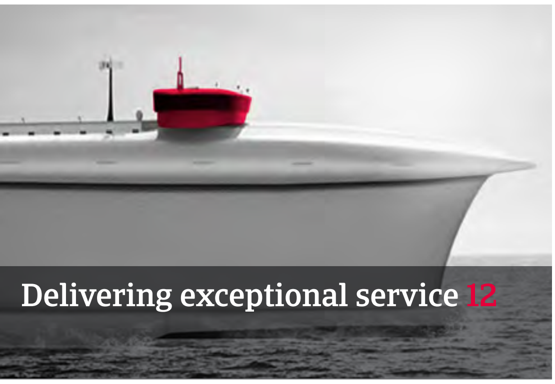
Atradius

Managing risk, enabling trade

Embracing change

Annual Report 2021 Atradius N.V.

Contents



Driving innovation

At Atradius, we are embracing change together with our customers and together we are growing our businesses stronger.

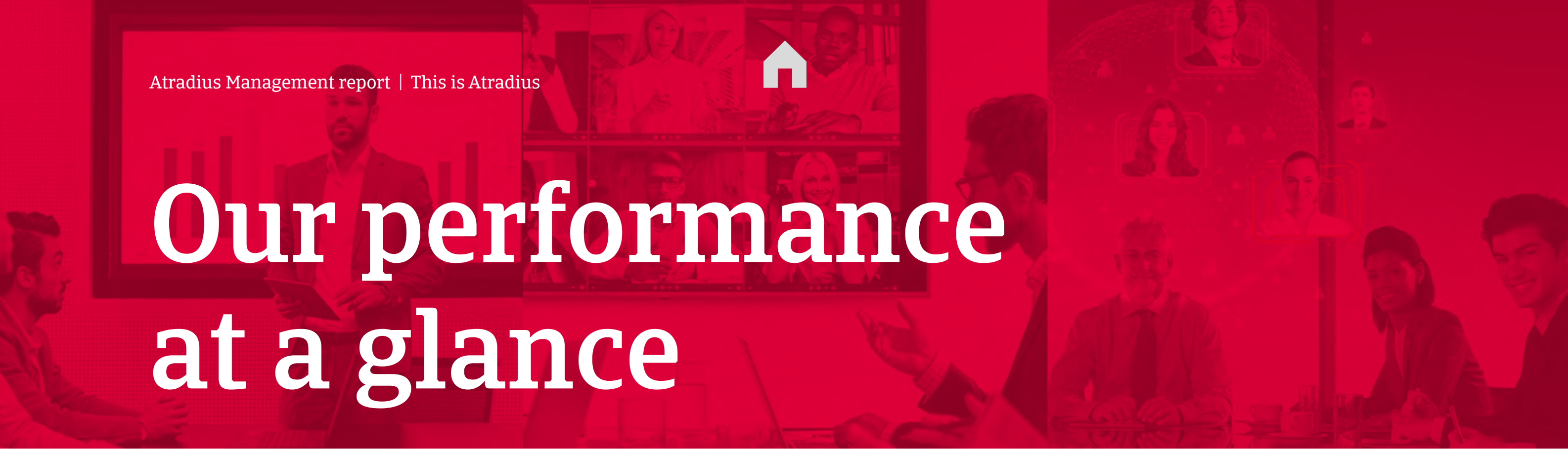
Embracing change together

We have all embraced the idea that change is good for business. It lends to new ideas and innovation, which ultimately enhance our lives and drives profits.

The last two years have emphasised how important embracing change is. The pandemic has brought hardship for many, which has amplified the need for rapid change. Whether it be re-evaluating supply chains, introducing new products or services to capture changing needs, adapting new ways of delivering service or simply adjusting to the new world economy, we have evolved at a faster pace than ever before.

These changes however are not occurring in a vacuum with just one business or industry taking a leap of faith and others waiting to see how it turns out. We are all leaping forward and embracing these changes together. Whether it be to manage lockdown rules, maintain sales or respond to the escalating environmental concerns, we are all taking action. Retailers are accelerating their online sales plans, hospitality businesses have built off-site business models, offices have adopted hybrid-working models, the real estate industry is developing plans for adapting to changing commercial and residential property needs and automotive and transport, as well as many other industries, are responding to environmental concerns.

We have discovered that our capacity to innovate the way we do business to meet each other's needs is higher than we thought and we are enthusiastically doing it together. At Atradius, we are embracing change together with our customers and together we are growing our businesses stronger.



Our performance at a glance

Supporting our customers during the most challenging of times

- The result of the year grew to EUR 240.2 million.
- Atradius claims ratio decreased to a 27.8%.
- The gross combined ratio ended at 65.0%.
- A positive contribution of EUR 35.6 million from our prudent investment portfolio.
- Shareholders' equity and subordinated debt position was further strengthened by 6.9%.
- Total Potential Exposure (TPE) increased by 17.5% [(1)] through demand for Atradius' services and the company's commitment to support its customers and their needs.
- Solid solvency ratio exceeds 200% [(2)]
- Customer retention of 92.9%, a reflection of Atradius' dedication to its customers and continued pursuit of excellence even in the most challenging of times.

(1) *Including bonding and instalment credit protection exposure.*

(2) *Subject to finalisation of any audit procedures.*

Management Board

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

The Supervisory Board

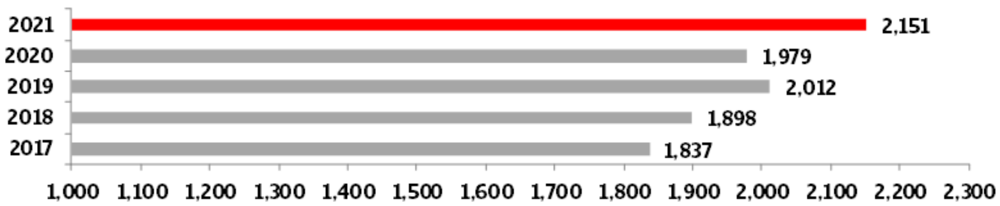
Xavier Freixes, Chairman
Francisco Arregui, Vice-Chairman
Désirée van Gorp
Juan Ignacio Guerrero
Carlos Halpern
John Hourican
Bernd H. Meyer
Hugo Serra
José María Sunyer

Supervisory Board Committees

Audit Committee
Remuneration, Selection and Appointment Committee

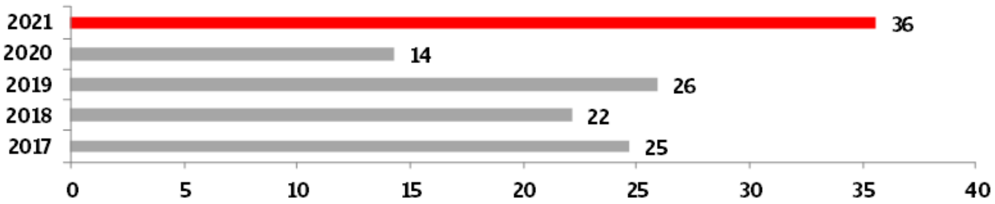
Total Revenue

In EUR million

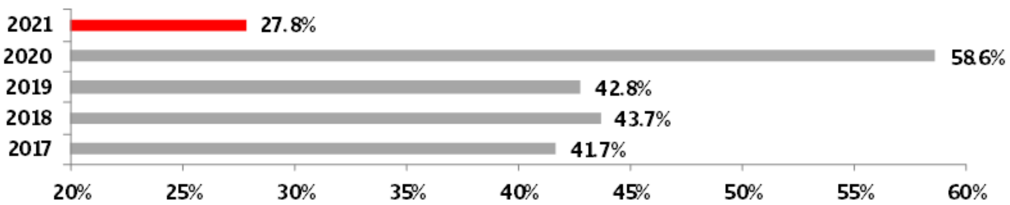


Net Investment Result [1]

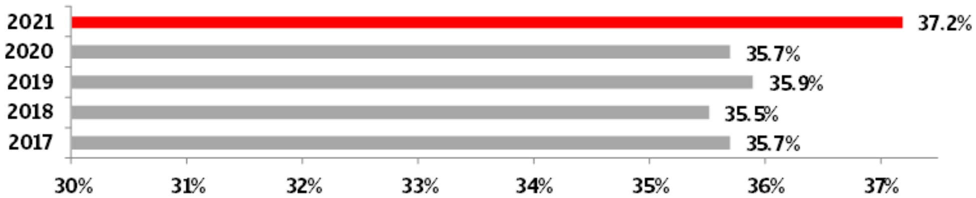
In EUR million



Gross Claims Ratio

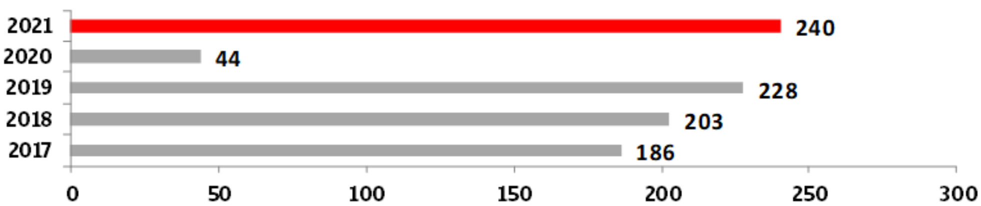


Expense Ratio [2]



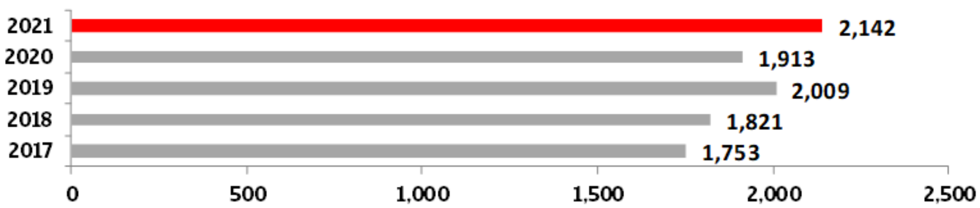
Result For The Year

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 impact of valuation of associated companies in 2017).*

[2] *Recurrent expense ratio for 2021 was 35.5%*

Ten years in figures

Financial information (in EUR million)	2021	2020	2019	2018	2017	2016 [1]	2015	2014	2013	2012
Insurance premium revenue	1,900.3	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
Service and other income	250.6	252.0	252.5	249.5	249.1	203.1	180.8	169.0	166.4	161.8
Total revenue	2,151.0	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
Net investment result [2]	35.6	14.3	25.9	22.1	24.7	22.8	36.0	37.8	35.1	30.3
Total income	2,186.5	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
Result for the year	240.2	44.2	227.7	202.7	186.2	211.8	178.2	161.2	134.5	113.6
Balance sheet information										
(in EUR million)										
Equity	2,142.3	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
Total assets	5,918.8	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
Insurance contracts	2,134.4	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
Shareholders information										
Return on equity [3]	11.2%	2.3%	11.9%	11.3%	11.0%	13.6%	12.3%	12.0%	10.8%	9.8%
Outstanding ordinary shares (at year-end, in million)	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Dividend paid (in EUR million)	91.0	102.9	91.8	83.9	76.7	71.2	64.9	53.8	43.5	43.5
Technical ratios										
Gross claims ratio [4]	27.8%	58.6%	42.8%	43.7%	41.7%	41.6%	43.5%	40.7%	45.6%	51.2%
Gross expense ratio [5]	37.2%	35.7%	35.9%	35.5%	35.7%	36.4%	37.1%	36.6%	35.9%	35.0%
Gross combined ratio	65.0%	94.3%	78.7%	79.2%	77.4%	78.0%	80.6%	77.3%	81.5%	86.2%
Net claims ratio	37.3%	55.9%	43.3%	44.7%	41.4%	42.0%	42.0%	42.6%	46.4%	49.1%
Net expense ratio	35.9%	36.7%	30.0%	32.0%	34.2%	35.4%	35.9%	35.8%	37.4%	37.5%
Full-time equivalents (FTE), at year-end	3,497	3,503	3,531	3,545	3,596	3,586	3,161	3,139	3,107	3,143
Financial strength ratings										
Moody's [6]	A2, outlook stable									
A.M. Best [7]	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] *Recurrent expense ratio for 2021 was 35.5%.*

[6] *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).*

[7] *In 2021 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, Andreas Tesch, David Capdevila, Claus Gramlich-Eicher, Marc Henstridge.

We, the Management Board, are proud of the performance of Atradius in 2021, and of our ability to adapt to the on-going uncertainty and thrive under such circumstances.

It has been another tumultuous year, dominated by Covid-19. The on-going effects of the global pandemic have brought much uncertainty and disruption to key economic drivers and global trade. This has been, and will continue to be, a very difficult period to forecast. The current pattern of historically low insolvencies is no barometer of the future, and the impact of the cessation of government support measures has no precedent to give insight into what this might mean for the period ahead.

Despite all of these challenges, demand for our services has remained strong and we have delivered an exceptional performance. Our Gross Insurance Revenues reached EUR 2,035.9 million, which is 9.4% ahead of last year and the first time we have breached the EUR 2 billion mark. Overall Atradius produced a record profit after tax of EUR 240.2 million. Against a back-drop of a benign claims environment and costly government reinsurance schemes, this is proof of our excellent value proposition and our ability to work in harmony with the economic cycle; balancing risk management and income generation during these extraordinary times.

2021 has been another year where we have whole-heartedly embraced change and emerged stronger as a result of it. We believe that this adaptability stems from Atradius' unique corporate culture. In 2021 we have listened to our evolving customer and partner needs to enable us to consistently deliver unrivalled service.

Our company strategy follows the 3 pillars of our strategic framework: Growth and Customer Service, Profitability and Solvency. These 3 pillars, which are aligned with our parent company Grupo Catalana Occidente S.A. (GCO), guide our view of what tomorrow will look like for the business and where we need to invest for future success. They also ensure we take a balanced and sustainable approach to the way we run our business.

Under the pillar of Growth and Customer Service, the major digital transformation programmes we are undertaking for the Credit Insurance and Bonding business continue to dominate the agenda. Progress has continued, but at a slower pace than originally planned due to the challenges of orchestrating such large programmes while largely working on-line and from home. Both of these programmes build on Atradius' core strategic advantage of having a single and aligned IT platform for our business, which supports our core service proposition for global customers. In 2021, we have continued the expansion of our API offering and extended the Atradius Flow service to Germany and the Netherlands. 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. We have also continued to upgrade Atrium, our on-line customer tool, with numerous enhancements to ensure our customers and brokers have the best user experience.

Under the pillar of Profitability, a strategic priority is to bring the Atradius CyC operations in Spain, Portugal and Brazil into greater alignment within the Atradius Group. In 2021, the Atradius Leadership Team has been extended to bring the Commercial, Risk and IT operations of Atradius CyC Spain under the existing structure. Further product and IT system integrations are identified as strategic projects and work has started in 2021 to take the first steps on this journey. Atradius Collections also actioned further integration of Gestifatura under the Atradius umbrella. Economic, Social and Governance (ESG) topics are a strategic priority for Atradius where we are working closely with our parent Grupo Catalana Occidente to align our measures and more thoroughly embed ESG criteria into all forms of risk assessment. We are undertaking company-wide training on ESG topics such as anti-bribery & corruption and code of conduct; with further sustainability training planned for next year.

For the Solvency pillar (which deals with compliance-related topics), our preparation work for the new IFRS17 directive continues and we are on track to be compliant when the new accounting standard goes live in January 2023, including a business parallel run in 2022. Training has started to ensure a sound understanding of the impact of the new standard, with key individuals taking the role of ambassadors to further embed the new accounting standard in the organisation. Training will continue and target all levels of our organisation, up to the Supervisory Board.

Achievement of our objectives and management of the associated risks are supported by a mature and effective internal control system. Our key control mechanisms cover aspects from the environment and governance structures, to codes, policies and mechanisms that are utilised in day-to-day operations. This control system is given high priority by us, the Management Board, and the Atradius Leadership Team. It provides assurance that we can achieve our internal control objectives, such as: effectiveness and efficiency of operations; reliability of internal and external information (including reliability over financial and solvency information) and associated reporting; and compliance with applicable laws and regulations.

We already mentioned that Atradius has a unique corporate culture. This has been the solid foundation upon which we have been able to deliver such strong results during extremely difficult times. In 2021, we have invested in our people to address the gap created by not being able to have face-to-face interactions in a normal office environment. In 2021, we launched a wellbeing programme which consisted of a series of webinars designed to help employees manage their energy in the new way of working, develop resilience in tough times and deal with unknown pressures. We also introduced our new hybrid working model which offers all Atradius employees - group wide – a flexible 60:40, office: home solution to get the best of both worlds. Under this model, the Atradius offices facilitate co-operation and personal interaction with colleagues, customers and business partners, while our ‘home offices’ provide a flexible and supportive way for Atradius employees to fulfil their roles. The number of FTEs has remained largely stable at 3,497.

In 2021 we maintained strong ratings from A.M. Best (A Excellent) and Moody’s (A2 outlook stable). The ratings agencies have assessed Atradius as having a strong operating performance, favourable business profile and appropriate enterprise risk management; good internal capital generation over the cycle and conservative capital management. They have also viewed favourably our strong underwriting expertise and exposure management to allow us to maintain a strong performance record.

Our economic outlook for 2021 predicted a recovery to relatively high levels based on increasing vaccination rates and relaxation of lockdown measures. What we did not foresee, was the severity of the impact of new Covid-19 variants and waning vaccine immunity, resulting in a stop-starting mode to economic recovery – compounded by supply chain challenges and energy price rises. The predicted rise in insolvencies for 2021 was held back by ongoing fiscal measures and insolvency law amendments in a range of countries, resulting in a largely benign claims environment. However, the forecast for 2022 is that there will be a stark rise in insolvencies of 33%. The combination of delayed insolvencies from 2020, the return of insolvencies to ‘normal’ levels as fiscal support is phased out, and the effect of GDP growth on insolvencies, is expected to lead to higher bankruptcies in most observed markets. We refer to note 3.2 how the uncertainties impact the estimates and assumptions that affect the reported (re) insurance balance sheet position as part of the financial statements

Outlook

In 2022, GDP is forecast to grow at 4.5% globally – which is lower than the 5.7% growth seen in 2021 as supply bottlenecks weigh on growth and uncertainty about the pandemic and new variants continues. Emerging market growth is forecast at 4.9%, slightly ahead of forecast growth rates for advanced economies (at 4.2%). Economic recovery is still closely tied to vaccination rates, which should increase as vaccinations become more widely available this year. In 2022, the economic environment will still be affected by high inflation and energy price rises, but a strong labour market and continued consumer confidence and spending provide a buffer.

In the context of this outlook and the hard to determine impact of the military invasion of Russia in Ukraine, Atradius will continue to apply a risk management strategy that is balanced and customer focused. Efficient utilisation of exposure will be key to sustaining our growth trajectory. Our digital transformation agenda will carry on, and we expect some significant deliveries of new internal IT systems during 2022, which will enhance our foundation for growth and greater efficiency. We continue to leverage the great value of our employees in the most effective manner possible, while allowing for moderate increases in our staff numbers in markets where we pursue business development as well as areas key to enhancing customer experience and remaining known for our best in class service.

2021 has been a year of growth – both financially - but also in the way we conduct our business and have been able to respond to change. In 2022, we hope to keep evolving as an organisation, finding new ways to strengthen our culture as we go further into this new way of working so that we can continue to deliver exceptional service to our customers.

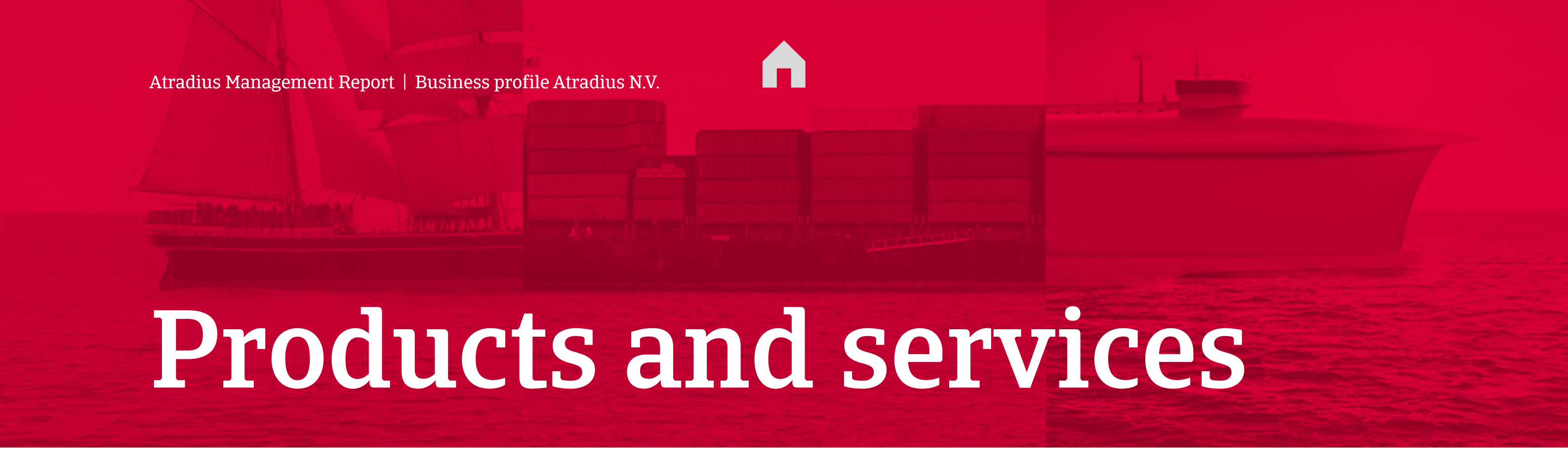
We are extremely grateful to our shareholders, customers, business partners, brokers, agents, reinsurers and employees for their support, energy and co-operation, so that even during such unprecedented times we can continue to deliver against our ultimate goal to manage risk and enable trade.

The Atradius Management Board

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

Delivering exceptional service

Atradius' rigorous risk management expertise has made it possible to navigate the numerous uncertainties successfully.



Products and services

Credit Insurance: a modular approach to ensure every policy is tailored to the needs of the customer

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 types of business:

For multinationals, we offer a sophisticated and tailor-made credit management solution in the form of our Global policy. As a market leader and pioneer with 25 years of experience in this segment, Atradius Global has developed an excellent understanding of the needs, structure, and geographies of multinationals. The structure of our modular cover and service footprint is uniquely designed to mirror the requirements of our customers, whether they have centralised or local credit management. This customer-focused approach is supported by dedicated Global Account Teams and Key Account Underwriters, situated around the world to allow us to provide extensive cross-border customer service, consistent high-quality decision making, and to accurately anticipate the needs and requirements 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 products built from the Modula concept but packaged to make them easy to understand and simple to administer, and often tailored to specific markets or industries, such as Modula First in several European countries, Modula Kompakt in Germany, or Modula Smart in Italy. In Spain and Portugal, the Agile Policy breaks new ground in allowing our agents to fully steer the underwriting process.

The added value of purchasing credit insurance from Atradius 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 an on-demand 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 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 provides portfolio risk analysis. 'Atrium' enables customers to perform administrative tasks for their policy such as applying for a credit limit or submitting a claim.

In Atradius Spain, Portugal and Brazil we offer additional value-added services as a reward for customer loyalty, including very recently B2BSafe marketplace.

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.

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 the combination of access to the Atradius underwriting skills in 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 a wide portfolio of businesses of all sizes across different industries. We help our customers secure their performance and support their business development both locally and internationally. But we can help our customers do more than just manage risks and protect themselves against worst-case scenarios. We provide tailor-made products and solutions that fit their needs and strategies. We aim to be the first choice of companies that are subject to bond obligations. Thanks to our long-standing bonding expertise, in-depth market knowledge and international network we can meet customers' large and complex needs quickly and efficiently. Our prudent approach and strong business focus have allowed us to grow steadily over the last decades and earn the trust of major organisations, propelling us to become a leading bonds supplier in Europe.

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

With worldwide expertise, and staff in 34 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.

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

Atradius Instalment Credit Protection (ICP) covers short-term and medium-term risks mainly 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.

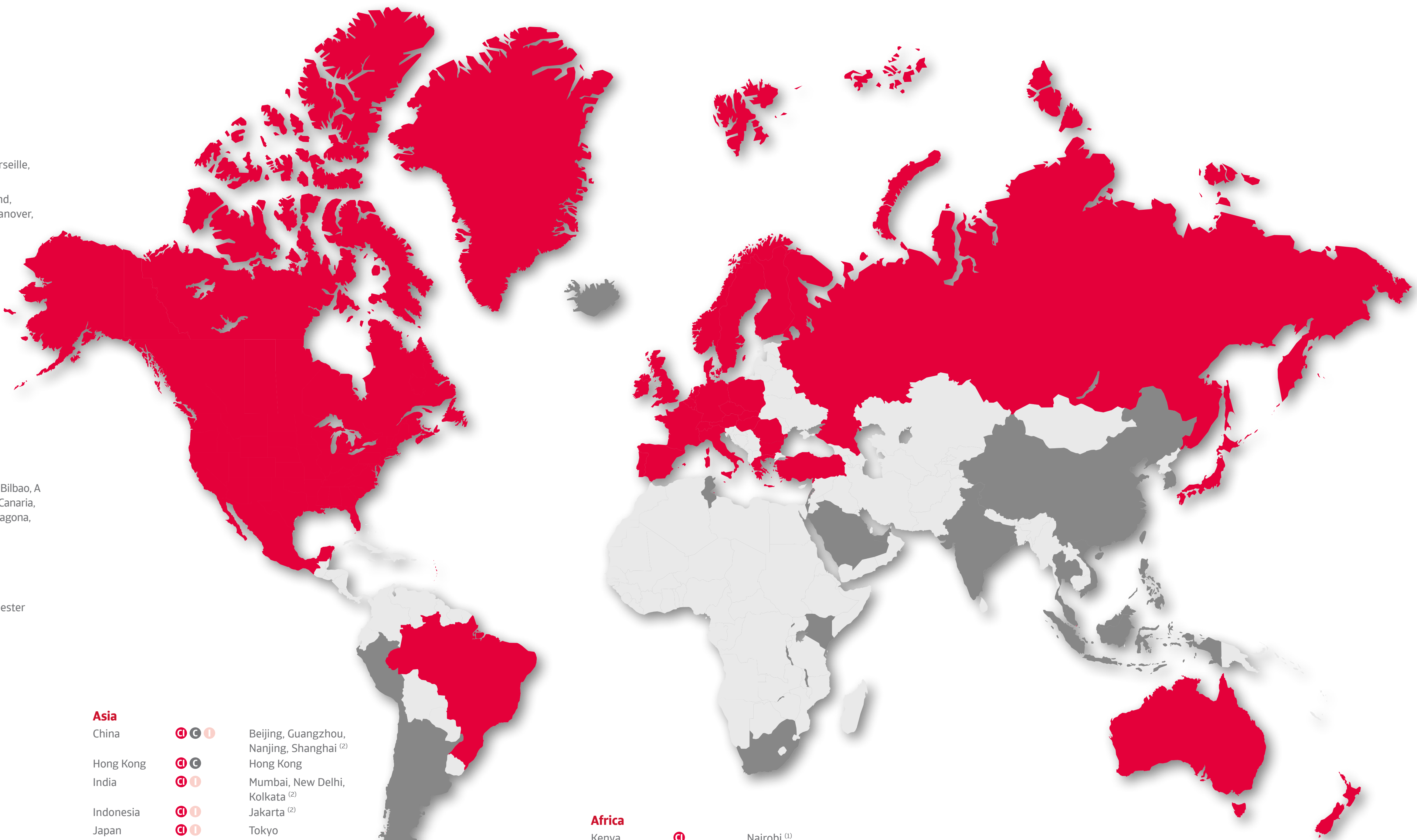
Dutch State Business: the export credit agency of the Netherlands

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. In 2021 Atradius Dutch State Business launched a new product to accelerate the green energy transition. This new product is called Green Cover and has been developed for Dutch entrepreneurs to acquire the finance they need so that they can develop or scale up sustainable projects or green capital goods.

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

Middle East

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

Americas

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

Asia

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

Africa

Kenya	CI	Nairobi [1]
South Africa	CI C	Johannesburg [1]
Tunisia	CI	Tunis [1]

Oceania

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

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

Atradius offices

[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 2021

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

Building robust businesses

We are an accountable company. Integrity, alertness and accuracy are the fundamentals on which our business is built on.

Report of the Supervisory Board

In 2021 Atradius delivered a remarkable performance, with results exceeding pre-pandemic levels.

Atradius has managed to accomplish a set of exceptional financial results, fully recovering from the adverse effects of the pandemic during the previous year. This remarkable performance is in spite of the challenges to global economic recovery posed by the ongoing pandemic, government restrictions, supply chain headwinds and inflationary pressures.

Against a backdrop of low levels of business failures contributing to a low claims environment, Atradius has continued to deliver on its value proposition achieving a strong customer retention. Atradius' rigorous risk management expertise has made it possible to navigate the numerous uncertainties and achieve a very positive outcome.

The financial results for the year amounted to an annual turnover of EUR 2,151 million and a profit of EUR 240.2 million. Solvency was strengthened by an increase in the equity of 12.0% to over EUR 2.1 billion.

During the year, Atradius remained committed to its major digital transformation programmes for Credit Insurance and Bonding. These programmes are strategically important to position Atradius for the future with a technology foundation that is more modern and flexibly designed. Further significant steps have been taken to integrate the operations in Spain, Portugal and Brazil within the group structures. Atradius has also shown a growing commitment to Environmental, Social and Governance (ESG) initiatives, in alignment with Grupo Catalana Occidente. These topics are crucial for the future of Atradius and its stakeholders.

With regard to corporate governance, the Supervisory Board has continued to ensure that Atradius runs its business and manages risk for stakeholders in a transparent and ethical way. In 2021, the full Supervisory Board convened four 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 2021, the Audit Committee convened four times and the Remuneration, Selection and Appointment Committee convened twice.

Key topics discussed during the 2021 Supervisory Board meetings include the review of Atradius' results and strategy, the developments on the commercial area, the review and monitoring of the risk management framework, the review of investment and rating aspects and the renewal of the reinsurance programme. The Supervisory Board was also updated on the progress made on IT security and compliance and the large business transformation programmes. In December 2021, the Supervisory Board approved the budget for 2022 and was involved in the selection and recommendation process relating to the appointment of a new member of the Supervisory Board, as further indicated below.

Key topics discussed during the 2021 Audit Committee meetings included; the review of Atradius' results and annual report, including the external auditor's reports and updates; the evolution and sufficiency of technical provisions; the internal audit reports and the internal audit plan; the re-appointment of the external auditor and the review of the external auditor's independence and non-audit services provided. These topics were discussed in the presence of the external auditor, PricewaterhouseCoopers.

During 2021, the Remuneration, Selection and Appointment Committee discussed the functioning of the members of the Management Board and the Supervisory Board; evaluated the scope and composition of the Management Board and the Supervisory Board, including the result of the yearly self-assessments undertaken by the Supervisory Board. It also reviewed the variable pay, targets and performance for the members of the Management Board, the remuneration of the Supervisory Board and the updates to the remuneration policy of Atradius. The Remuneration, Selection and Appointment Committee further made recommendations on the appointments of members of the Supervisory Board, the Audit Committee and the Remuneration, Selection and Appointment Committee.

As in previous years, both the Supervisory Board and the Management Board participated in Atradius' annual Permanent Education Programme. In 2021, this programme covered two separate sessions including, amongst other topics; talent management and succession planning; and data protection and sanctions compliance.

At the end of 2021, Mr. Ignacio Álvarez stepped down as Chairman and member of the Supervisory Board of Atradius, a position he held for the last fourteen years. His contribution has been instrumental to the performance of the Supervisory Board, supporting Atradius to build and maintain the foundations for a very successful period. Mr. Ignacio Álvarez's contribution has been extraordinary, and we would like to take the opportunity to give sincere thanks for his leadership and commitment.

With effect 1 January 2022, Mr. Juan Ignacio Guerrero was appointed as a new member of the Supervisory Board and of the Audit Committee, bringing a wealth of experience on insurance and actuarial matters to the Supervisory Board. Also with effect 1 January 2022, Mr. Xavier Freixes has been appointed as the new Chairman of the Supervisory Board and Mr. Bernd Hinrich Meyer has been appointed as the new Chairman of the Audit Committee. Furthermore, in December 2021, Mr. Francisco Arregui, Ms. Désirée van Gorp and Mr. Bernd Hinrich Meyer were re-appointed as members of the Supervisory Board.

The Atradius N.V.'s Annual Report contains the financial statements for the financial year 2021, 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 2021.

The Supervisory Board would like to thank the Management Board and all employees of Atradius for their hard work, personal dedication and ongoing commitment during yet another challenging year, which has allowed Atradius to achieve outstanding results while maintaining the trust and confidence of our customers. The Supervisory Board is confident that the Atradius management team, employees and stakeholders are well prepared for another successful year in 2022.

The Supervisory Board

Xavier Freixes
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, 32.43% of its capital is floating and the main shareholder is INOC, S.A., holding 61.94% 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)	2021	2020
Long-term capital market value	**5,191.50**	**4,663.4**
Equity	4,667.70	4,138.20
Subordinated debt	194.9	200.7
Return on long-term capital	**10.5%**	**7.3%**
Funds under management	**15,712.2**	**14,758.9**
Total revenue	**4,882.5**	**4,559.5**
Consolidated result	**468.3**	**270.1**

Grupo Catalana Occidente

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

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 16,500 Intermediaries
- More than 1,480 branches
- Presence in more than 50 countries
- More than 7,300 employees
- More than €4,800 million turnover

Strategic goal

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

Growth

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

Profitability

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

Solvency

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

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

Fundación Jesus Serra

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

Building trust

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

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

The Management Board

Composition

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

David Capdevila - Chairman and Chief Executive Officer
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 2021.

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.

Xavier Freixes, Chairman (Chairman effective as per 1 January 2022)
Ignacio Álvarez (Chairman and member until 31 December 2021)
Francisco Arregui, Vice-Chairman
Désirée van Gorp
Juan Ignacio Guerrero (effective as per 1 January 2022)
Carlos Halpern
John Hourican
Bernd H. Meyer
Hugo Serra
José María Sunyer

CVs of each of the current 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 of 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 2021, the Audit Committee met four times. The Audit Committee currently consists of Bernd Hinrich Meyer (Chairman), Francisco Arregui and Juan Ignacio Guerrero.

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 2021, the Remuneration, Selection and Appointment Committee met twice. The Remuneration, Selection and Appointment Committee currently consists of Francisco Arregui (Chairman), Xavier Freixes 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 2021.

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 2021.

Stimulating ambition

We always have been encouraging curiosity, innovative thinking and offering the best services to our customers. This only has been possible through having a flexible attitude, the willingness to adapt and to have an open mind.

The global economic environment

Global economic recovery remains volatile

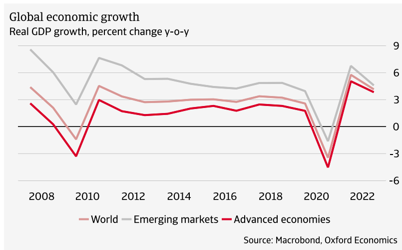
The global economy entered its recovery phase in 2021, after a difficult 2020 dominated by the corona pandemic. Economies reopened, as vaccination campaigns were rolled out and policymakers learned to adapt to the virus. However, the pandemic is not over. More transmissible coronavirus variants triggered several new waves of infections, forcing many governments to take new restrictions. At the same time, the global economy is challenged by supply bottlenecks and higher energy prices, and currently also by geopolitical tensions between Russia and Western countries. World GDP still expanded at a reasonably robust rate of 5.8% in 2021, more than offsetting the 3.5% decline of 2020.

Advanced markets

Advanced economies showed a relatively strong recovery, thanks to the vaccination campaigns. What also helped the recovery was strong fiscal and monetary support. Many governments chose to continue pandemic related fiscal support well into 2021, while central banks kept policy rates at record lows and continued their asset purchasing programmes. Across advanced markets, GDP expanded by 5.0% in 2021, following on a 4.6% decline in 2020.

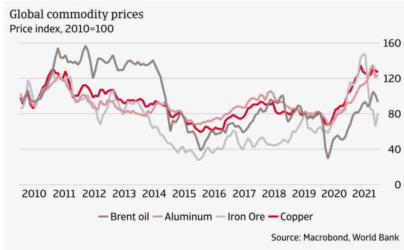
The United States began the vaccination rollout relatively early in the pandemic, allowing the economy to largely reopen in the first half of 2021. This, along with a large fiscal stimulus amounting to 12% of GDP, provided for a strong recovery in 2021. Supply chain issues strained economic activity somewhat in the latter half of 2021, although GDP growth was still a robust 5.6% year-on-year.

The Eurozone witnessed a resurgence of infections towards the end of 2021. Nevertheless, economic activity expanded at a rate of 5.1%, with private consumption as the main growth driver. Like in the US, inflation was elevated in the second half of the year, with higher energy prices as the main cause. Central banks in the Eurozone and the US remained very accommodative in 2021. Policy rates were left unchanged at their zero lower bound, despite a strong rise in inflation. Both the ECB and the Federal Reserve continued their asset purchasing programmes, but scaled them down a bit in Q4 of 2021 due to the better-than-expected economic recovery. Financial conditions remained broadly supportive.



Emerging markets

Emerging markets have relatively low vaccination rates, and many emerging countries will only get broad access to vaccines in 2022. Moreover, as a group they already withdrew fiscal support in 2021, while in a number of major markets central banks hiked the policy rate in response to higher inflation. Despite these growth constraints, GDP of emerging markets still expanded by 6.8% 2021, more than offsetting the 1.6% decline of 2020.



The public health situation has improved in many emerging markets in 2021, though infections remain high in a number of large markets, such as Russia. Emerging Asia remained the fastest growing region among the EME regions. China's GDP returned to its pre-Covid-19 levels already last year, and expanded by 8.1% in 2021.

Latin America's GDP increased by 6.6% in 2021. Political uncertainty and structural issues weighted negatively on economic growth. In Brazil, GDP growth expanded by 4.6%, meaning a return to its pre-Covid-19-level. Growth in Brazil did slow down a bit in the second half of 2021 due to international supply-chain disruptions, rising political uncertainty ahead of the 2022 elections and a tightening of policy rates. In Mexico, economic activity rose by 5.2%, but is still below pre-Covid-19 levels. The country benefitted from the strong US economic recovery, leading to higher demand for Mexican exports and tourism expenditure in the country.

In Eastern Europe, GDP rose by 4.4% in 2021. Russia's economy recovered to above pre-pandemic levels, as containment measures were very mild. Moreover, oil and gas prices were supportive for public finances. In Turkey, GDP growth was very strong in 2021, but premature policy rate cuts by the central bank triggered a sell-off of the Turkish lira at the end of 2021.

Global insolvencies: still very low

Contrary to our expectations at the start of the year, insolvencies remained very low in 2021 on a global level. In North America and Asia-Pacific, we estimate that insolvencies have decreased, whereas there was a mild increase in Europe. Two types of policies are responsible for the still low level of insolvencies. 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, Portugal, the Netherlands and Ireland stand out as countries with a strong decline in insolvencies, thanks to the generous fiscal support packages. For Belgium and Germany, we saw a somewhat smaller, but still sizeable decrease of insolvencies. In contrast, in Spain and Italy, bankruptcies increased as the economic recovery was relatively weak and fiscal support somewhat less generous.

United States business insolvencies showed a mild decline in 2021 despite robust GDP growth. The United States did not adjust its bankruptcy court proceedings, and insolvencies have a high responsiveness to GDP growth. But declining fiscal impulse and supply chain bottlenecks prevented a more significant decline in corporate failures there. The United Kingdom witnessed an increase in insolvencies in 2021, as the economy only partially recovered from a deep recession in 2020, due to the Covid-19 pandemic and Brexit-related uncertainty.

In 2022, growth of the world economy is expected to moderate to 4.1%, as the gains from reopening economies have largely been exploited and supply bottlenecks weigh on growth. Despite the continuing recovery, unemployment remains elevated and bankruptcies are expected to increase, as the pandemic related fiscal policy support provided in 2020 and 2021 is largely reversed.

Moreover, an important new risk to global growth has emerged now that Russia has launched a full-scale military invasion on Ukraine. In response, Western countries have imposed harsh sanctions on Russia and Belarus, which are likely to push these economies in recession in 2022. This escalation will also have an effect on global economic growth, including higher pressure on inflation, although the exact effect is difficult to estimate at the moment.

Emerging markets as a group are forecast to grow by 4.6% in 2022. Vaccinations will become more widely available this year, which could help output growth and improve consumer confidence. Many emerging markets are likely to turn to a less supportive monetary and fiscal policy in 2022. While growth is moderating, Emerging Asia remains the fastest growing region in 2022 (5.2%). In China, growth moderates to 5.0% in 2022, with constraints coming from the ailing property sector and occasional tight restrictions to fight Covid-19 outbreaks. In Eastern Europe, growth is expected to moderate sharply in Turkey, as the country continues to struggle with high inflation coming from commodity prices, supply chain disruptions and geopolitical uncertainty.

Growth in the advanced economies is projected to slide to 3.8%. GDP growth in the United States is expected to moderate in 2022 due to a lower fiscal impulse and a stalling labour market recovery. Eurozone GDP growth is forecast to moderate somewhat in 2022 due to supply chain disruptions and lockdowns resulting from a resurgence of Covid-19 cases. While fiscal support will weaken in 2022 compared to 2021, the fiscal position continues to be expansionary in most countries.

We expect a rise in insolvencies in virtually all markets in 2022, as measures that helped to suppress insolvency growth in 2020 and 2021 are gradually unwound. There remains a wide dispersion of insolvency projections between countries. In Singapore, Australia and the Netherlands, the withdrawal of fiscal support is likely to lead to a strong increase of insolvencies, as insolvencies come from a relatively low level. In the United Kingdom, the increase is also rather high, as high inflation and a withdrawal of fiscal support are weighing on GDP growth. Smaller increases of insolvencies are expected in for example the United States, France, Germany and Spain. Brazil is the only covered market where insolvencies are expected to decline in 2022.

Two years into the pandemic, it is clear that the uncertainty over the coronavirus has not receded. The possibility of new variants emerging that force governments to take new lockdown measures, cannot be excluded. Given the sizable government support, the economic damage of the pandemic to businesses and households is not fully felt yet, but it is expected to gradually emerge over the coming years. Geopolitical risk is adding to the uncertain outlook.

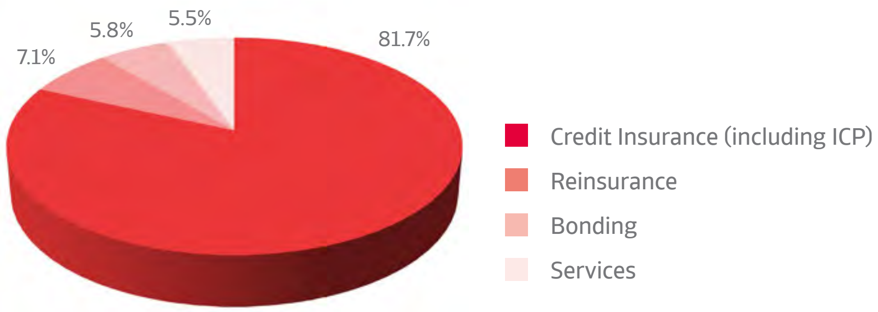
Robust performance and a steadfast presence for our customers

(EUR thousands)	2021	2020	
Gross Insurance revenue	**2,035,910**	**1,860,481**	**9.4%**
Gross insurance claims and loss adjustment expenses [1]	(566,413)	(1,090,163)	48.0%
Gross insurance operating expenses	(757,184)	(664,845)	(13.9%)
Reinsurance result	(419,753)	(28,146)	(1,391.4%)
Insurance result	**292,560**	**77,327**	**278.3%**
Service income [1]	117,994	121,550	(2.9%)
Service expenses	(108,050)	(119,711)	9.7%
Service result	**9,944**	**1,838**	**440.9%**
Net investment result	35,575	14,322	148.4%
Operating result before finance costs	**338,079**	**93,488**	**261.6%**
Result for the year (after tax)	**240,249**	**44,167**	**444.0%**
Employees (FTE)	**3,497**	**3,503**	**(0.2%)**

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

	Gross		Net	
	2021	**2020**	**2021**	**2020**
Claims ratio	27.8%	58.6%	37.3%	55.9%
Expense ratio	37.2%	35.7%	35.9%	36.7%
Combined ratio	65.0%	94.3%	73.2%	92.6%

Revenue by business segment



Coming from 2020, a year burdened by the Covid-19 pandemic and its impacts on trade, insolvencies as well as the overall economic downturn across the world, 2021 saw economic recovery and increased trade in most markets. While Covid-19 still remained an important factor influencing many aspects of life in 2021, insurable business volumes increased and trade activity appeared to be on a path to recovery, resulting in gross insurance revenue increasing by 9.4% and surpassing EUR 2 billion for the first time.

It was although not all without challenges such as higher energy prices and supply chain issues, however insolvencies remained very low on a global level during the year. While continuing to be steadfast and present for our customers and still pursuing our growth ambitions, claims were more moderate, more contained and less volatile. Additionally, claims on insured business from the later part of 2020 manifested only moderately in 2021. Gross claims for the year ended at EUR 566.4 million, a 48% decrease in absolute terms with a gross claims ratio of 27.8%.

Our Credit Insurance business, while strained by the impacts on global trade in 2020, rebounded quickly showing growth again in all geographic regions and markets during 2021. Our Reinsurance business showed strong growth with a moderate claims ratio, while our Special Products unit and Instalment Credit Protection businesses did not yet return to growth within the period.

Last year government reinsurance arrangements were instated in multiple countries across the group (primarily Europe) to help ensure sufficient liquidity would be available in the market, support businesses affected by the pandemic and to preserve the continuity of economic activity. However, with signs of economic recovery and the reinvigoration of trade, by July 2021 almost all government reinsurance arrangements had been phased out. With more moderate claims in 2021, the reinsurance result for the year was subsequently EUR 391.7 million lower than in 2020.

The insurance result ended at EUR 292.6 million, a very substantial increase on 2020 as the Gross combined ratio for the year decreased to 65.0% (coming from 94.3% in 2020 and 83.1% in 2019). We remain committed to innovating the way we work and enhancing the experience for our customers and partners, investment in the strategic development of systems continued in 2021 leading to a expense ratio of 37.2%, (1.5%pts higher than 2020), however our recurrent expense ratio decreased to 35.5%, down 0.2 pts from 35.7% last year.

The net investment result was EUR 21.3 million above previous year with notable contributions from our associated companies. The result from our non-insurance services increased by EUR 8.1 million, with high efforts from the continued pursuit of cost efficiencies. The financial income & expense result increased compared to the previous year, benefitting from favourable variances in exchange rates.

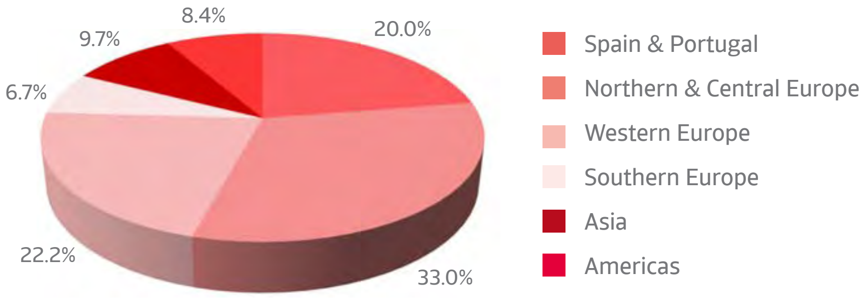
Overall the total result for the year reached EUR 240.2 million, following not only favourable economic recovery during the period, but also strong demand for Atradius' products and services.

Credit Insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2021	2020	
Insurance premium revenue	1,624,033	1,453,060	11.8%
Information income	135,591	133,071	1.9%
Insurance revenue	**1,759,624**	**1,586,131**	**10.9%**
Gross insurance claims and loss adjustment expenses [1]	(432,258)	(927,362)	53.4%
Gross insurance operating expenses [1]	(634,729)	(554,422)	(14.5%)
Result before reinsurance	**692,637**	**104,347**	**(563.8%)**
Reinsurance result	(398,748)	(12,387)	(3,119.2%)
Result after reinsurance	**293,889**	**91,961**	**219.6%**
Total credit insurance and ICP gross claims ratio	**24.6%**	**58.5%**	**33.9% pts**

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

Credit insurance & ICP revenue by region



2021 generally showed a much improved economic environment with trade less impeded and showing sign of overall recovery, although this was of course not observed equally in all markets. Our commitment to our customers and best-in-class service in all circumstance resulted in an excellent retention of 92.9%, which combined with increased insurable business volumes, insurance premium revenues grew by 11.8% (12.3% at constant foreign exchange rates).

While not all geographic regions rebounded as well, as quickly or as consistently from the Covid-19 pandemic, all of our local credit insurance units grew compared to the previous year. We also continue to pursue our growth ambition in Asia which maintained a growth trend in 2021 of 10.4%, and North America showed a growth of 15.7%, driven by new business and increased contributions from renewing policies. All countries in Europe showed positive revenue development. Our markets in Italy and Germany which were more impacted by the economic environment in 2020 showed strong recovery (growing at 19.0% and 18.9% respectively), along with Central Europe (16.5%) and Oceania (8.9%). Spain, our largest market also showed moderate growth of 2.7%.

The claims ratio for the year decreased to 24.6%, resulting from a much more moderate and stable claims environment, supported by lower insolvencies with the extension of fiscal measures in many countries and the continuation of insolvency law amendments.

The Group's risk exposure (total potential exposure, or TPE) increased by 18.2%, to EUR 712.5 billion at year-end 2021, due to the strong rebound of insurable business volumes combined with new business acquisition, increases in commodity and prices and inflation. Europe represents over 70% of total exposure, where Germany with 13.6% is the largest market, followed by Spain with 11.8%.

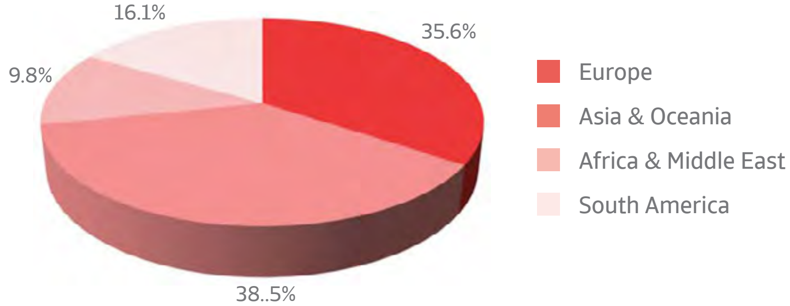
Gross claims expenses for our local credit insurance units ended at EUR 264.1 million with a gross claims ratio of 24.6%, which is 33.9% pts lower than the previous year. Decreases in overall claims inflow and claims expenses were observed across business units. Atradius' Global unit maintained strong performance and growth, supported by the excellent customer base retention thanks to Global's first class service.

The technical result after reinsurance for our credit insurance & ICP business increased by 219.6% compared to 2020, placing it at EUR 293.9 million.

Reinsurance

(EUR thousands)	2021	2020	
Insurance revenue	**152,124**	**150,764**	**0.9%**
Gross insurance claims and loss adjustment expenses	(93,112)	(124,617)	25.3%
Gross insurance operating expenses	(58,377)	(58,572)	0.3%
Result before reinsurance	**635**	**(32,425)**	**(102.0%)**
Reinsurance result	(9,556)	(120)	(7,865.6%)
Result after reinsurance	**(8,921)**	**(32,546)**	**(72.6%)**
Gross claims ratio	**61.2%**	**82.7%**	**21.5% 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 more than 100 clients in over 50 countries, maintaining a balanced diversity within the portfolio. The underlying business consists of 59% credit insurance and 41% bonding, based on premium volume. A multilingual, highly trained and experienced international team, at Atradius Re's office in Dublin, Ireland, has underwritten the business.

Atradius Re has long-standing relationships with its clients, 210 live contractual agreements and leads 35% of its treaties. In addition, it maintains close contacts with specialist brokers. The quality of these client relationships is underscored by our 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 increased moderately during the period to EUR 152.1 million coming from 150.8 million in 2020.

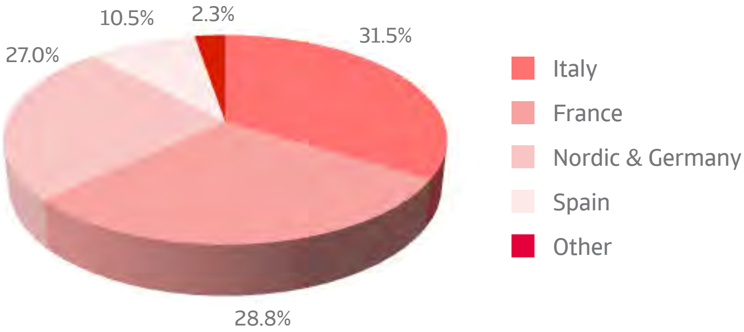
The claims ratio has decreased in 2021 to 61.2% (2020: 82.7%) due to the provisioning of Covid-19 related claims during 2020.

Operating expenses decreased from EUR 58.6 million to EUR 58.4 million, due to lower earned commission during the year, with the gross insurance operating expenses ratio decreasing from 38.9% in 2020 to 38.4%.

Bonding

(EUR thousands)	2021	2020	
Insurance revenue	**124,163**	**123,586**	**0.5%**
Gross insurance claims and loss adjustment expenses	(41,043)	(38,183)	(7.5%)
Gross insurance operating expenses	(55,658)	(43,431)	(28.2%)
Result before reinsurance	**27,462**	**41,973**	**(34.6%)**
Reinsurance result	(11,450)	(15,639)	26.8%
Result after reinsurance	**16,012**	**26,333**	**(39.2%)**
Gross claims ratio	**33.1%**	**30.9%**	**(2.2% pts)**

Bonding revenue by region



In 2021 the insurance revenue for the Bonding Unit developed favourably, showing continuous recovery from a more challenging 2020. Our expertise and market knowledge allow us to continue to be flexible in designing bespoke solutions to meet our customers' needs while maintaining a prudent underwriting approach.

A positive trend was observed in all Bonding markets, and while some demonstrated a faster recovery than others, most grew in revenue compared to 2020.

Driven by a customer focused approach and high quality service, revenue from gross written premium & fees increased to EUR 130.7 million, up 8.5% on last year. Main contributors were Italy, Spain, Portugal, Finland, Germany and Belgium. Net of premium reserve changes, the insurance revenue was EUR 124 million, a 0.5% increase on 2020.

Exposure on industries most affected by Covid-19 has been decreasing to below last year's level. We have not registered any claims related to the pandemic. Year-on-year risk exposure grew by 3.6% to EUR 25.6 billion, due to the progressive recovery in our customer base and new business acquisition.

As governments progressively gained some control of the pandemic, businesses in many trade sectors benefitted from more normalised circumstances, but also from growing public and private investments. Construction and Energy are the main sectors from which we foresee an opportunity to grow further in the next years.

The technical result achieved EUR 16 million including continued investment in innovation and the ongoing business transformation programme aiming at providing a modern state of the art user journey and experience for our customers and partners. On a like for like basis, it has improved 7.2% on last year.

Atradius Bonding has continued to support its customers on their specific needs throughout the year. We have successfully adapted our business practice to cope with the challenges of the pandemic. We have managed to recover revenue development while protecting our portfolio with a prudent risk approach. Though slightly higher than 2020 the claims ratio of 33.1% still reflects our last years' average. This is an important result considering the difficulties brought by the pandemic.

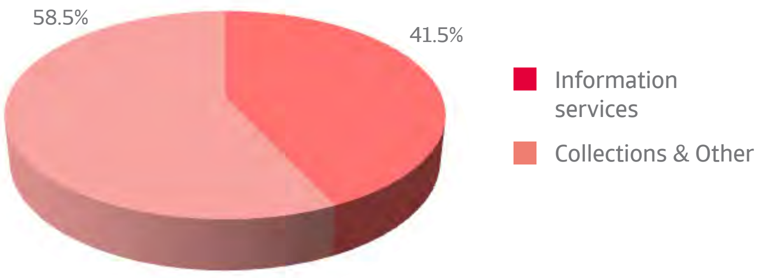
Our business continues to grow, reflecting a reasonable risk policy and high quality customer service.

Services

(EUR thousands)	2021	2020	
Service income [1]	117,994	121,550	(2.9%)
Service expenses	(108,050)	(119,711)	9.7%
Service result	**9,994**	**1,838**	**440%**

[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 its own integrated international network. We offer a single point of contact for all debt collection cases and worldwide collections expertise 'on the ground' through a presence in more than 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 are counter-cyclical in nature, with the collection service picking up as the economy deteriorates while credit insurance prospers more in a benign environment. Our collection service supports the product and risk diversification of our business as it is free of insurance risk.

2021 was characterised by an on-going challenging economic climate, whereby government and monetary support programmes created an artificial environment of economic decline, strong market liquidity and a low level of insolvencies resulting in a significant reduction of the market of account receivable overdues and non-payments. Vaccination initiatives brought the Covid-19 situations slowly under control in most developed markets, and economies with mature debt collections markets returned to growth. Debt collections growth markets - APAC and America – displayed a more restrictive economic development.

Through focus on the product and risk diversification, we have generated a service income of EUR 50 million in 2021, representing a decrease of 13% to 2020. With a significant contribution to the service income, the preventive services product(s) have proven to be viable and supported growth to outperform market decline. The dedication to continuous improvement of our service delivery has been rewarded with an overall customer satisfaction score of 7,9.

Atradius Collections enhanced overall group and unit efficiency and successfully integrated our unit in Portugal in its international organisation. Efforts to support our Global customers continued in 2021 and is expected to result in further expansion in new markets in the coming years.

Atradius Dutch State Business

The technical results for the account of the Dutch state were positive throughout 2021, as Atradius Dutch State Business (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. To help exporters with the pandemic situation, 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.

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

Information Services

Graydon is one of the leading providers of business information solutions for credit management, marketing intelligence, and risk and compliance. Graydon's markets 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 2020.

Graydon is moving towards more tailored solutions for its customers, offering scalable products and services. Shortly after the Covid-19 outbreak, we 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.

Graydon continued to upgrade customers to a 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.

Change is the only constant factor

Digital Transformation is high on Atradius' agenda. With the major digital programmes that we are undertaking for Credit Insurance, Bonding and IFRS17 around the corner, we see that change is the only constant factor. We are proud of what we have seen in 2021. Over the past two years, we have seen that we are flexible in adapting and accepting the constant changing environment. We have all mastered the freedom and responsibility of working from home, while at the same time we value being together.

We have introduced a group wide Hybrid Working Model that combines the advantages of working in the office and of working at home. However, after launching this Hybrid Working Model in the autumn, the pandemic became more and more challenging towards the end of the year. Consequently we acted by scaling down most of our offices again.

Hybrid Working Model

The Hybrid Working Model is based on research, and the feedback from our employees. It provides a framework, while also offering flexibility for local adaptations linked to local legislation, Collective Labour Agreements and current local practices.

We implement the Hybrid Working Model only when local situations permit. Health and safety is the top priority for Atradius. We do everything to make sure our people are safe, and our offices are safe places in which to work. We follow the local governments' advice, and will scale down immediately if required locally.

As a starting point we have asked our employees to be in the office for 60% of the time and be flexible for the remaining 40%. This allows our people to catch up with each other, create and collaborate in person. It also enables us to give our new employees an optimal on boarding experience by meeting and learning from others face to face. In this way, we can protect the strong Atradius culture of which we are proud.

This is a journey and we will evaluate it regularly. We will continue to conduct surveys to measure employee engagement and our business results in 2022.

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. The initiative emphasises the importance of demonstrating a growth mind-set. It also helps people to embrace new technologies and supports personal and team development. The Shaping Tomorrow Together initiative will continue to be an important initiative for Atradius in 2022.

Evolving our Culture

To help our staff during these challenging times we strengthened our culture via Evolve+, our multi-year cultural programme. In 2021 there was a strong emphasis on raising the awareness of the ongoing digitalisation and innovation at Atradius. Another initiative was the Atradius Games. This was a company-wide habit building, team challenge in which over 1200 people actively participated.

Development of our people

This year our employees continued to show their flexibility and adaptability. It was a year where we worked from home, where we re-opened offices and sometimes had to close them again due to the changing landscape of Covid-19. At Atradius, we have a dedicated Learning and Development team called the Atradius Academy, which has greatly expanded our (virtual) learning and development offer and reach. By actively promoting our offer, we have significantly increased the number of learning hours per employee. Due to the pandemic, we have developed our offer to include themes such as conducting virtual customer meetings and efficient collaboration.

The Growth Program

The wellbeing of our employees remains of paramount importance for Atradius. This year we started the Growth Program, as we saw in our employees Pulse surveys that people were experiencing difficult times during the pandemic. We encouraged the dialogue in the teams around energy management and stimulated open and honest conversations. We also offered some practical tips and theory around the topic of wellbeing. We are currently designing the program for 2022.

Giving a good virtual commercial presentation

We recognised that we needed to improve the way that we conduct our customer facing meetings virtually. We can now use MS Teams to communicate with our customers in place of emails, phone calls and face-to-face meetings. Meeting virtually has brought many advantages for our customers and for us. We can meet more often and also ensure that the right people from different countries and expertise areas are in the virtual room. We developed the skills of our customer facing employees to enable them to maintain our professionalism and offer excellent customer service in a virtual environment.

Efficient collaboration

We emphasised the broader and more effective use of Office 365. Office 365 has a lot of great tools and possibilities and people have shown a great interest in getting to know the possibilities. We continue to develop the skills of our employees in the tools for the benefit of our customers, Atradius and each employee.

Compliance courses

All new employees must undertake our suite of compliance courses. To ensure important compliance topics stay in everyone's mind, we offer mandatory refresher courses every year. This year, we focussed on refreshing the knowledge of our Code of Conduct and the need for a safe and secure workplace.

Risk and Capital – managing and adapting to changes

As a global insurance company, Atradius is exposed to constantly evolving risks, linked both to the nature of our business and to the always changing environment. We address these with a strong, but adaptable approach to risk and capital management.

We group the main types of risk that we face into 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.

This high-level categorisation is not exhaustive. Within the above risk types, we also focus 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 2021, Atradius addressed developments in the global risk landscape as well as increasing our 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 management 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 we manage them, please refer to Note 4 of the consolidated financial statements.

Underwriting risk

In 2021, we ensured that we maintained sufficient commercial and risk underwriting resources to address rapidly changing circumstances in the geographies and trade sectors in which we provide services. We continuously took measures to preserve the quality of our risk profile. At the same time, we communicated and explained our actions to our stakeholders (customers, brokers, reinsurers, regulators, and shareholders) to ensure transparency and to steer as smooth a course as possible through turbulent conditions.

Operational risk

As with many companies worldwide, operational risk posed many challenges in 2021. With the coronavirus pandemic causing many employees to be unable to access our offices, we strengthened our remote working solutions to support worldwide access to our business systems from remote locations such that we were able 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.

Cyber risk is an area in which increased focus is warranted, the Atradius Information Security team monitors and addresses threats and coordinates the management of cyber risk across the Group. The growing threat landscape, including malware (viruses), highlights the importance of education for end users on topics such as, phishing, maintaining software and the dangers of unsupported or non-authorised software. To minimise this risk, cyber risk awareness is included in staff training. Further mitigation of this risk includes protections for critical Atradius applications and Multi-Factor Authentication for all remote access. A medium-term Cyber Security Strategy is in place to increase Atradius governance, protection, resilience and vigilance.

Financial risk

We maintain 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. We ensure sufficient cash liquidity for any given circumstance, and support this with a credit facility for 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 we maintain 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. Understanding how taking risks consumes capital is key to steering our company; strategic decisions are taken with the interdependence of risk and capital in mind.

These strategic decisions are substantially informed by the outcomes of our internally developed economic capital model. This model contributes to a multitude of risk assessment and measurement activities, and thus enhances our ability to monitor and manage risk levels within the organisation through the allocation of risk-based capital.

In 2021, 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 our risk profile. In addition, the model continues to be used to calculate regulatory capital requirements under Solvency II.

Atradius compliance framework

At Atradius we believe that compliance 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 towards customers, brokers and all parties involved in Atradius business. The Atradius Speak up Procedure gives guidance on how to raise concerns regarding a violation or breach of the Code of Conduct, in a confidential manner. Atradius has set up several additional compliance policies for more specific areas, which set out the requirements to which Atradius employees must adhere. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks. Atradius also has a Data Protection Framework in place, which includes controls, policies and procedures to comply with the applicable data protection legislation. All the compliance policies are available to employees and are reviewed on a regular basis.

The compliance function – 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 at Group level, and the local compliance function monitors regulatory and compliance developments at local country level.

Capital management

We seek to maintain a strong capital position and well-capitalised operating entities in line with our 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

We maintain a strong capital position, building further our capitalisation thanks to high retained earnings in 2021. Shareholders' funds at the end of 2021 amounted to EUR 2,142.3 million, an increase of 12.0% from EUR 1,913.3 million at year-end 2020.

Subordinated debt at the end of 2021 amounted to EUR 250 million (nominal amount) compared to EUR 325 million at year–end 2020. The decrease is due to the 100% redemption of a EUR 75 million (nominal amount) subordinated loan. The outstanding amount as at year-end 2021 consists of EUR 250 million of subordinated notes listed on the Luxembourg Stock exchange, 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 2021.

Regulatory capital

At the end of 2021, Atradius' companies collectively held a solvency ratio above 200%[1]. We apply 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 (ESG)

In the changing world environmental, social and governance topics are becoming increasingly important. Atradius is embracing these changes and aims to work together with our stakeholders to put ESG at the core of our business.

As a worldwide operating company, we are aware of our responsibility to do business in a way that is ethically and environmentally sound. Environmental, Social and Governance topics are more important than ever, as the urgency of taking care of our planet for future generations and ourselves has further grown. We take up our responsibility as a global organisation. We work together with our stakeholders, with a goal of maximising the sustainable social value and minimising the negative impacts on social and environmental matters arising from our activities.

Continued commitment

Environmental, Social and Governance Sustainability is embedded in our culture and a key driver in our day-to-day operations. As a credit insurer, we strongly support the management of our customers' risks, enabling them to increase their trade profitably, prosper in their respective industry segments, and thus create and maintain employment and reduce poverty. It is our objective to do this jointly with our customers in a transparent and ethical manner, allowing both parties to grow sustainably. We place particular emphasis on the identification of risks and opportunities related to ESG parameters and criteria and embed them in our underwriting strategy. We are persistently improving and promoting the development of sustainable products and services that contribute to protection of the environment. We expect the same approach by our suppliers, which is hard-coded in our procurement policy. Within the Atradius culture, a key building block is the encouragement of efficient and responsible use of resources, as well as behaviour supporting its responsible use.

A company consists of individual people, and our employees are committed to putting ESG at the heart of their activities. Initiated by individual employees all over the world, Atradius engages in local initiatives for the benefit of communities in the different countries where we are located. From an employer perspective, Atradius provides a workplace environment that is based on an atmosphere of trust and mutual commitment, upholding people and guaranteeing the right to equality of opportunities and treatment for all people.

International ESG standards and reporting

To connect with the international ESG standards in our commitments and ambitions, we have subscribed to 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.

We provide transparency about our ESG-commitments via various channels. In 2021, we subscribed the Atradius Group to the Dutch government's bi-annual Transparency Benchmark study of the 200 largest companies in the Netherlands. Atradius was awarded 9th place for clarity in ESG-reporting. We also had the quality of our sustainability management system measured by EcoVadis (Business Sustainability Rating Agent, Barcelona). Our policies, actions and results were assessed on 21 sustainability criteria, ranging from environment, labour and human rights, to ethics and sustainable procurement. The resulting scorecard puts Atradius in the upper half of all rated companies.

Our ambitions for the future

The ESG Sustainability Policy of Atradius is closely aligned with the ESG Sustainability Plan of GCO, our parent company. In 2021, we continued to build on the foundations with the intention of further improving the full group's business. Key areas to be mentioned are our efforts in dealing with climate change and sustainability, human rights and diversity, as well as digitisation, innovation and employee experience. All relevant units in Atradius and GCO are brought together to contribute to our ESG ambitions as a whole organisation, providing a scope and ambition that has been generated in the form of a three-year Master Plan (2020-2023).

The progress we have made, especially around our ESG programs, practices and policies, has been recognised by Sustainalytics, a Global leader in ESG research with almost 30 years of experience around sustainability, which has in December 2021 significantly improved GCO's ESG rating. Grupo Catalana Occidente S.A. is now 12th out of 300 insurance companies evaluated. This recognition as a group is a further push for our obligation to manage the ethical, environmental and social risks of our business and contribute to global efforts for making the world a better place to live, work and trade.

Our compliance with the UN Global Compact

Environmental KPIs [1]	2021	2020	2019
KPI	**Total**	**Total**	**Total**
Number of reporting countries	32	32	32
Number of offices	98	98	99
Total office space (m^2)	**102,801**	**103,013**	**102,629**
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	5,714,903	5,253,779	7,037,424
Electricity from renewable source (kWh)	1,861,141	1,657,669	2,874,299
% of renewable electricity	24.6%	24.0%	29.0%
Total electricity (kWh)	**7,576,044**	**6,911,448**	**9,911,723**
Gas (m^3)	302,454	281,909	401,971
Total energy	**10,760,149**	**9,396,758**	**13,455,503**
Travel			
Employee air travel (km)	815,182	2,321,249	15,050,653
Employee rail travel (km)	450,240	711,238	2,648,104
Company lease car travel (km)	5,662,071	6,331,731	9,168,351
Total travel (km)	**6,927,493**	**9,364,218**	**26,867,108**
CO_2 footprint (tonnes of CO_2)			
Energy (CO_2)	5,428	4,466	6,578
Travel (CO_2)	1,499	2,176	7,290
Total (CO_2)	**6,927**	**6,642**	**13,868**
Paper used			
Non-recycled paper (sheets A4)	4,711,745	7,712,722	11,823,839
Recycled paper (sheets A4)	1,768,764	1,170,872	3,876,649
% recycled paper	27.3%	13.2%	24.7%
Total paper	**6,480,509**	**8,883,594**	**15,700,488**
Water usage (m^3)	**22,406**	**26,469**	**38,480**
Waste -per type			
Hazardous waste (tonnes)	3.4	4.4	5.7
Non-hazardous waste (tonnes) [2]	810.2	556.0	688.0
Total waste	**813.6**	**560.4**	**693.7**

[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 2021

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All amounts in thousands of Euro, unless otherwise stated

Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2021	31.12.2020
Intangible assets	6	**234,890**	**258,858**
Property, plant and equipment	7	**190,225**	**200,827**
Investment property	7	**26,025**	**26,413**
Investments in associated companies	9	**75,623**	**62,816**
Financial investments	10	**2,978,054**	**2,678,826**
Reinsurance contracts	18	**810,372**	**850,505**
Deferred income tax assets	20	**39,935**	**52,434**
Current income tax assets	20	**36,284**	**35,420**
Receivables	11	**374,607**	**245,004**
Accounts receivable on insurance and reinsurance business		210,884	173,057
Other accounts receivable		163,723	71,947
Other assets		**653,359**	**544,404**
Deferred acquisition costs	12	77,575	68,968
Other assets and accruals	13	575,784	475,436
Cash and cash equivalents	14	**499,393**	**424,741**
Total		**5,918,767**	**5,380,248**
Equity			
Capital and reserves attributable to the owners of the Company	15	2,142,323	1,913,294
Non-controlling interests		-	-
Total		**2,142,323**	**1,913,294**
Liabilities			
Subordinated debt	16	**249,383**	**324,177**
Employee benefit liabilities	17	**100,005**	**139,720**
Insurance contracts	18	**2,134,434**	**1,902,726**
Other provisions	19	**5,026**	**5,496**
Deferred income tax liabilities	20	**100,977**	**84,291**
Current income tax liabilities	20	**40,699**	**46,710**
Payables	21	**521,968**	**378,595**
Accounts payable on insurance and reinsurance business		347,983	310,549
Trade and other accounts payable		173,985	68,046
Other liabilities	22	**623,953**	**585,239**
Total		**3,776,444**	**3,466,954**
Total equity and liabilities		**5,918,767**	**5,380,248**

Consolidated income statement

	Note	2021	2020
Insurance premium revenue	23	1,900,319	1,727,410
Insurance premium ceded to reinsurers	23	(945,461)	(899,360)
Net premium earned		**954,858**	**828,050**
Service and other income	24	250,649	251,998
Share of income/ (losses) of associated companies	25	15,963	3,008
Net income from investments	25	19,613	11,314
Total income after reinsurance		**1,241,083**	**1,094,370**
Insurance claims and loss adjustment expenses	26	(563,478)	(1,087,540)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	159,914	552,538
Net insurance claims		**(403,564)**	**(535,002)**
Net operating expenses	27	(499,440)	(465,881)
Total expenses after reinsurance		**(903,004)**	**(1,000,883)**
Operating result before finance costs		**338,079**	**93,487**
Finance income		944	2,608
Finance expenses	28	(11,008)	(18,089)
Result for the year before tax		**328,015**	**78,006**
Income tax expense	29	(87,766)	(33,839)
Result for the year		**240,249**	**44,167**
Attributable to:			
Owners of the Company		240,249	44,167
Non-controlling interests		-	-
Total result for the year		**240,249**	**44,167**

All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of comprehensive income

	Note	2021	2020
Result for the year		240,249	44,167
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Actuarial gains/(losses) on defined benefit pension plans	15.5	40,291	(11,868)
Income tax relating to items that will not be reclassified		(8,593)	5,852
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	38,801	(6,113)
Share of other comprehensive income of associated companies		-	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	18,791	(31,447)
Income tax relating to items that may be reclassified		(9,519)	6,835
Other comprehensive income for the year, net of tax		**79,771**	**(36,741)**
Total comprehensive income for the year		**320,020**	**7,426**
Attributable to:			
The owners of the Company		320,020	7,426
Non-controlling interests		-	-
Total comprehensive income for the year		**320,020**	**7,426**

Consolidated statement of changes in equity

	Note	Attributable to the owners of the Company									
		Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
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**
Balance at 1 January 2021		**79,122**	**639,228**	**80,811**	**(79,989)**	**(166,607)**	**1,316,561**	**44,167**	**1,913,294**	**-**	**1,913,294**
Acquisitions		-	-	-	-	-	-		-	-	-
Dividends	30	-	-	-	-	-	(90,991)	-	(90,991)	-	(90,991)
Total comprehensive income for the year		**-**	**-**	**30,043**	**18,030**	**31,699**	**44,167**	**196,082**	**320,020**	**-**	**320,020**
Appropriation of prior year result		-	-	-	-	-	44,167	(44,167)	-	-	-
Result for the year		-	-	-	-	-	-	240,249	240,249		240,249
Other comprehensive income		-	-	30,043	18,030	31,699	-	-	79,771	-	79,771
Pension plan de-risking	15.5 15.6	**-**	**-**	**-**	**-**	**79,826**	**(79,826)**	**-**	**-**	**-**	**-**
Balance at 31 December 2021		**79,122**	**639,228**	**110,854**	**(61,959)**	**(55,082)**	**1,189,911**	**240,249**	**2,142,323**	**-**	**2,142,323**

All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of cash flows

I. Cash flows from operating activities	Note	2021	2020
Result for the year before tax		328,015	78,006
Adjustments for:			
Realised capital (gains)/losses on investments		(5,443)	(4,599)
Dividends received from financial investments		(13,582)	(8,172)
Impairment loss		44,624	27,201
Share of income of associated companies	9	(15,963)	(3,008)
Depreciation and amortisation		53,375	46,429
Interest expense on subordinated debt	28	16,141	17,081
Net interest income		(24,915)	(31,261)
Other non-cash items		8,035	14,572
Changes in operational assets and liabilities:			
Insurance contracts	18	231,708	196,497
Reinsurance contracts	18	40,133	(238,903)
Deferred acquisition costs	12	(8,607)	7,332
Accounts receivable and payable on insurance and reinsurance business		(393)	208,088
Changes in other assets and liabilities		(2,498)	93,923
Pensions and other long-term employee benefit net contributions		(59,800)	(27,285)
Cash generated from operations		**590,830**	**375,901**
Income tax paid		(67,617)	(47,966)
Interest paid		(20,205)	(18,452)
Net cash (used in)/generated by operating activities		**503,007**	**309,483**
II. Cash flows from investing activities			
Investments and acquisitions (cash outflows):			
Short-term investments		(183,071)	(112,147)
Financial investments available-for-sale	10	(1,121,530)	(1,071,612)
Property, plant and equipment and intangible assets		(53,829)	(55,756)
Divestments, redemptions and disposals (cash inflows):			
Investment property		134	200
Short-term investments		105,854	137,970
Financial investments available-for-sale	10	958,780	896,739
Property, plant and equipment and intangible assets		691	68
Dividends received from financial investments		13,582	8,172
Interest received		27,979	35,398
Net cash (used in)/generated by investing activities		**(251,410)**	**(160,968)**
III. Cash flows from financing activities			
Dividend paid	30	(90,991)	(102,859)
Interest paid on subordinated debt		(15,925)	(16,875)
Subordinated debt - redemption		(75,000)	-
Net cash (used in)/generated by financing activities		**(181,916)**	**(119,734)**
Changes in cash and cash equivalents (I + II + III)		69,681	28,765
Cash and cash equivalents at the beginning of the year	14	424,741	404,244
Effect of exchange rate changes on cash and cash equivalents		4,970	(8,268)
Cash and cash equivalents at the end of the year		**499,393**	**424,741**

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 3,647 people as at 31 December 2021 (2020: 3,653). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (equal to 2020) 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 2020) 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 2 March 2022 and have been reviewed by the Supervisory Board. On 2 March 2022 the consolidated financial statements have been adopted at the Annual General Meeting of Atradius N.V.

2 Summary of significant accounting policies 2021

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. The Atradius consolidated financial statements are prepared based on going concern. 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 2021 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 2021

The following relevant standards, amendments and interpretations have been adopted in 2021, but have had no material effect on the consolidated financial statements:

- 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.
- Amendment to IFRS 16 for Covid-19-related rent concessions beyond 30 June 2021. 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 can account for those rent concessions as if they were not lease modifications. The Amendment increases the eligibility period for the application of the practical expedient by 12 months from 30 June 2021 to 30 June 2022. 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 2021 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. It is not expected that these amendments will have a material impact on the consolidated financial statements.
- IFRS 17 Insurance contracts (effective 1 January 2023), IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020): During 2021, the Group has continued with the implementation of the standard, in accordance with the action plan and the defined milestones. The different areas involved (Actuarial, Accounting and Consolidation, Accounting Regulations and Policies, Systems, etc.) have focused their efforts on adapting the systems and the processes to the IFRS 17 standard. In the overall project, the areas of work that have stood out in 2021 are amongst others: the continuation of the modelling of actuarial tools, the improvement of accounting policies, the development of accounting and management information models, as well as the testing of the partial results that have been generated. The Group has committees that ensure compliance with the requirements of IFRS 17. The Project Committees, made up mainly of those responsible for the areas mentioned above and who monitor the development of the project and its adaptation to the requirements of the standard. It is expected that the first application of the standard will have a significant financial impact on insurance contracts measured according to the General Measurement Model (commonly known as "Building Block Approach”), which is intended to be applied for all our products. Progress has been made in estimating the impact of the standard on the Group's financial statements, although, given the scope and interdependence of its implications, the preliminary quantitative results are partial and are in the process of continuous analysis. The activities planned for the year 2022 are amongst others: the refinement of the IFRS 17 information and processes; the construction and validation of the transition balance as per 1 January, 2022; the execution of the parallel runs under IFRS 17 during the year 2022 in order to present the comparative information for reporting for the year 2023, to advance with the formalisation of the operational processes impacted by IFRS 17 and to align the system of governance with it. These activities will ensure the adoption of IFRS 17 in a timely manner.
- 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

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

- Amendments to IAS 1 Presentation of Financials Statements: classification of liabilities as current or non-current and IFRS Practice statement 2: Disclosure of accounting policies. These amendments will not have an impact on the consolidated financial statements.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. These amendments will not have an impact on the consolidated financial statements.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. These amendments will not have an impact on the consolidated financial statements.

2.3 Consolidation

All the entities that are consolidated have the 31st December 2021 as end closing date.
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 2021	1.190	0.883	0.640	1.174	0.880	0.629
At 31 December 2020	1.112	0.815	0.629	1.113	0.835	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 to 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.

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

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

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 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.

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

Atradius 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'.

Atradius presents its operational leases as a lessor in 'investment property' in the statement of financial position.

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 valuators registered in the relevant countries and who have appropriate qualifications and experience in the valuation of properties.

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

2.10 Recognition and derecognition of financial investments

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

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

2.11 Classification of financial investments

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

2.11.1 Available-for-sale financial investments

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

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

2.11.2 Loans and receivables

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

2.12 Impairment of assets

2.12.1 Financial assets - general

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

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

2.12.2 Financial investments - carried at amortised cost

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

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

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

2.12.3 Financial investments - carried at fair value

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

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

- significant: The market value of the equity instrument dropped below 60% of its average historical cost price (i.e. the unrealised loss is larger than 40% of the average historical cost price); or
- prolonged: The market value of the equity instrument has been below its average historical cost price for a 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.
If, when evaluating, there is any indication that the asset value may have been impaired, the Group will consider, at a minimum, the following factors:

- There is evidence from internal reports that indicates the economic asset performance is, or is going to be, not aligned with the expectation.
- (ii) There is evidence of the obsolescence or physical deterioration of the asset.

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 UPR is established for the different types of business as follows (see note 4.2.6.1):

- 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;
- 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;
- 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.

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 financial statements (balance sheet, profit and loss 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. When market observable inputs are not available (Level 1), 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, due to impact these has on income statement or other comprehensive income. Although management has endeavoured to adequately take all facts into account, including Covid-19, by their very nature estimates remain uncertain and the eventual outcome may differ significantly from the projected amount (see section 4.2.6).

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. Historical positive development derived from this process shows that, any potential deviation on unknown shipments under this unprecedented pandemic and uncertain economic environment would be covered without significant impacts on insurance premium. However, the Company performs detailed analysis of the different components included in the automatic modelled pipeline calculations, adjusting those which the Company estimates could be more uncertain due to the present low claim environment (bonus pipeline) or from deviation in insured turnovers estimates (reconciliation invoices). (See Note 13).

Reinsurance Sliding scale commission

The reinsurance 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. Recognition of this reinsurance sliding scale commission is based on the observed claims ratio by underwriting year and the expected development.

The above mentioned concepts are the most relevant and significant on the financial statements related to estimates judgements.

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 a cumulative additional EUR 1.6 million loss before tax (2020: EUR 7.4 million loss), being the transfer of the total revaluation reserve for unrealised losses on equity financial investments to the income statement.

3.4 Estimated impairment of goodwill

In accordance with its accounting policy, Atradius annually tests whether goodwill of subsidiaries and associated companies has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations, except for Graydon which is determined using discounted cash flow model (DCF). These calculations require the use of estimates.

In order to test the value in use against the recognised goodwill, Atradius has stress-tested the main assumptions (discount rate, combined ratio 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 2% for CGUs excluding Graydon Holding N.V. and ACYC and a 3% for associated companies.

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.

For further details see Note 6.

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 2021, as in 2020, the most significant developments in the risk landscape were 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).

A key part of our underwriting strategy during the Covid-19 crisis beginning in 2020 – and continuing in 2021 - 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. supply chain problems, commodity shortages and price developments, fluctuations in consumer and purchasing manager confidence, willingness of governments to continue support of struggling companies, potential interest rate increases, 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.

Atradius has taken the appropriate steps to manage its exposure to the effects of the pandemic.

Climate-related risks - more frequent and severe weather events are damaging infrastructure and disrupting supply chains. Transition to a lower carbon economy is bringing new policies, regulations and changes to market dynamics. There is a risk that such changes could have a negative impact on Atradius by affecting our operations and/or our customers and their buyers. Focus on carbon footprint / CO2 emissions may require manufacturers to adapt or go out of business, in turn having a knock-on effect on their suppliers. Doing business in certain trade sectors may become undesirable and attract negative publicity. At the same time, interest in climate change / ethical practices, such as ESG

(Environmental, Social & Governance) and CSR (Corporate Social Responsibility) considerations, may create opportunities to enhance the Atradius offerings. Developments are monitored and discussed in various forums within Atradius. Aspects of the Group's approach to ESG are described in this Report.

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 and maintenance of the framework to manage risk and the on-going overview of the largest risks. The RSMB establishes the internal risk management framework by approving 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.

To achieve reliability over financial information and solvency reporting, the following controls are implemented and quarterly tested:
- Key controls required to manage the risk of a material error in financial and non-financial reporting; and
- Entity-level controls that detect material misstatement due to failures in controls within business 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.

Environmental, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business. ESG concerns are increasingly used in the evaluation of companies; by investors, the media, other companies and the public in general. The image of a company is increasingly defined by the level of concern for ESG criteria:

- Environmental concerns: The threat of climate change and depletion of natural resources. The main question becomes the sustainability of products, services and therefore companies.

- Social concerns: How the company affects the wider social environment. This includes diversity, human rights, and consumer protection.
- Corporate governance concerns: The rights and responsibilities of the management of a company.

ESG risks are included under Insurance Financial and Operational risk as described below.

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 limit the amount that Atradius would have to pay to a customer in the event of a claim. Moreover, Atradius can 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 tools are important to manage insurance risk exposure in a dynamic way.

Staff in Commercial units have well-defined authorities specifying who can underwrite which policies. Policies 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 the quantitative models that are used within the group.

Staff in Risk Services have well-defined authorities specifying the level of decisions that an underwriter can take for the approval of credit limits, and the definition of capacity in the system. 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 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, the Nordic and the 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 59% credit insurance and 41% 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 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. During 2021, Atradius decided to renew its reinsurance arrangements for 2022. This trend continued with the renewal of the reinsurance arrangements for 2023 in early 2022. 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 2021 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The retention under this treaty is 63% (2020: 63%).

In addition, there are two separate quota share treaties, which cover a limited number of policies, where the retention percentage is 25%, and a single excess of loss 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 (2020: EUR 26.25)

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.

It is currently expected that Atradius Reinsurance DAC (ARE) will be merged into Atradius Crédito y Caución S.A. de Seguros y Reaseguros (ACyC) through a cross-border merger to be completed in 2022. The transaction remains subject to the necessary board, shareholder, court and regulatory approvals. Upon effectiveness of the merger, ARE's assets and liabilities, including all of its reinsurance obligations, would be transferred to ACyC, through its Irish branch.

Government Agreements

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

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 were part of an overall package of measures and aimed to ensure that sufficient liquidity was available in the market, to counteract the damage inflicted on companies affected by the outbreak and to preserve the continuity of economic activity during and after the outbreak. In particular, they aimed to ensure that trade credit insurance services continued to be available to businesses.

In 2020 Atradius entered into agreements with the governments of France, Germany, Denmark, Norway, Belgium, Luxemburg, the Netherlands, United Kingdom, Italy and Spain. All these agreements were renewed until the first semester of 2021, except for France where the covered period was extended to 31 December 2021. In general terms, all government schemes covered Credit Insurance with domestic policyholders related to all the buyers. In Europe, all agreements were approved by their correspondent regulators. These government reinsurance agreements are applied before the private reinsurance with the exception of Spain where the agreement provided an additional cession to the private cession). All government schemes are risk attaching, the cession rates are different per country.

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

(EUR thousand)	2021	2020
Balance Sheet		
Technical Provision Ceded	106,766	217,781
Premiums Provision Ceded	26,117	6,452
Cash in Bank	(297,805)	(78,565)
Accounts Receivables/Payables	(125,754)	(195,371)
Reinsurance commission	(7,307)	4,845
Income statement impacts:		
Insurance premium ceded	(323,805)	(412,662)
Insurance claims recovered	(35,527)	266,688
Reinsurance commission	106,204	101,118
Government Scheme's Result	(253,128)	(44,856)

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 2021 and 2020 in terms of the sum of credit limits registered by Atradius on individual buyers. This is referred to as total potential exposure or TPE.

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

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

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

Buyer country	TPE 2021 (EUR million)	%	TPE 2020 (EUR million)	%
Germany	108,235	14.9%	93,568	15.2%
Spain, Portugal	86,970	12.0%	79,231	12.9%
Central and Eastern Europe	77,682	10.7%	64,630	10.5%
USA	70,655	9.7%	54,188	8.8%
United Kingdom	51,211	7.1%	42,034	6.8%
France	50,601	7.0%	45,239	7.4%
Italy	50,352	6.9%	42,001	6.8%
Nordic	35,311	4.9%	30,779	5.0%
The Netherlands	33,204	4.6%	29,875	4.9%
Other	160,822	22.2%	133,004	21.6%
Total	**725,043**	**100%**	**614,549**	**100%**

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

All amounts in thousands of Euro, unless otherwise stated

Industry sector	TPE 2021 (EUR million)	%	TPE 2020 (EUR million)	%
Chemicals	99,390	13.7%	82,804	13.5%
Electronics	90,137	12.4%	73,189	11.9%
Consumer durables	81,697	11.3%	69,071	11.2%
Metals	78,757	10.9%	61,597	10.0%
Food	71,101	9.8%	63,860	10.4%
Transport	61,673	8.5%	53,098	8.6%
Construction	53,451	7.4%	47,072	7.7%
Machines	46,328	6.4%	39,635	6.4%
Construction materials	34,801	4.8%	29,345	4.8%
Agriculture	34,441	4.8%	29,845	4.9%
Services	25,211	3.5%	23,346	3.8%
Other	48,056	6.6%	41,685	6.8%
Total	**725,043**	**100%**	**614,548**	**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 2021 (EUR million)	%	TPE 2020 (EUR million)	%
0 - 20	364,886	50.3%	322,137	52.4%
20 - 100	129,838	17.9%	103,940	16.9%
100 - 250	78,455	10.8%	69,176	11.3%
250 - 500	61,236	8.4%	50,378	8.2%
500 - 1000	48,517	6.7%	34,522	5.6%
1000 - and more	42,111	5.8%	34,396	5.6%
Total	**725,043**	**100%**	**614,549**	**100%**

Exposure for bonding and for instalment credit protection has different characteristics and therefore not included in these tables. The bonding exposure is EUR 25.6 billion (2020: EUR 24.1 billion). Exposure for instalment credit protection amounts to EUR 3 billion (2020: 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, and has been, 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. During 2021, governments in most of our markets have already started rolling back the fiscal support. Though there is still uncertainty with respect to the timing and speed with which those measures are rolled back completely, as well as the extent to which the economy relied on the support, are still major factor of uncertainty.

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 sets a claim provision. The case by case and business oriented evaluation is integrated with a statistical and actuarial model. This model based on the exposure of active bonds applies probability of defaults and loss given default. Booked recovery provisions for 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 2022 would be around 20% above the level of end 2021. The main methodologies for estimating claims provisions for traditional credit insurance combined underpin 74% (2020: 81%) of the claims provisions for traditional credit insurance.

In light of the increased uncertainty as result of the current circumstances, however, we take a similar approach for 2021 closing as we did for 2020 closing. During the second half of 2020, the number of reported claims dropped significantly compared to the first half of 2020. At the time, this partly related to a drop of insured business as result of the lock-downs early 2020 and partly because of government's support for the economy. However, whilst the insured shipments have recovered since, the number of claims registrations in 2021 have remained at the same low level as the latter half of 2020, which is 40 – 60% lower than the claims reported during the first half of 2020 depending on the country. The 2021 provisions have been set based on the assumption that this drop is temporary and imply a strong increase in expected claim received count during the first six to eight months of 2022 at the level of the first half of 2020 plus 10 – 40% depending on the country, due to uncertainty in the current economic environment. If this strong increase in claims registrations does not materialise, then this leads to a significant favourable runoff on provisions for underwriting year 2021.

An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims, inclusive of the expected increase mentioned in the previous paragraph, for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 35 million, gross of reinsurance (2020: EUR 35 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size. This sensitivity is approximately linear. Unless noted otherwise, the same holds true for other sensitivities mentioned in this section.

Under normal circumstances, for modelling attritional losses, the uncertainty in severity quickly becomes less important compared to the uncertainty in frequency, as the portfolio becomes larger. This is feature not specific to credit insurance, but holds for any insurance product, provided the portfolio is large enough, and correlation between count and severity is small enough. It is our experience that average claim sizes, for the attritional losses, are sufficiently stable over time to not have significant margins of uncertainty in the parameters governing the size of attritional claims that have not yet been reported. This is also the case as at year end 2021. There is one material exception to this; for the Spain and Portugal portfolios, the average claim size observed during 2021 has been significantly smaller than our parameter for claims not reported indicates. In this portfolio, particular sectors in the travel and leisure industry (e.g., restaurants and hotels) were disproportionally affected by Covid-19, hence the relative contribution of these sectors in the total claim count increased. Moreover, the average claim sizes in these sectors tends to be lower. Hence, we consider these recent observations the result of a temporary bias towards smaller claims. As our reserving stance is a return to normality, we have chosen not to lower this parameter to the level of the observed values during 2021.

To indicate an overall level of sensitivity with respect to the parameters driving the average size for claims not yet registered, if this average would be increase by 10%, claims provisions for attritional losses would increase by EUR 35 million (2020: 35 million).

By its nature, an estimate of the expected inflow of large cases is not easy to quantify. The order of magnitude of this sensitivity would be, in the judgement of management, similar to the sensitivity in the estimated number of claims for the most recent months, although, as is inevitable with severity risk, it has a longer tail. From historic data it can be seen that the correlation between the ultimate aggregate losses arising from large claims by underwriting year and the attritional losses is larger than 80%.

As such, supporting the plausibility of the management judgement, provisions for large cases are in part based on historic experience with large cases and in part on case by case reporting of ultimate loss estimates. The approach that relies on historic experience sets an ultimate loss arising from large cases as a fraction of the total losses for the last two risk years. Despite the historically high correlation between large and attritional losses, current low claims entry implies estimated attritional losses for recent underwriting years to be well below prior years. These exceptional circumstances, accompanied with current level of uncertainty and experience from prior financial crisis (2008-2009, which showed a higher proportion of large losses over total losses) leads to setting a ratio aligned to the historic one observed in prior financial crisis. The selected ratio implies estimated ultimate large loss amounts (as opposed to the ratio with attritional losses) to be in the range of those observed under normal circumstance, like underwriting years 2012 to 2019. If these fractions were chosen 10% higher, then the claims provisions for traditional credit insurance would increase by EUR 66 million (2020: 71 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.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 373 million (2020: EUR 490 million). The largest two components of the expected recoveries are the recoveries for traditional credit insurance of EUR 142 million (2020: EUR 218 million) and for instalment credit protection of EUR 138 million (2020: EUR 154 million).

As recovery rates differ by country as well as product, moreover, that the development depends on the age of the underwriting year, it is challenging to provide insight into sensitivity to assumptions by measuring the impact of a mere parameter change. For traditional credit insurance, ultimate recoveries are first estimated using commonly used projection methods. These estimates are then reduced considering a margin for uncertainty, such that a favourable development on these estimates is by far the most likely outcome. Nevertheless, the impact of setting the recovery provisions lower by 10% is EUR 14 million (2020: EUR 22 million). For instalment credit protection, for which similar margins for uncertainty are introduced, impact of setting recovery provisions lower by 10% is EUR 13 million (2020: 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 or the asset manager of illiquid investment fund. The external independent valuation 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. The valuation process at the asset manager is audited and approved by its external auditor.

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 or by the fund's asset manager.

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 and the hierachy of the financial instruments carried at fair value (note 2.9):

Financial instruments measured at fair value Assets 2021	Level 1	Level 3	Total
Available-for-sale:			
Equity securities	480,176	27,123	507,299
Debt securities:			
Government bonds	557,223	-	557,223
Corporate bonds	1,707,701	-	1,707,701
Total	**2,745,100**	**27,123**	**2,772,223**

Financial instruments measured at fair value Assets 2020	Level 1	Level 3	Total
Available-for-sale:			
Equity securities	365,816	22,910	388,726
Debt securities:			
Government bonds	549,357	-	549,357
Corporate bonds	1,618,001	-	1,618,001
Total	**2,533,174**	**22,910**	**2,556,084**

At 31 December 2021 the Company is mainly exposed to securities traded in active markets (level 1), however due to reclassifications and new investments there is also exposure to illiquid markets (level 3).

Reconciliation of Level 3 fair values

The following table details the changes in the fair value of Level 3 financial investments (valuation techniques incorporating information other than observable market data):

Financial investments Level 3	Debt securities	
	2021	2020
Balance at 1 January	**22,910**	**17,097**
Total gains or losses:	-	-
In income statement (net income from investments)	-	-
In other comprehensive income	(103)	324
Acquisitons/Sales	4,316	5,489
Balance at 31 December	**27,123**	**22,910**

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 2021, the market value of these equities is EUR 165.5 million (2020: EUR 140.5 million).

All amounts in thousands of Euro, unless otherwise stated

- **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: t**he portfolio of equity instruments issued by investment funds are shown in the following table:

Investment funds		Weight in %		Weight in %
	2021		2020	
Passive equities exchange traded funds	225,010	65.8%	184,940	74.5%
Active money market funds	89,569	26.2%	40,416	16.3%
Real estate funds	24,646	7.2%	22,910	9.2%
Infrastructure funds	2,477	0.7%	-	0.0%
Total	**341,702**	**100.0%**	**248,266**	**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: t**he portfolio of active money market funds consists of money market funds denominated in British pound, US dollar and Brazilian real.

- **Real estate funds: t**he 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.

- **Infrastructure funds:** the infrastructure fund is a fund-of-funds investment denominated in EUR. The underlying funds have different focus, e.g. from renewable energy towards more traditional infrastructure sectors like utilities, transport, energy or telecommunications, but all with a global approach, resulting in a multi-currency exposure of the underlying assets. A significant characteristic of such an individual infrastructure asset is that it requires relative large investment amounts. The fund-of-funds investment mitigates that part by adding an additional layer of diversification in exposure towards certain individual infrastructure assets or projects.

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	
	2021	2020	2021	2020
Financial assets [1] [3]	2,264,924	2,167,358	705,224	547,483
Financial liabilities [2] [4]	(249,383)	(324,177)	(10,014)	(49,369)
Total	**2,015,541**	**1,843,181**	**695,210**	**498,114**

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 2021 is 2.7 years (2020: 2.5 years) and the average maturity for 2021 is 2.9 years (2020: 2.7 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
	2021		2020	
Equity securities:				
Shares (including funds [1])	146.6	35.1%	264.5	76.0%
Debt securities:				
Government bonds	5.8	1.0%	13.3	2.4%
Corporate bonds	20.5	1.2%	71.3	4.4%
Total portfolio	145.1	4.8%	279.2	10.4%

[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 decreased from 10.4% at the end of 2020 to 4.8% at the end of 2021 and the VaR value decreased from EUR 279.2 million at the end of 2020 to EUR 145.1 million at the end of 2021. During 2021, the global economy continued its recovery after the volatile year of 2020. This recovery resulted in a reduced expected risk from a VaR perspective.

4.3.1.5 Currency risk

All amounts in thousands of Euro, unless otherwise stated

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 2021, the Euro apreciated in value against some of the non-Euro functional currencies (see Note 2.5.3) resulting in a foreign currency gain in other comprehensive income of EUR 18 million, net of tax (2020: a loss of EUR 29.5 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 2021 and 31 December 2020, is presented in the following table, in EUR:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
		2021			2020	
EUR	430,487	416,434	14,053	257,697	262,118	(4,421)
GBP	10,061	16,404	(6,343)	6,426	9,136	(2,710)
USD	555,227	416,097	139,130	428,920	336,435	92,485
AUD	4,041	5,902	(1,862)	6,643	8,174	(1,531)
Other	114,981	207,816	(92,835)	107,258	215,997	(108,739)
Total	**1,114,796**	**1,076,666**	**52,143**	**806,944**	**831,860**	**(24,916)**

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 2020. 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
		2021			2020	
EUR	4,051,063	2,439,154	1,611,908	3,830,461	2,297,920	1,532,541
GBP	397,461	304,188	93,273	319,766	256,068	63,698
USD	711,608	444,634	266,974	550,009	369,291	180,718
AUD	126,755	62,612	64,144	110,712	58,295	52,417
Other	631,879	525,856	106,023	569,300	485,380	83,920
Total	**5,918,767**	**3,776,444**	**2,142,323**	**5,380,248**	**3,466,954**	**1,913,294**

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 starting in 2020 with a continuation in 2021, some corporate sectors have really suffered, while other sectors benefitted significantly. In contrary to 2020, this resulted in both downgrades and upgrades of corporate bonds within the Atradius corporate bond investment portfolio in 2021 . Regarding the downgrades, the Atradius impacted corporate bonds mainly observed an one-notch downgrade with a total of 10.3% of the market value of its 2021 corporate bond portfolio. With regard to upgrades, 7.6% of the market value of Atradius 2021 corporate bond portfolio observed an upgrade. Despite the improving, but contiuous 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 2021 and as at 31 December 2020, are presented in the following tables:

All amounts in thousands of Euro, unless otherwise stated

At 31 December 2021 (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	29	276	357	18	18	698
Deposits received from reinsurers	-	(3)	(7)	-	-	(10)
Debt securities:						
Government bonds	238	257	19	29	15	557
Corporate bonds	25	123	1,006	552	2	1,708
Short-term investments:						
Deposits withheld by ceding companies	-	8	6	3	5	22
Bank deposits under short-term investments	40	13	118	14	-	184
Cash and cash equivalents	-	57	403	30	9	499
Total	**332**	**731**	**1,902**	**646**	**49**	**3,660**

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)	-	(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 (1)	-	39	321	47	18	425
Total	**368**	**733**	**1,432**	**731**	**71**	**3,335**

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 2021 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 2021, 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
	2021	2020	
Debt securities: (Government bonds + Corporate bonds)	2,265	2,167	98
SPPI	2,262	2,164	98
Other	3	4	(1)
Equity securities:	507	389	118
SPPI	-	-	-
Other	507	389	118
Short-term investments and Cash held for investments:	206	123	83
SPPI	206	123	83
Other	-	-	-
Cash and cash equivalents	499	425	74
SPPI	499	425	74
Other	-	-	-
Total	**3,477**	**3,104**	**373**

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 2021 .
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 mainly 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 (2020: 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.

All amounts in thousands of Euro, unless otherwise stated

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 2021		**Contractual cash flows (undiscounted)**				
	Weighted average effective interest rate %	**On demand**	**Less than 1 year**	**1 to 5 years**	**> 5 years**	**Carrying amount**
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	272,677	-	249,383
Subordinated loan	-	-	-	-	-	-
Deposits received from reinsurers	0.65%	-	10,014	-	-	10,014
Total		**-**	**23,139**	**272,677**	**-**	**259,397**
Non-interest bearing liabilities						
Insurance contracts		-	1,434,428	668,676	10,259	2,134,434
Payables		-	521,968	-	-	521,968
Total		**-**	**1,956,396**	**668,676**	**10,259**	**2,656,402**

At 31 December 2020		**Contractual cash flows (undiscounted)**				
	Weighted average effective interest rate %	**On demand**	**Less than 1 year**	**1 to 5 years**	**> 5 years**	**Carrying amount**
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	285,802	-	249,177
Subordinated loan	5.00%	-	76,120		-	75,000
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	-	-	378,594
Total		**-**	**1,679,126**	**577,943**	**(473)**	**2,281,321**

At 31 December 2021		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.24%	-	287,071	1,943,548	63,629	2,264,924
Investments: deposits and cash held for investments	0.09%	58,627	147,341	-	-	205,831
Cash: Cash and bank deposits	-0.03%	497,752	1,641	-	-	499,393
Total		**556,379**	**436,053**	**1,943,548**	**63,629**	**2,970,148**
Non-interest bearing assets						
Other financial assets [1)]		-	507,306	-	-	507,306
Reinsurance contracts		-	550,034	256,405	3,933	810,372
Receivables		-	374,607	-	-	374,607
Total		**-**	**1,431,947**	**256,405**	**3,933**	**1,692,285**

At 31 December 2020		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	-0.04%	-	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**

[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 and is responsible for developing methods for the identification, assessment and response to risks, and for monitoring and further enhancing the overall risk management and control framework. The 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.

Fraud risk - 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.

Cyber risk – refers to the risk of financial loss, disruption or damage to reputation due to failure of IT systems. Risks include: an event impacting the data centre (covered via Business Continuity / IT Disaster Recovery), security incidents, network vulnerabilities, unauthorised activity, malicious code changes, application specific vulnerabilities and unauthorised software. The Atradius Information Security team monitors and addresses threats and coordinates the management of cyber risk across the Group.

Within the cyber risk realm, "ransomware" variant malware (viruses) is observed as a growing threat. The current threat landscape highlights the importance of education for end users on topics such as, phishing, maintaining software and the dangers of unsupported or non-authorised software. To minimise this risk cyber risk awareness is included in staff training. Further mitigation of this risk includes protections for critical Atradius applications and Multi-Factor Authentication for remote access. A medium-term Cyber Security Strategy is in place to increase Atradius governance, protection, resilience and vigilance.

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. During 2021 many employees were still working remotely and will continue to do so as necessary as we move into 2022. Atradius has adapted its business continuity arrangements to address new ways of working such as the hybrid working model which involves a mixture of in-office and remote working. As of the end of 2021, IT systems are stable and collaboration tools have been enhanced for the whole workforce. Overall service to customers and all other parties is being maintained at a high standard.

In early 2020, the Group Incident Management Team (GIMT) (comprised of the Management Board and additional senior management from relevant departments) launched regular monitoring, reporting and meetings in order to steer the Covid-19 response on a global level. At the end of October 2021, it was agreed that the Company has passed the most difficult part of the crisis; severity of impacts may increase and decrease, but it is expected that it will not revert to the situation in 2020. While regular monitoring and reporting on the situation in local offices continues, the GIMT ceased its regular meetings. If needed, the GIMT will be reconvened.

4.4.1.3 Legal Risk / Compliance Framework

At Atradius we believe that compliance 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 Atradius employees and that govern the Atradius operations and business conduct towards customers, brokers and all parties involved in Atradius business.

Atradius has set up several additional compliance policies for more specific areas which set out the requirements that Atradius' employees must adhere to. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks. Atradius also has a Data Protection Framework in place, which includes controls, policies and procedures to comply with the applicable data protection legislation. All the compliance policies are available to employees an are reviewed on a regular basis.

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 at Group level 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 financial reporting. The UK left the EU on 31 of January 2020 and on 1 January 2021, all legal and regulatory arrangements permitted under a transition period 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 of its UK Third Country Branch. In December, 2021, the PRA approved the application. From 1 January 2022, Third Country Branch status is authorised for both credit insurance and suretyship. This brings to a close any uncertainty about what structures and controlling measures Atradius needs to adopt to be compliant.

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.

Atradius manages capital worth more than two billion euro. Per year-end 2021, the capital includes shareholders' funds of EUR 2.1 billion and subordinated debt of EUR 250 million (nominal value). The subordinated debt includes subordinated notes of EUR 250 million (nominal value) classified as Level 2 under the fair value hierarchy 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 also where prescribed for branches, 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 2021, 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.

Since approval by the College of Supervisors in 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 2021 the eligible own funds under Solvency II for the Company amounts to EUR 2,448 million (2020: EUR 2,173 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 including related information income, Instalment credit protection (ICP), Bonding and Reinsurance. The segment Services includes Collection activities, Atradius Dutch State Business, non-insurance related information income 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:

All amounts in thousands of Euro, unless otherwise stated

Business segment 2021	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,624,032	124,163	152,124	1,900,319	-	-	-	1,900,319
Service and other income	135,591	-	-	135,591	115,058	-	-	250,649
Inter-segment revenue	-	-	-	-	3,552	(3,552)	-	-
Total revenue	**1,759,623**	**124,163**	**152,124**	**2,035,910**	**118,610**	**(3,552)**	**-**	**2,150,968**
Insurance premium ceded to reinsurers	(875,283)	(48,456)	(21,722)	(945,461)	-	-	-	(945,461)
Total segment income after reinsurance	**884,340**	**75,707**	**130,402**	**1,090,449**	**118,610**	**(3,552)**	**-**	**1,205,507**
Insurance claims and loss adjustment expenses	(432,258)	(41,043)	(93,112)	(566,413)	-	2,936	-	(563,478)
Insurance claims and loss adjustment expenses recovered from reinsurers	132,663	17,060	10,191	159,914	-	-	-	159,914
Net insurance claims	**(299,595)**	**(23,983)**	**(82,921)**	**(406,499)**	**-**	**2,936**	**-**	**(403,564)**
Gross operating expenses	(635,857)	(55,658)	(58,377)	(749,892)	(103,879)	616	(12,079)	(865,234)
Commission received for business ceded to reinsurers	343,872	19,947	1,975	365,794	-	-	-	365,794
Net operating expenses	**(291,985)**	**(35,711)**	**(56,402)**	**(384,098)**	**(103,879)**	**616**	**(12,079)**	**(499,440)**
Operating segment result	**292,760**	**16,013**	**(8,921)**	**299,852**	**14,731**	**-**	**(12,079)**	**302,503**
Share of income/ (losses) of associated companies								15,963
Net income from investments								19,613
Finance income								944
Finance expenses								(11,008)
Result for the year before tax								**328,015**
Income tax expense								(87,766)
Result for the year								**240,249**

Business segment 2021	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	598,332	163,781	48,259	810,372	-	-	810,372
Receivables	344,088	17,911	9,811	371,810	5,215	(2,418)	374,607
Unallocated assets	-	-	-	-	-	-	4,733,788
Total assets	**942,420**	**181,692**	**58,070**	**1,182,182**	**5,215**	**(2,418)**	**5,918,767**
Insurance contracts	1,339,177	346,475	448,782	2,134,434	-	-	2,134,434
Payables	481,397	39,787	(1,187)	519,997	13,157	(11,186)	521,968
Unallocated liabilities	-	-	-	-	-	-	1,120,042
Total liabilities	**1,820,574**	**386,262**	**447,595**	**2,654,431**	**13,157**	**(11,186)**	**3,776,444**
Total year end number of employees (full-time equivalent)	**2,690**	**149**	**27**	**2,867**	**631**	**-**	**3,497**

Business segment 2020	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
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	-	-	-	-	3,381	(3,381)	-	-
Total revenue	**1,586,131**	**123,586**	**150,764**	**1,860,481**	**122,308**	**(3,381)**	**-**	**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**	**122,308**	**(3,381)**	**-**	**1,080,048**
Insurance claims and loss adjustment expenses	(927,363)	(38,183)	(124,617)	(1,090,163)	-	2,623	-	(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	**(413,602)**	**(23,055)**	**(100,968)**	**(537,625)**	**-**	**2,623**	**-**	**(535,002)**
Gross operating expenses	(554,030)	(43,431)	(58,572)	(656,033)	(120,862)	758	(8,420)	(784,557)
Commission received for business ceded to reinsurers	295,129	19,412	4,134	318,675	-	-	-	318,675
Net operating expenses	**(258,901)**	**(24,019)**	**(54,438)**	**(337,358)**	**(120,862)**	**758**	**(8,420)**	**(465,881)**
Operating segment result	**92,350**	**26,334**	**(32,546)**	**86,138**	**1,446**	**-**	**(8,420)**	**79,164**
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 2020	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
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**

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 59% credit insurance contracts and approximately 41% bonding (2020: 60% and 40% respectively), based on premium volume.

6 Intangible assets

2021	Goodwill	Software	Other [1]	Total
At cost at 1 January	**151,423**	**332,486**	**30,376**	**514,285**
Additions	-	34,803	-	34,803
Disposals	-	(8,852)	-	(8,852)
Effect of movements in foreign exchange rates	(2)	7,890	82	7,970
At cost at 31 December	**151,421**	**366,327**	**30,458**	**548,206**
Accumulated amortisation and impairments at 1 January	**(13,736)**	**(213,610)**	**(28,081)**	**(255,427)**
Amortisation charge for the year	-	(16,440)	(1,144)	(17,584)
Disposals	-	8,850	-	8,850
Impairment	-	(43,005)	-	(43,005)
Effect of movements in foreign exchange rates	1	(6,070)	(81)	(6,150)
Accumulated amortisation and impairments at 31 December	**(13,735)**	**(270,275)**	**(29,306)**	**(313,316)**
Balance at 1 January	**137,687**	**118,876**	**2,295**	**258,858**
Balance at 31 December	**137,686**	**96,052**	**1,152**	**234,890**

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**

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.

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

All amounts in thousands of Euro, unless otherwise stated

Cash-Generating Units	2021	2020
ACyC [1]	98,797	98,797
Graydon Holding N.V.	17,931	17,931
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]	2,565	2,566
Other	4,450	4,450
Total	**137,686**	**137,687**

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

2) The Nordic Bonding unit goodwill includes Atradius' bonding business in Denmark, Norway, Sweden and Finland, and the movement is driven by foreign exchange movements.

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. 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, which are Graydon Holding N.V. and ACyC, the discount rate applied is between 6.7% and 8.9% and the growth rate is between 1% and 2%, respectively. The terminal value is calculated based on the dividend flows of the normalised period through a perpetuity which applies a long-term growth rate of 2% for CGUs excluding Graydon Holding N.V. and ACyC and a 3% for associated companies (2020: 2%-3%) and the specific discount rate. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated taking into account local solvency rules, the Solvency II Partial Internal Model and minimum shareholders equity required (non-distributable).

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 CGUs are not included due to immaterial impacts):

Cash-Generating Units	Discount rate		Growth rate		Combined ratio 1)		Solvency ratio 2)	
2021	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+1,000bp**	**-1,000bp**
ACyC	-6.5%	7.6%	1.2%	-1.0%	-2.2%	2.2%	-5.8%	5.9%
Graydon Holding N.V.	-8.1%	9.8%	11.1%	-9.2%	10.2%	-10.2%	0.0%	0.0%
Atradius Trade Credit Insurance Inc.	-17.3%	25.0%	20.2%	-14.0%	-15.1%	15.1%	0.0%	0.0%
Atradius Collections B.V.	-16.3%	29.2%	24.5%	-13.5%	0.0%	0.0%	0.0%	0.0%
ACyC (France)	-18.3%	31.2%	26.3%	-15.4%	-3.4%	3.4%	-4.2%	21.0%
ACyC (Nordic bonding)	-17.4%	27.9%	23.0%	-14.3%	-3.7%	3.7%	-4.4%	4.4%

Cash-Generating Units	Discount rate		Growth rate		Combined ratio 1)		Solvency ratio 2)	
2020	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+50bp**	**-50bp**	**+1,000bp**	**-1,000bp**
ACyC	-4.8%	5.5%	0.3%	-0.3%	-2.2%	2.2%	-4.6%	4.6%
Graydon Holding N.V.	-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%

1) For Graydon Holding N.V., 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, both individually and combined, would assume that the carrying amount of the GCUs would exceed their market value, except for Graydon Holding N.V.

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 43 million (2020 EUR 16.8 million) of self-developed software mainly related to need of redesigning part of the solutions in their transformation programmes, including data models, user journeys, utilisation of shared components, new functionalities and multichannel/omnichannel integrations to deliver the best customer experience. In addition, during 2021, Atradius has also capitalised EUR 32.8 million mainly due to the Atradius Business Transformation projects (2020: EUR 32.6 million).

7 Property, plant and equipment & investment property

2021	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	**90,591**	**70,137**	**58,514**	**129,011**	**348,253**	**34,093**
Additions	-	9,030	6,215	12,932	28,177	-
Disposals	(318)	(13,613)	(6,641)	(2,142)	(22,714)	(134)
Effect of movements in foreign exchange rates	68	1,291	1,561	2,294	5,214	26
At cost at 31 December	**90,341**	**66,845**	**59,649**	**142,094**	**358,929**	**33,985**
Accumulated depreciation and impairments at 1 January	**(11,529)**	**(46,808)**	**(46,830)**	**(42,259)**	**(147,426)**	**(7,681)**
Depreciation charge for the year	(877)	(8,757)	(7,985)	(22,526)	(40,145)	(343)
Disposals	99	13,406	6,460	1,683	21,648	45
Impairment / reversal impairment	32	-	(63)	-	(31)	22
Effect of movements in foreign exchange rates	(13)	(846)	(1,207)	(682)	(2,748)	(3)
Accumulated depreciation and impairments at 31 December	**(12,288)**	**(43,005)**	**(49,625)**	**(63,784)**	**(168,702)**	**(7,960)**
Balance at 1 January	**79,061**	**23,329**	**11,684**	**86,752**	**200,827**	**26,413**
Balance at 31 December	**78,053**	**23,839**	**10,023**	**78,310**	**190,225**	**26,025**

All amounts in thousands of Euro, unless otherwise stated

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)	(5,782)	(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**

The increase in the depreciation charge for the year under Fixtures & fittings is driven by the change on Madrid's headquarters.

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	
	2021	**2020**	**2021**	**2020**
Spain and Portugal	77,890	77,796	21,259	21,259
Italy	20,650	20,650	443	681
Mexico	4,554	4,026	1,518	1,342
Other	244	1,065		-
Total	**103,338**	**103,537**	**23,220**	**23,282**

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 2020). 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: 93% office (2020: 94%) and 7% retail (2020: 6%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 31 thousand (2020: EUR 29 thousand). During the year an amount of EUR 401 thousand (2020: EUR 513 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 323 thousand for non-cancellable contracts (In 2020, expected rental income for next year was 402 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:

	2021	2020
Lease liability included in statement of financial position at 31 December (see Note 22)	80,911	88,144
Amounts recognised in income statement :		
Interest expenses on lease liabilities	(2,221)	(2,196)
Expenses relating to short-term leases	(516)	(580)
Expenses relating to low-value assets	(27)	(26)
Amounts recognised in the statement of cash flows :		
Total cash outflow for leases	22,497	26,183

All amounts in thousands of Euro, unless otherwise stated

8 Subsidiaries

The following table sets forth, as at 31 December 2021, 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.

Name	Country	Ownership
Accento Services S.R.L.	Belgium	
African Trade Insurance Agency	Kenya	1 share
Atradius Collections B.V.	Netherlands	
Belgium branch	Belgium	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Poland branch	Poland	
Portugal branch	Portugal	
Turkey branch	Turkey	
Atradius Collections DMCC	United Arab Emirates	
Atradius Collections Holding B.V.	Netherlands	
Atradius Collections Limited	Canada	
Atradius Collections Limited	Hong Kong	
Atradius Collections Limited	United Kingdom	
Atradius Collections Pte. Limited	Singapore	
Atradius Collections Pty. Limited	Australia	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil	
Atradius Collections, S.A. de C.V.	Mexico	
Atradius Collections S.L.	Spain	
Atradius Collections, Inc.	USA	
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China	
Atradius Credit Insurance Agency, Inc.	USA	
Atradius Credit Management Services B.V.	Netherlands	
Atradius Credit Management Services (RUS) LLC	Russia	
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	
Australia branch	Australia	
Austria branch	Austria	
Belgium branch	Belgium	
Bulgaria branch	Bulgaria	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
Finland branch	Finland	
France branch	France	
Germany branch	Germany	
Greece branch	Greece	
Hong Kong branch	Hong Kong	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Luxembourg branch	Luxembourg	
Netherlands branch	Netherlands	
New Zealand branch	New Zealand	
Norway branch	Norway	
Poland branch	Poland	
Portugal branch	Portugal	
Romania branch	Romania	
Singapore branch	Singapore	
Slovakia branch	Slovakia	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Turkey branch	Turkey	
United Kingdom branch	United Kingdom	

Name	Country	Ownership
Atradius Crédito y Caución Seguradora S.A.	Brazil	
Atradius Dutch State Business N.V.	Netherlands	
Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China	
Atradius Finance B.V.	Netherlands	
Atradius Information Services B.V.	Netherlands	
Belgium branch	Belgium	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Norway branch	Norway	
Spain branch	Spain	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Taiwan branch	Taiwan	
Thailand branch	Thailand	
United Kingdom branch	United Kingdom	
Atradius Information Services Vietnam Company Limited	Vietnam	
Atradius India Credit Management Services Private Ltd.	India	
Atradius Insurance Holding N.V.	Netherlands	
Atradius Italia Intermediazioni S.R.L.	Italy	
Atradius Participations Holding S.L.U.	Spain	
Atradius Pension Trustees Ltd.	United Kingdom	
Atradius Reinsurance DAC	Ireland	
Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.	Brazil	
Atradius Rus Credit Insurance LLC	Russia	
Atradius Seguros de Crédito, S.A.	Mexico	
Atradius Trade Credit Insurance, Inc.	USA	
Atradius Trade Insurance Brokerage Yuhan Hoesa	South Korea	
CLAL Credit Insurance Ltd.	Israel	20%
Compagnie Tunisienne pour l'Assurance du Commerce Exterieur S.A.	Tunisia	3.92%
Compania de Seguros de Crédito Continental S.A.	Chile	50%*
Credit Guarantee Insurance Corporation of Africa Ltd	South Africa	25%
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Brazil	
Giant-net B.V.	Netherlands	
Graydon Holding N.V.	Netherlands	
Graydon Nederland B.V	Netherlands	
Graydon Belgium N.V.	Belgium	
Graydon UK Ltd.	United Kingdom	
Iberinform Internacional S.A.U.	Spain	
Portugal branch	Portugal	
Iberinmobiliaria, S.A.U.	Spain	
Informes Mexico, S.A. de C.V.	Mexico	
B2B SAFE, S.A.	Spain	
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	Netherlands	0.5%
OpenCompanies B.V.	Netherlands	
PT Atradius Information Services Indonesia	Indonesia	
Pakula, Podębski i Wspólnicy Kancelaria Prawna spółka komandytowa	Poland	99.99%
The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%

*Minus one share

Entities for which Atradius does not have control are not fully consolidated.

9 Investments in associated companies

	2021	2020
Balance at 1 January	**62,816**	**63,110**
Results of income	15,963	3,008
Share of income of associated companies	15,963	3,008
Dividends received	(906)	(372)
Revaluations	(454)	259
Effect of movements in foreign exchange rates	(1,796)	(3,189)
Balance at 31 December	**75,623**	**62,816**

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 2021 and 31 December 2021.

Atradius assessed the goodwill for impairment of investments in associated companies. Based on this assessment Atradius has decided that no impairment is needed in 2021 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 2022.

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

1) Minus one share

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

All amounts in thousands of Euro, unless otherwise stated

2021	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	20,798	17,298	35,536	-	-	**73,632**
Carrying amount	**20,798**	**17,678**	**37,147**	**-**	-	**75,623**
Share of income of associated companies	5,533	1,554	8,876	-	-	**15,963**
Dividends received	-	-	(906)	-	-	**(906)**
Associated companies						
Assets	157,160	121,127	119,790	-	-	**398,077**
Liabilities	73,967	34,638	48,712	-	-	**157,317**
Revenue	46,726	16,501	21,567	-	-	**84,794**
Net assets	83,193	86,490	71,077	-	-	**240,760**
Result for the year	22,131	7,768	17,746	-	-	**47,645**
2020						
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**
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**

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	
	2021	2020	2021	2020	2021	2020
Equity securities	507,299	388,726	-	-	507,299	388,726
Debt securities	2,264,924	2,167,358	-	-	2,264,924	2,167,358
Loans	-	-	7	9	7	9
Short-term investments	-	-	168,028	111,995	168,028	111,995
Cash held for investments	-	-	37,796	10,738	37,796	10,738
Total	**2,772,223**	**2,556,084**	**205,831**	**122,742**	**2,978,054**	**2,678,826**

1) There are no bank deposits tacitly renewable in 2021 and 2020.

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2021	2020	2021	2020	2021	2020
Balance at 1 January	**388,726**	**370,138**	**2,167,358**	**2,066,629**	**2,556,084**	**2,436,767**
Additions	70,386	131,927	1,051,144	939,685	1,121,530	1,071,612
Disposals	(15,286)	(89,791)	(943,494)	(806,948)	(958,780)	(896,739)
Amortisation charge for the year	-	-	(17,829)	(19,307)	(17,829)	(19,307)
Revaluations through other comprehensive income and income statement	60,500	(22,239)	(17,997)	13,525	42,503	(8,714)
Effect of movements in foreign exchange rates	2,973	(1,309)	25,742	(26,226)	28,715	(27,535)
Balance at 31 December	**507,299**	**388,726**	**2,264,924**	**2,167,358**	**2,772,223**	**2,556,084**

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

11 Receivables

	2021	2020
Accounts receivable on insurance and reinsurance business	**210,884**	**173,057**
Amounts owed by policyholders and direct insurance operations	144,010	133,984
Receivables arising out of reinsurance	66,874	39,073
Other account receivable	**163,723**	**71,947**
Total	**374,607**	**245,004**

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 85 million (2020: EUR 71 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 91.2% (2020: 88.3%) relates to receivables ageing less than three months.

All receivables are considered for impairment testing. As of 31 December 2021, receivables of EUR 26.7 million (2020: EUR 26.3 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 13.3 million (2020: EUR 12.2 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.

All amounts in thousands of Euro, unless otherwise stated

The 'Other accounts receivable' related to service income, are short term balances which consist of individually small balances. The provision for impaired 'Other accounts receivable' for 2021 is EUR 1.6 million (2020: EUR 1.9 million).

The significant increase on other accounts receivables is coming from Dutch State Business, offset by an equal increase on accounts payables.

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

	2021	2020
Balance at 1 January	**12,164**	**13,218**
Impairment of receivables	10,417	8,657
Receivables written off during the year as uncollectable	(9,289)	(9,076)
Unused amounts reversed	(17)	(635)
Balance at 31 December	**13,275**	**12,164**

The movement in the provision for impaired receivables on insurance business, mainly credit insurance, 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

	2021	2020
Balance at 1 January	**68,967**	**76,300**
Deferred in the year	25,291	21,438
Amortisation change for the year	(20,443)	(24,380)
Effect of movements in foreign exchange rates	3,758	(4,391)
Balance at 31 December	**77,574**	**68,967**
Current	42,971	39,171
Non-current	34,604	29,797

13 Other assets and accruals

	2021	2020
Pipeline and return premium ceded	418,768	356,156
Prepayments and accrued interest	35,036	31,548
Net pension plan asset	88,371	53,667
Reimbursement rights	6,931	8,414
Other	26,678	25,651
Total	**575,784**	**475,436**

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 2021 is EUR 88.4 million (2020: EUR 53.7 million) (see Note 17).

14 Cash and cash equivalents

	2021	2020
Cash at bank and on hand	497,751	422,546
Short-term bank deposits	1,642	2,195
Cash and cash equivalents	**499,393**	**424,741**
Cash and cash equivalents	499,393	424,741
Cash and cash equivalents in the statement of cash flows	**499,393**	**424,741**

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 (2020: the same) of which 79,122,142 ordinary shares were issued and fully paid (2020: 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 2021 were of EUR 3.0 per share.

15.2 Share premium reserve

	2021	2020
Balance at 1 January	**639,228**	**639,228**
Balance at 31 December	**639,228**	**639,228**

All amounts in thousands of Euro, unless otherwise stated

15.3 Revaluation reserve

	2021	2020
Balance at 1 January	**80,811**	**81,919**
Change in revaluation reserve - gross	44,131	(1,303)
Change in revaluation reserve - tax	(10,127)	3,933
Net (gains)/losses transferred to net profit on disposal - gross	(5,330)	(4,810)
Net (gains)/losses transferred to net profit on disposal - tax	1,369	1,072
Balance at 31 December	**110,854**	**80,811**

15.4 Currency translation reserve

	2021	2020
Balance at 1 January	**(79,989)**	**(50,372)**
Change in currency translation reserve - gross	18,791	(31,447)
Change in currency translation reserve - tax	(761)	1,830
Balance at 31 December	**(61,959)**	**(79,989)**

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

15.5 Pension reserve

	2021	2020
Balance at 1 January	**(166,607)**	**(160,591)**
Recognised actuarial gains/(losses)	**31,698**	**(6,016)**
Change in pension reserve - gross	40,291	(11,868)
Change in pension reserve - tax	(8,593)	5,852
Pension plan de-risking reclassification to Retained earnings	**79,826**	**-**
Change in pension reserve - gross	106,475	-
Change in pension reserve - tax	(26,649)	-
Balance at 31 December	**(55,082)**	**(166,607)**

The main drivers of the pension reserve variance are explained in Note 17.

15.6 Retained earnings

	2021	2020
Balance at 1 January	**1,316,561**	**1,191,712**
Appropriation of prior year result	44,167	227,708
Pension plan de-risking	(79,826)	-
Dividends	(90,991)	(102,859)
Balance at 31 December	**1,189,911**	**1,316,561**

The NL Pension Plan de-risking has had an impact in retained earnings due to the reclassification of accumulated actuarial losses net of taxes (previously shown under pension reserve) of EUR -79.8 million.

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 (see Note 11 in the Company financial statements). 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

	2021	2020
Balance at 1 January	**324,177**	**323,982**
Redemption of the subordinated loan	(75,000)	-
Accretion of interest	206	196
Balance at 31 December	**249,383**	**324,177**

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.

The fair value estimate of the subordinated notes issued by Atradius Finance BV is EUR 280 million (2020: EUR 276 million). They are classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II.

The fair value estimate of the subordinated bond is 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'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.

Atradius Reinsurance DAC, Ireland is sufficiently capitalised and therefore, on 28th September 2021 redeemed 100% of its outstanding subordinated loan with a principal amount of EUR 75 million together with the EUR 1.7 million accumulated interest amount as of that date. Prior to the redemption, the Irish supervisor (the CBI) provided a confirmation of "no objection" to the redemption.

The subordinated loan beared interest at a fixed rate of 5.0% per annum, payable annually in arrears on 20 April each year. The subordinated loan qualified as Tier 2 basic own funds item as set out in article 73 of the European Commission's Solvency II Delegated Regulation (2015/35).

17 Employee benefit assets and liabilities

	2021	2020
Retirement benefits	91,907	132,341 (*)
Other long-term employee benefits	8,098	7,379
Total	**100,005**	**139,720**

(*) 2020 Retirement benefits figures include the defined benefit Dutch pension plan, that has been transferred to a defined contribution pension plan in 2021 and is no longer included under employee benefit assets and liabilities.

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans.

In 2021 a substantial change took place regarding the Dutch defined benefit pension plan, an agreement between the legally involved stakeholders to change this defined benefit plan, as of 31 December 2021 to a new defined contribution plan.

The assets (EUR 459 million) and accrued pension liabilities (EUR 430million) have been fully transferred to a third party insurance company by way of a buy-in, followed by a buy-out. This operation has been approved by the Dutch Central Bank. The external insurance company is fully responsible for future execution of the pension plan as of 27th of October 2021 (buy-in). Atradius has decided to provide the curtailment gain (EUR 29 million) as a contribution to the defined benefit plan. All liquidation costs will be assumed by Atradius NV.In addition, due to this operation there has been a reclassification of the respective accumulated actuarial losses of EUR 106 million (EUR 80 million net of tax) from Pension Reserve to Retained earnings. Further details of this change is disclosed in the table below.

The main defined benefit plans as of December 31, 2021 are in the United Kingdom and Germany and these represent respectively 100% ((2020: 100%) of the net pension plan assets booked in the assets and 74% (2020: 73%) of the defined benefit obligation booked in the liabilities. Other plans are related to Spain, Italy, Switzerland, Sweden, Belgium, Norway, France and Mexico. The DBO of these plans are between EUR 0.8 - EUR 12 million (2020: EUR 0.7 - EUR 11 millions) and the number of participants are between 13 and 451 (2020 between 18 and 470).

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 13.2 million in 2021 (2020: EUR 11.8 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	
	2021	2020	2021	2020	2021	2020
Balance at 1 January (*)	**1,017,679**	**958,282**	**885,338**	**840,040**	**132,341**	**118,242**
Additions	-	-	-	-	-	-
Included in the income statement:	-	-	-	-	-	-
Current service cost	15,649	14,806	-	-	15,649	14,806
Past service cost - Plan Amendment	(228)	279	-	-	(228)	279
Past service cost - Curtailment	(29,180)	-	-	-	(29,180)	-
Settlement (Gain)/ Loss (**)	(430,687)	-	(459,970)	-	29,283	-
Interest cost / income	11,225	12,022	11,069	12,001	156	21
Administration costs	661	630	-	-	661	630
Total included in the income statement	**(432,560)**	**27,737**	**(448,901)**	**12,001**	**16,341**	**15,736**
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
- demographic assumptions	(9,238)	(8,141)	-	-	(9,238)	(8,141)
- financial assumptions	6,848	86,569	-	-	6,848	86,569
- experience adjustments	(17,424)	(7,027)	-	-	(17,424)	(7,027)
Return on plan assets excluding interest income	-	-	21,214	61,013	(21,214)	(61,013)
Total included in OCI	**(19,814)**	**71,401**	**21,214**	**61,013**	**(41,028)**	**10,388**
Other:						
Contributions paid by the employer	(4,000)	(3,658)	42,327	11,426	(46,327)	(15,084)
Plan participants contributions	1,995	2,039	1,995	2,039	-	-
Benefits paid	(21,396)	(21,178)	(21,396)	(21,178)	-	-
Effect of movements in foreign exchange rates	22,037	(16,944)	26,161	(19,729)	(4,124)	2,785
Reclassification of surplus plan assets	-	-	(34,704)	(274)	34,704	274
Total other	**(1,364)**	**(39,741)**	**14,383**	**(27,716)**	**(15,747)**	**(12,025)**
Balance at 31 December	**563,941**	**1,017,679**	**472,034**	**885,338**	**91,907**	**132,341**

(*) The opening balance includes the Dutch pension plan (DBO: EUR 452 million; Fair Value of plan assets EUR 420 million)
(**) It includes the Dutch pension plan settlement (DBO EUR 29.180 million) and Mexico settlement (DBO EUR 0.103 million)

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 (2020: EUR 16.9 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 37.6 million of financial investments (2020: EUR 38.2 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 2021 is EUR 88.3 million (2020: EUR 53.7 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 6.5 million (2020: EUR 7.7 million). At the end of 2021, the defined benefit obligation related to the reimbursement rights amounts to EUR 15.5 million (2020: EUR 15.8 million). This same defined benefit obligation has in addition plan assets of EUR 13.1 million (2020: EUR 13.8 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 were based on a percentage of the average salary (maximum of EUR 0.1 million - closed to new employees).
Number of participants	101 active members (2020: 114 active members). 539 inactive members (2020: 530 inactive members).	478 active members (2020: 484 active members). 476 inactive members (2020: 466 inactive members).	261 active members in 2021 (2020: 275 active members). 1,221 in 2021 (2020: 1,361 inactive members).
Defined benefit obligation	EUR 299 million (2020: EUR 297 million).	EUR 154 million (2020: EUR 154 million).	EUR 0 in 2021 (2020: EUR 452 million).
Plan assets	EUR 387 million (2020: EUR 351 million).	EUR 89.0 million (2020: EUR 83.8 million). Assets of EUR 16.9 million (2020: EUR 16.9 million) are recognised as part of the financial investments.	EUR 0 in 2021 (2020: EUR 420 million).
Remeasurement gain (loss) through OCI	EUR 30.7 million - gain (2020: EUR 3.3 million - gain).	EUR 4.7 million - gain (2020: EUR 7.0 million - loss).	EUR 0.9 million gain in 2021 (2020: EUR 7.4 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 paid a yearly base premium as a percentage of the total sum of eligible salaries of all active participants which could not be below the cost-effective premium for that year .
Employee contributions	In 2021 contributions amounted to 7.1% (2020: 7.1%) of the eligible salary.	None; all contributions are made by the employer.	Employees contributed in 2021 7.5% (2020: 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 was performed in which the impact of the strategic investment policies were analysed. The interest rate risk was 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 was subject to the Dutch pension legislation and guidance issued by the Pensions Regulator in The Netherlands

(*) The amounts and figures disclosed for 2021 are as of 27 of October 2021, when NL Pension Plan ended

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

All amounts in thousands of Euro, unless otherwise stated

Fair value of plan assets

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

Plan assets 2021	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2021
Belgium	-	-	-	-	42,536	-	**42,536**
Germany	(495)	32,714	56,735	-	-	-	**88,954**
Mexico	-	17	208	-	-	-	**225**
Norway	-	-	-	-	2,899	-	**2,899**
Spain	-	-	-	-	13,160	-	**13,160**
Sweden	-	366	1,604	507	-	338	**2,815**
Switzerland	-	-	-	-	4,001	-	**4,001**
The Netherlands	-	-	-	-	-	-	**-**
United Kingdom	3,766	-	299,054	14,624	-	-	**317,444**
Total	**3,271**	**33,097**	**357,601**	**15,131**	**62,596**	**338**	**472,034**

Plan assets 2020	Cash and cash equivalents	Equity instruments	Debt instruments	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**

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. Due to the operation described above, the plan assets for The Netherlands associated to the Dutch Pension fund plan have been liquidated and transfered to the insurance company.

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 31.1 million – gain (2020: EUR 71.7 million - gain).

Actuarial assumptions

The principal assumptions used for the purpose of the actuarial valuations are reviewed country by country by an independant external consultant and approved by the managment. In the following table are presented the ones related the two main defined benefit plans:

Principal actuarial assumptions	United Kingdom		Germany	
	2021	2020	2021	2020
Discount rate	2.00%	1.50%	1.00%	0.75%
Price inflation rate	3.50%	2.75%	2.00%	1.75%
Expected increase of future salaries	3.25%	2.50%	2.55%	2.30%
Expected increase of future benefit levels	3.36%	2.67%	1.75%	1.50%
Mortality table	CMI 2020 (1.25% LTR)	CMI 2019 (1.5% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G
Duration in years	19	20	16	16

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	2021		2020 (*)	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(75,510)	98,453	(80,023)	106,366
Price inflation rate (1% movement)	77,728	(66,265)	86,221	(62,994)
Future salary growth (1% movement)	13,665	(12,201)	15,445	(13,816)
Future pension growth (1% movement)	68,181	(56,045)	70,782	(57,851)
Future mortality (+1 year)	21,556	n/a	21,008	n/a

(*) For comparability purposes of the sensitivity analysis, the 2020 comparative values do not include the NL pension plan settled in 2021, as such, these figures do not reconcile with those presented in the 2020 Annual Report

17.2 Defined benefit costs

A total defined benefit cost of EUR 16.7 million (2020: EUR 16.1 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 16.4 million (2020: EUR 15.8 million) relates to pension plans and EUR 0.3 million (2020: EUR 0.3 million) to other long-term employee benefits.

All amounts in thousands of Euro, unless otherwise stated

18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2021			2020	
Claims reported and loss adjustment expenses	235,664	(148,142)	87,522	240,241	(135,408)	104,833
Claims incurred but not reported	974,299	(394,056)	580,243	827,207	(427,019)	400,188
Claims provisions	**1,209,963**	**(542,198)**	**667,765**	**1,067,448**	**(562,427)**	**505,021**
Provision for unearned premium	343,500	(104,394)	239,106	309,116	(133,138)	175,978
Total	**1,553,463**	**(646,591)**	**906,871**	**1,376,563**	**(695,564)**	**680,999**
Bonding						
Claims reported and loss adjustment expenses	211,950	(66,483)	145,467	205,148	(70,056)	135,092
Claims incurred but not reported	123,892	(20,133)	103,759	100,144	(14,024)	86,120
Claims provisions	**335,842**	**(86,616)**	**249,226**	**305,292**	**(84,080)**	**221,212**
Provision for unearned premium	245,129	(77,165)	167,964	220,870	(70,861)	150,009
Total	**580,971**	**(163,781)**	**417,190**	**526,163**	**(154,941)**	**371,222**
Total insurance contracts	**2,134,434**	**(810,372)**	**1,324,061**	**1,902,726**	**(850,505)**	**1,052,222**
Current	1,420,055	(550,034)	870,021	1,317,684	(588,982)	728,703
Non-current	714,379	(260,339)	454,040	585,042	(261,523)	323,519

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 2012-2021 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 2021. 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	809.6	682.1	753.0	829.6	755.7	770.4	833.8	858.5	992.3	968.0	
one year later	764.0	586.0	734.6	780.7	669.6	735.3	890.7	876.6	568.2	-	
two years later	704.9	554.6	734.9	744.5	638.5	679.9	826.7	823.5	-	-	
three years later	696.3	543.8	732.4	715.0	627.4	675.0	815.8	-	-	-	
four years later	684.3	540.9	724.5	701.7	623.7	677.7	-	-	-	-	
five years later	685.4	533.2	713.3	706.4	635.5	-	-	-	-	-	
six years later	678.1	522.2	707.6	706.4	-	-	-	-	-	-	
seven years later	683.2	524.0	703.5	-	-	-	-	-	-	-	
eight years later	693.9	523.6	-	-	-	-	-	-	-	-	
nine years later	681.7	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	681.7	523.6	703.5	706.4	635.5	677.7	815.8	823.5	568.2	968.0	7,103.9
Cumulative payments to date	668.4	523.9	685.5	703.9	648.6	676.0	796.5	764.1	363.8	77.1	5,907.8
Claims provision at 31 December 2021 in respect of 2012 - 2021	13.3	(0.3)	17.9	2.5	(13.1)	1.7	19.3	59.5	204.4	890.9	1,196.1
In respect of prior years (before 2012)											13.9
Total											**1,210.0**

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 2018-2020 in the current financial year for these blocks of business was EUR 119.7 million.

Results for underwriting year 2020 show a significant favourable development on claim cost resulting from the low entry of claims during 2021 compared to much higher expectations at year end 2020, for claims registrations in 2021, which did not materialise (see 4.2.6.2).

The claims development table is presented on a gross basis. The effect of risk mitigation is in line with our reinsurance treaties, quota share and goverment schemes, 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 44.8%. Risk mitigation for gross claims incurred as shown in this table varies between 42% and 51% (2020: 41% and 54%). These differ from the quota share treaties due to the private instalment credit protection which are not ceded, the inward reinsurance business which is covered by Excess of loss treaties and the Government Schemes.

All amounts in thousands of Euro, unless otherwise stated

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	18.98	21.68	18.99	21.03	16.83	13.60	10.59	31.72	29.92	36.08	
one year later	48.65	32.58	34.57	26.83	22.83	32.02	36.08	38.30	32.91	-	
two years later	53.66	39.14	43.58	31.55	32.89	36.63	46.77	56.69	-	-	
three years later	58.36	41.96	45.78	38.17	37.37	40.03	49.75	-	-	-	
four years later	58.69	40.99	41.64	44.01	36.79	40.56	-	-	-	-	
five years later	58.55	40.24	39.28	41.02	43.87	-	-	-	-	-	
six years later	58.09	45.72	41.90	43.94	-	-	-	-	-	-	
seven years later	56.19	48.64	39.72	-	-	-	-	-	-	-	
eight years later	56.53	46.83	-	-	-	-	-	-	-	-	
nine years later	64.23	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	64.2	46.8	39.7	43.9	43.9	40.6	49.7	56.7	32.9	36.1	454.6
Cumulative payments to date	45.3	29.6	24.7	16.9	25.1	19.8	26.3	18.2	7.2	0.6	213.6
Claims provision at 31 December 2021 in respect of 2012 - 2021	19.0	17.2	15.1	27.0	18.8	20.8	23.4	38.5	25.7	35.5	241.0
In respect of prior years (before 2012)											94.9
Total											**335.8**

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 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 2018-2020 in the current financial year was EUR 71.7 million.

The claims development table is presented on a gross basis. The effect of risk mitigation is in line with our reinsurance treaties, quota share and goverment schemes, 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 25.8%. Risk mitigation for gross claims incurred as shown in this table varies between 11% and 23% (2020: 17% and 28%).

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
		2021			2020	
Balance at 1 January	**1,067,448**	**(562,426)**	**505,022**	**840,323**	**(346,832)**	**493,491**
Claims paid in the year	(320,965)	172,707	(148,259)	(709,892)	305,001	(404,891)
Increase/(decrease) in liabilities arising from claims	441,411	(142,199)	299,211	980,337	(535,652)	444,685
Foreign exchange rate and other movements	22,069	(10,278)	11,791	(43,320)	15,058	(28,262)
Balance at 31 December	**1,209,963**	**(542,198)**	**667,765**	**1,067,448**	**(562,426)**	**505,022**
Claims reported and loss adjustment expenses	235,664	(148,142)	87,522	240,241	(135,408)	104,834
Claims incurred but not reported	974,299	(394,056)	580,243	827,207	(427,019)	400,188
Total	**1,209,963**	**(542,198)**	**667,765**	**1,067,448**	**(562,426)**	**505,022**
Bonding						
Balance at 1 January	**305,292**	**(84,080)**	**221,212**	**294,090**	**(83,784)**	**210,306**
Claims paid in the year	(46,565)	15,040	(31,525)	(44,601)	15,618	(28,983)
Increase/(decrease) in liabilities arising from claims	78,417	(17,714)	60,703	66,369	(16,886)	49,483
Foreign exchange rate and other movements	(1,303)	138	(1,165)	(10,565)	971	(9,593)
Balance at 31 December	**335,842**	**(86,616)**	**249,226**	**305,292**	**(84,080)**	**221,213**
Claims reported and loss adjustment expenses	211,950	(66,483)	145,467	205,148	(70,056)	135,092
Claims incurred but not reported	123,892	(20,133)	103,759	100,144	(14,024)	86,120
Total	**335,842**	**(86,616)**	**249,226**	**305,292**	**(84,080)**	**221,213**
Claims provisions	**1,545,805**	**(628,814)**	**916,991**	**1,372,740**	**(646,506)**	**726,235**

All amounts in thousands of Euro, unless otherwise stated

18.2.2 Provision for unearned premium

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2021			2020	
Balance at 1 January	**309,116**	**(133,139)**	**175,977**	**332,904**	**(101,679)**	**231,226**
Movement in the period	24,876	31,957	56,833	(7,959)	(38,251)	(46,210)
Foreign exchange rate and other movements	9,508	(3,213)	6,295	(15,829)	6,792	(9,037)
Balance at 31 December	**343,501**	**(104,395)**	**239,106**	**309,116**	**(133,139)**	**175,978**
Bonding						
Balance at 1 January	**220,871**	**(70,860)**	**150,011**	**238,912**	**(79,306)**	**159,606**
Movement in the period	19,432	(6,104)	13,328	(13,442)	6,891	(6,551)
Foreign exchange rate and other movements	4,826	(200)	4,626	(4,599)	1,554	(3,045)
Balance at 31 December	**245,129**	**(77,164)**	**167,965**	**220,871**	**(70,860)**	**150,010**
Provision for unearned premium	**588,630**	**(181,559)**	**407,071**	**529,987**	**(203,999)**	**325,988**

19 Other provisions

2021	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**3,120**	**-**	**3,673**	**6,793**
Additional provisions	-	-	112	112
Unused amounts reversed	(198)	-	-	(198)
Utilised	(40)	-	(343)	(383)
Effect of movements in foreign exchange rates	-	-	-	-
Balance at 31 December	**2,881**	**-**	**3,442**	**6,323**
Current	-	-	-	-
Non-current	2,881	-	3,442	6,323

2020	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**1,485**	**-**	**1,135**	**2,620**
Additional provisions	1,635	-	2,847	4,482
Unused amounts reversed	-	-	(264)	(264)
Utilised	-	-	(45)	(45)
Effect of movements in foreign exchange rates	-	-	-	-
Balance at 31 December	**3,120**	**-**	**3,673**	**6,793**
Current		-	2,675	2,675
Non-current	3,120	-	998	4,118

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. The majority of the balance relates to a regulatory inquiry in respect of a non-insurance subsidiary that is not finalised yet.

20 Deferred and current income tax

Current income tax

	2021	2020
Current income tax assets	36,284	35,420
Current income tax liabilities	40,699	46,710
Net	**(4,415)**	**(11,290)**

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

	2021	2020
Deferred income tax assets before set-off	216,494	228,133
Set-off of deferred tax positions	(176,559)	(175,699)
Net deferred tax assets as presented in the statement of financial position	**39,935**	**52,434**
Deferred income tax liabilities before set-off	277,536	259,990
Set-off of deferred tax positions	(176,559)	(175,699)
Net deferred tax liabilities as presented in the statement of financial position	**100,977**	**84,291**

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

	2021	2020
Balance at 1 January	**(31,857)**	**(67,894)**
Credit (charge) to other comprehensive income for the year	(17,087)	10,859
Charge to the income statement for the year	14,550	24,150
Movements with no impact on OCI nor P&L	(26,649)	-
Effect of movements in foreign exchange rates	1	1,028
Balance at 31 December	**(61,042)**	**(31,857)**

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

All amounts in thousands of Euro, unless otherwise stated

2021	Balance at 1 January *	Recognised in other comprehensive income for the year	Recognised in the income statement for the year	Movements with no impact on OCI nor P&L	Effect of movements in foreign exchange	Balance at 31 December
Tax losses carried forward	22,166	-	20,699	-	(3)	42,862
Technical balances	56,760	-	15,692	-	(94)	72,358
Pensions	28,125	(8,593)	18,110	(26,649)	(497)	10,496
Fiscal goodwill	2,149	-	(275)	-	52	1,926
Financial investments	(20,452)	(8,494)	(1,522)	-	(140)	(30,608)
Equalisation provisions	(111,020)	-	(33,844)	-	(243)	(145,107)
Property, plant and equipment	(11,821)	-	2,045	-	(17)	(9,793)
Other	2,236	-	(6,355)	-	943	(3,176)
Total	**(31,857)**	**(17,087)**	**14,550**	**(26,649)**	**1**	**(61,042)**

**) Restated due to mismatch between pensions and other*

2020	Balance at 1 January	Recognised in other comprehensive income for the year	Recognised in the income statement for the year	Movements with no impact on OCI nor P&L	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	(20,452)
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)**

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 2021, EUR 0.4 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2020: EUR 1.7 million). This is offset by the reversals of the impairments, prior year adjustments and foreign exchange, resulting in a net reversal of impairment of these deferred tax assets of EUR 0.7 million.

Atradius has unrecognised tax losses carried forward balances amounting to EUR 53.8 million (2020: EUR 57.3 million). The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	2021	2020
1 - 3 years	560	2,126
4 - 9 years	1,650	3,573
Indefinite	51,581	51,563
Total	**53,791**	**57,261**

The decrease of unrecognised tax losses is mainly due to the utilisation of unrecognised tax losses or expiration of unrecognised tax losses in countries where the carry forward of losses is limited to a certain amount of years.

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
	2021		2020	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	(8,494)	(264)	5,007	-
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	(8,593)	-	5,852	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	(761)	-	1,829
Total	**(17,087)**	**(1,025)**	**10,859**	**1,829**

All amounts in thousands of Euro, unless otherwise stated

21 Payables

	2021	2020
Accounts payable on insurance and reinsurance business	**347,983**	**310,549**
Payables arising out of reinsurance operations	287,360	253,040
Amounts due to policyholders	40,970	40,603
Amounts due to intermediaries and current account Dutch State	19,653	16,907
Trade and other accounts payable	**173,985**	**68,046**
Accounts payable	125,740	29,043
Other accounts payable	48,245	39,003
Total	**521,968**	**378,595**

The payables are substantially all current.

The significant increase on accounts payables is coming from Dutch State Business, offset by an equal increase on Other accounts receivables.

22 Other liabilities

	2021	2020
Ceded pipeline premium[1] and return premium[2]	242,288	216,775
Deposits received from reinsurers	10,014	49,369
Unearned reinsurance commission	64,438	67,554
Payroll and bonus accruals	60,574	44,748
Reinsurance accruals	39,894	15,317
Other accruals	100,043	81,081
Other taxes	25,791	22,251
Lease liabilities	80,911	88,144
Total	**623,953**	**585,239**

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

The main variations are coming from cancelation of the deposits received from reinsurance, bonus accrual increase because of the better performance of the year and Reinsurance accruals increase due to draft agreements (when the agreements become live, these amounts are transfer to payables arising from reinsurance operations).

Lease liability maturity analysis

Lease liability maturity analysis (undiscounted cash flows)	2021	2020
Less than one year	24,472	22,150
Between one and five years	63,587	56,698
More than five years	22,747	21,693
Total	**110,806**	**100,541**

23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2021			2020	
Written premium	1,739,266	(866,690)	872,576	1,535,094	(888,755)	646,339
Change in provision for unearned premium	(24,876)	(31,957)	(56,833)	7,959	38,251	46,210
Other movements	(1,297)	434	(863)	83	46	130
Total	**1,713,093**	**(898,213)**	**814,880**	**1,543,136**	**(850,457)**	**692,679**
Bonding						
Written premium	206,600	(53,321)	153,279	170,894	(42,023)	128,870
Change in provision for unearned premium	(19,432)	6,104	(13,328)	13,442	(6,891)	6,551
Other movements	58	(31)	27	(62)	12	(50)
Total	**187,226**	**(47,248)**	**139,978**	**184,274**	**(48,903)**	**135,372**
Total premium earned	**1,900,319**	**(945,461)**	**954,858**	**1,727,410**	**(899,360)**	**828,050**

24 Service and other income

	2021	2020
Debt collection services	46,887	54,791
Credit information services	135,591	133,071
Business information and other service income	68,171	64,136
Total	**250,649**	**251,998**

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.

All amounts in thousands of Euro, unless otherwise stated

25 Net income from investments

Net investment income by type of investment	2021	2020
Income		
Debt securities available-for-sale	13,005	12,736
Loans	6	6
Equity securities available-for-sale	14,597	18,475
Other investments	225	368
Total income from financial investments	**27,833**	**31,585**
Investment property	512	774
Total investment income	**28,345**	**32,359**
Expenses		
Debt securities available-for-sale	(146)	(412)
Equity securities available-for-sale	(2,781)	(14,862)
Handling expenses	(5,081)	(5,087)
Other investments	(196)	-
Total expenses from financial investments	**(8,204)**	**(20,361)**
Investment property	(528)	(684)
Total investment expenses	**(8,732)**	**(21,045)**
Net income from investments	**19,613**	**11,314**
Share of income/ (losses) of associated companies	15,963	3,008
Net income from investments including associated companies	**35,576**	**14,322**

Net investment income by nature of income/(expense)	2021	2020
Income		
Interest	7,425	10,739
Dividends	13,582	8,172
Realised gains	6,937	12,925
Rental income from investment property	401	523
Total	**28,345**	**32,359**
Expenses		
Handling expenses	(5,081)	(5,087)
Realised losses	(1,494)	(8,326)
Impairment loss	(1,606)	(7,383)
Depreciation of investment property	(344)	(249)
Other	(207)	-
Total	**(8,732)**	**(21,045)**
Net income from investments	**19,613**	**11,314**
Share of income of associated companies	15,963	3,008
Total	**15,963**	**3,008**
Net income from investments including associated companies	**35,576**	**14,322**

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 7.4 million (2020: EUR 10.3 million); this is derived from government and corporate bonds.

Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2021		2020	
Investment property	22	111	27	(212)
Financial assets classified as available-for-sale	(1,628)	5,332	(7,410)	4,811
Total	**(1,606)**	**5,443**	**(7,383)**	**4,599**

All amounts in thousands of Euro, unless otherwise stated

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2021			2020	
Claims paid in the year	320,965	(172,707)	148,259	709,892	(305,001)	404,891
Change in claims provisions	120,446	30,507	150,953	270,445	(230,651)	39,794
Claims handling expenses	41,535	-	41,535	39,168	-	39,168
Total	**482,946**	**(142,200)**	**340,747**	**1,019,505**	**(535,652)**	**483,853**
Bonding						
Claims paid in the year	46,565	(15,040)	31,525	44,601	(15,617)	28,984
Change in claims provisions	31,852	(2,674)	29,178	21,767	(1,269)	20,498
Claims handling expenses	2,115	-	2,115	1,667	-	1,667
Total	**80,532**	**(17,714)**	**62,818**	**68,035**	**(16,886)**	**51,149**
Total insurance claims	**563,478**	**(159,914)**	**403,565**	**1,087,540**	**(552,538)**	**535,002**

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

27 Net operating expenses

	2021	2020
Total administrative expenses	618,928	558,562
Acquisition costs	251,154	223,053
Change in deferred acquisition costs	(4,848)	2,941
Gross operating expenses	**865,234**	**784,556**
Commissions received for business ceded to reinsurers	(365,794)	(318,675)
Total net operating expenses	**499,440**	**465,881**

Administrative expenses by type of business	2021	2020
Insurance and information expenses	546,619	470,115
Recoveries and collections expenses	47,642	52,218
Other service expenses	56,237	68,644
Group costs	12,079	8,420
Total gross administrative expenses	**662,578**	**599,397**
Claims handling expenses allocated to insurance claims	(43,650)	(40,834)
Total administrative expenses	**618,928**	**558,562**

In the gross administrative expenses are included:

- Depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 100.8 million (2020: EUR 69 million).
- Short term and low value leases amount to EUR 0.5 million

Employee benefit expenses	2021	2020
Salaries and wages (including social security costs)	335,498	325,779
Restructuring costs and termination benefits	(198)	338
Pension costs - defined contribution plans	13,197	11,827
Pension costs - defined benefit plans	16,718	16,099
Total employee benefit expenses	**365,215**	**354,043**

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

28 Finance expenses

	2021	2020
Impairment of goodwill	-	3,000
Interest and fees on the subordinated debt	16,141	17,081
Net interest on the net defined benefit liability	132	(13)
Other interest expense	1,442	1,373
Foreign exchange (income)/expense	(8,928)	(5,548)
Interest expense on Right of use	2,221	2,196
Total	**11,008**	**18,089**

The subordinated debt costs include the periodic interest expenses of EUR 15.9 million (2020: EUR 16.9 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2020: EUR 0.2 million).

29 Income tax

	2021	2020
Current tax	102,316	57,990
Deferred tax	(14,550)	(24,150)
Income tax expense/(income) for the year	**87,766**	**33,839**

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

	2021	2020
Result before tax	**328,015**	**78,006**
Tax calculated at domestic tax rates applicable to results in the respective countries	72,637	30,285
Tax exempt (income)/loss	(3,372)	(5,735)
Write down/(reversal) of deferred tax assets	(722)	90
Reassessment of prior year local tax positions	4,966	1,530
Impact of change in tax rate	4,666	2,326
Other	9,591	5,344
Income tax expense/(income) for the year	**87,766**	**33,839**

The weighted average applicable tax rate was 22.1% (2020: 38.8%).

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 2021 mainly reflects the effect of changes in income tax rate in the Netherlands, UK and Turkey.

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

All amounts in thousands of Euro, unless otherwise stated

30 Dividends per share

The dividends paid in 2021 and 2020 were EUR 91 million (EUR 1.15 per share) and EUR 102.9 million (EUR 1.30 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2021 are EUR 336.4 million (2020: EUR 284.6 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 92.5 million (2020: EUR 85.9 million).

32 Capital commitments and contingencies

Capital commitments of EUR 11.1 million (2020: EUR 11.4 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 2.1 million (2020: EUR 2 million).

33 Personnel

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

	2021	2020
Total average number of employees (full-time equivalent)	3,500	3,517
Total year end number of employees (full-time equivalent)	3,497	3,503
Total year end number of employees (headcount)	3,647	3,653

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]
	2021		2020	
Sales to related parties	17,684	88	16,673	17
Purchases from related parties	9,097	1,915	5,770	2,533
Amounts owed by related parties	8	6,754	5,740	20,906
Amounts owed to related parties	283	14,244	1	2,953
Total	**27,071**	**23,001**	**28,184**	**26,409**

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 2021 or 2020. For the years ending 31 December 2021 and 2020, 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 2021 the interest expense relating to this portion was EUR 3.0 million (2020: 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, that was redeemed in 2021. In 2021 the interest expense relating to this subordinate loan was EUR 2.6 million.

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

Lenders	Nominal value	Interest expense	Nominal value	Interest expense
	2021		2020	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,112	40,000	2,116
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	13,291	1,581	36,291	1,880
Bilbao Compañía Anónima de Seguros y Reaseguros	3,000	1,648	43,000	2,167
Nortehispana, de Seguros y Reaseguros S.A.	-	223	6,000	301
Total	**56,291**	**5,564**	**125,291**	**6,464**

The decrease of the above figures is due to the Atradius subordinated loan redemption. 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	**2021**	**2020**
Management Board		
Short-term employee benefits (1)	2,169	2,118
Long-term employee benefits	1,305	889
Post-employment benefits	301	293
Total compensation paid to Management Board members	**3,775**	**3,300**
Number of members	**5**	**5**
Supervisory Board		
Short-term employee benefits (1)	585	585
Total compensation paid to Supervisory Board members	**585**	**585**
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 2.5 million (2020: EUR 2.4 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.

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.

All amounts in thousands of Euro, unless otherwise stated

35 Auditor fees

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

2021 Including VAT	PwC Accountants N.V.	Other PwC Network organisations	Total PwC Network
Audit financial statements	780	2,324	3,104
Other audit services	-	544	544
Fiscal advisory services	-	-	-
Non-audit services	-	6	6
Total	**780**	**2,874**	**3,654**

2020 Including VAT	PwC Accountants N.V.	Other PwC Network organisations	Total PwC Network
Audit financial statements	645	1,921	2,566
Other audit services	-	449	449
Fiscal advisory services	-	-	-
Non-audit services	-	5	5
Total	**645**	**2,375**	**3,020**

*Restated (2020 reporting was in accrual basis).

These amounts relate to the fees agreements incurred for the audit of the related financial year, and other services (expenses and non-recoverable VAT costs are included). The amounts on other audit services include services related to audit reviews on Solvency II and other regulatory requirements. The amounts reported on non-audit services lines are related to projects where external auditor is involved.

36 Events after the reporting period

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

In February 2022, Atradius Insurance Holding N.V. sold its shares in Graydon Holding N.V. to Creditsafe Nederland B.V. The agreed sale price is slightly below the book value (incl. goodwill) at year-end 2021, as such no impairment on the goodwill related to Graydon Holding N.V. has been booked. The sale of Graydon Holding N.V. will result among others in a reduction of intangible assets (self-developed software) of EUR 15 million and a reduction of EUR 17.9 million in Goodwill. The service income and expenses are expected to decrease by EUR 40 million in 2022 as a result of the sale.

We are closely monitoring the situation in Ukraine and taking actions where needed. We are engaging with our customers to assess the current exposure profile and to identify areas of attention. In addition we are communicating with other stakeholders such as brokers, reinsurers and regulatory bodies. Given the rapid developments with respect to sanctions, we are especially diligent in this area to ensure compliance. Although we do not expect a significant impact on the going concern for the Company

Company financial statements 2021

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Company financial statements

Company statement of financial position

(before profit appropriation)

Assets	Note	31.12.2021	31.12.2020
Fixed assets		**2,127,190**	**1,892,384**
Property, plant and equipment		5	5
Investments in group companies	3	2,127,185	1,892,379
Current assets		**54,810**	**60,516**
Receivables from group companies		36,451	34,815
Deferred income tax assets		7,683	-
Current income tax assets		1,312	5,269
Cash and cash equivalents		9,364	20,432
Total		**2,182,000**	**1,952,900**
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		**73,257**	**(71,066)**
- Reserve intangibles assets		61,300	76,575
- Revaluation reserve		110,854	80,811
- Pension reserve		(55,082)	(166,607)
- Currency translation reserve		(43,815)	(61,845)
Retained earnings		886,811	998,186
Result for the year (unappropriated)		240,249	44,167
Total		**2,142,323**	**1,913,294**
Liabilities			
Current liabilities		**39,677**	**39,606**
Payables to group companies		34,525	34,181
Other liabilities	5	5,152	5,425
Total		**39,677**	**39,606**
Total equity and liabilities		**2,182,000**	**1,952,900**

Company income statement

	2021	2020
Income after tax from group companies	246,026	47,273
Other results after tax	(5,777)	(3,106)
Result for the year	**240,249**	**44,167**

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 2020	**79,122**	**862,883**	**73,649**	**81,919**	**(160,591)**	**(32,228)**	**876,263**	**227,708**	**2,008,726**
Change in reserves	-	-	-	(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 reserves	-	-	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**
Balance at 1 January 2021	**79,122**	**862,883**	**76,575**	**80,811**	**(166,607)**	**(61,845)**	**998,186**	**44,167**	**1,913,294**
Change in reserves	-	-	-	30,043	111,525	18,030	(79,826)	-	**79,771**
Net income recognised directly in equity	**-**	**-**	**-**	**30,043**	**111,525**	**18,030**	**(79,826)**	**-**	**79,771**
Acquisitions	-	-	-	-	-	-		-	-
Appropriation of prior year result	-	-	-	-	-	-	44,167	(44,167)	-
Result for the year	-	-	-	-	-	-	-	240,249	**240,249**
Change in reserves	-	-	(15,275)	-	-	-	15,275	-	-
Dividends	-	-	-	-	-	-	(90,991)	-	**(90,991)**
Balance at 31 December 2021	**79,122**	**862,883**	**61,300**	**110,854**	**(55,082)**	**(43,815)**	**886,811**	**240,249**	**2,142,323**

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 2021 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.

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, Atradius Insurance Holding N.V.and Atradius Information Services B.V.

The Company financial statements have been authorised for issue by the Management Board on 2 March 2022.

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.

All amounts in thousands of Euro, unless otherwise stated

3 Investments in group companies

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

	2021	2020
Balance at 1 January	**1,892,379**	**1,994,626**
Share of profit/(loss)	246,026	47,273
Dividends received	(90,991)	(112,859)
Change in revaluation reserve, pension reserve and NL pension plan de-risking	61,742	(7,123)
Foreign exchange reserve movements	18,030	(29,538)
Balance at 31 December	**2,127,186**	**1,892,379**

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 2020) of which 79,122,142 ordinary shares were issued and fully paid (equal to 2020). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2021	2020
Balance at 1 January	**862,883**	**862,883**
Balance at 31 December	**862,883**	**862,883**

4.3 Legal reserve

The total amount of equity in the Company financial statements equals shareholders' equity in the consolidated financial statements. Certain components within equity are different in the Company financial statements due to legal reserves, established by subsidiaries of the Company, 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

The legal reserves cannot be freely distributed. In case of negative balances for individual reserves legally to be retained, no distributions can be made out of retained earnings to the level of these negative amounts.

In addition to the legal and regulatory restrictions on distributing dividends from subsidiaries to The Company, 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

	2021	2020
Balance at 1 January	**998,186**	**876,263**
Appropriation of prior year result	44,167	227,708
Transfer between legal reserve and retained earnings	15,275	(2,926)
Dividends	(90,991)	(102,859)
Pension plan de-risking	(79,826)	-
Balance at 31 December	**886,811**	**998,186**

5 Other liabilities

	2021	2020
Other taxes	179	157
Long-term employee benefits	1,418	1,450
Other liabilities	3,555	3,818
Total	**5,152**	**5,425**

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 (2020: 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, (2020: 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:

	2021	2020
Total average number of employees (headcount)	5	5
Total year end number of employees (headcount)	5	5

8 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.

9 Proposed profit appropriation

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

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.

2 March 2022

The Supervisory Board

Xavier Freixes, Chairman as per 1 January 2022
Ignacio Álvarez, Chairman until 31 December 2021
Francisco Arregui, Vice-Chairman
Désirée van Gorp
Juan Ignacio Guerrero, as per 1 January 2022
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 2021

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 2021, 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; and
- 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 2021 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 2021 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 2021;
- the following statements for 2021: 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 statement of financial position as at 31 December 2021;
- the company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

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

The basis for our opinion

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

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

Independence

We are independent of Atradius N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence 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

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

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; and
- contains all the information regarding the directors' report and the other 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 the 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 procedures performed in our audit of the financial statements.

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

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 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 in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

Amsterdam, 2 March 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.D. Jansen RA

Appendix to our auditor's report on the financial statements 2021 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.

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.

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