy branch	Italy		Italy branch	Italy	
Poland branch	Poland		Japan branch	Japan	
Turkey branch	Turkey		Norway branch	Norway	
Atradius Collections DMCC	UAE		Spain branch	Spain	
Atradius Collections Holding B.V.	Netherlands		Sweden branch	Sweden	
Atradius Collections Limited	Canada		Switzerland branch	Switzerland	
Atradius Collections Limited	Hong Kong		Taiwan branch	Taiwan	
Atradius Collections Limited	United Kingdom		Thailand branch	Thailand	
Atradius Collections Pte. Limited	Singapore		United Kingdom branch	United Kingdom	
Atradius Collections Pty. Limited	Australia		Atradius Information Services Vietnam Company Limited	Vietnam	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil		Atradius India Credit Management Services Private Ltd.	India	
Atradius Collections, S.A. de C.V.	Mexico		Atradius Insurance Holding N.V.	Netherlands	
Atradius Collections S.L.	Spain		Atradius Investments Limited	Ireland	
Atradius Collections, Inc.	USA		Atradius Italia Intermediazioni S.R.L.	Italy	
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China		Atradius Participations Holding S.L.U.	Spain	
Atradius Credit Insurance Agency, Inc.	USA		Atradius Pension Trustees Ltd.	United Kingdom	
Atradius Credit Management Services B.V.	Netherlands		Atradius Reinsurance DAC	Ireland	
Atradius Credit Management Services (RUS) LLC	Russia		Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	Brazil	
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain		Atradius Rus Credit Insurance LLC	Russia	
Australia branch	Australia		Atradius Seguros de Crédito, S.A.	Mexico	
Austria branch	Austria		Atradius Trade Credit Insurance, Inc.	USA	
Belgium branch	Belgium		Atradius Trade Insurance Brokerage Yuhan Hoesa	South Korea	
Bulgaria branch	Bulgaria		CLAL Credit Insurance Ltd.	Israel	20%
Canada branch	Canada		Compagnie Tunisienne pour l'Assurance du Commerce Exterieur S.A.	Tunisia	3.92%
Czech Republic branch	Czech Republic		Compania de Seguros de Crédito Continental S.A.	Chile	50%**
Denmark branch	Denmark		Credit Guarantee Insurance Corporation of Africa Ltd	South Africa	25%
Finland branch	Finland		Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Brazil	
France branch	France		Gestifatura S.A.	Portugal	
Germany branch	Germany		Giant-net B.V.	Netherlands	
Greece branch	Greece		Graydon Holding N.V.	Netherlands	
Hong Kong branch	Hong Kong		Graydon Nederland B.V.	Netherlands	
Hungary branch	Hungary		Graydon Belgium N.V.	Belgium	
Ireland branch	Ireland		Graydon UK Ltd.	United Kingdom	
Italy branch	Italy		Hotel Maatschappij de Wittenburg B.V.	Netherlands	2.7%
Japan branch	Japan		Iberinform Internacional S.A.U.	Spain	
Luxembourg branch	Luxembourg		Portugal branch	Portugal	
Netherlands branch	Netherlands		Iberinmobiliaria, S.A.U.	Spain	
New Zealand branch	New Zealand		Iberinform Portugal S.A.	Portugal	
Norway branch	Norway		Informes Mexico, S.A. de C.V.	Mexico	
Poland branch	Poland		B2B SAFE S.A.	Spain	
Portugal branch	Portugal		Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	Netherlands	0.5%
Romania branch	Romania		OpenCompanies B.V.	Netherlands	
Singapore branch	Singapore		PT Atradius Information Services Indonesia	Indonesia	
Slovakia branch	Slovakia		Starzyński i Wspólnicy Kancelaria Prawna spółka komandytowa	Poland	99.99%
Sweden branch	Sweden		The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Switzerland branch	Switzerland		Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%
Turkey branch	Turkey				
United Kingdom branch	United Kingdom				

* DAP Holding N.V., Netherlands (2.37% share), was dissolved on 31 December 2020

** Minus one share



Disclaimer

The information in the chapter 'The global economic environment' is for general guidance on matters of interest only. While we have made every attempt to ensure that the information contained in this report reflects careful analysis and investigations on our side before publication of this Annual Report, we are neither responsible for any errors or omissions nor for the results obtained from the use of this information.

The information in this Annual Report does not contain nor imply a warranty as to the completeness, accuracy, timeliness or otherwise. Atradius, its related companies, or the directors, agents or employees thereof will in no event be liable to you or anyone regarding any decision made or action taken in reliance on the information in this Annual Report or for any consequential, special or similar damages.

Produced and published

This Annual Report is published by Atradius N.V.

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