2019

Annual Report
Atradius Finance B.V.

Atradius

Contents

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Report of the Board of Directors

Report of the Board of Directors

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

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

Risk management

The Company is part of Atradius and relies for its risk management on the Atradius risk management framework. The information found in this report is consistent, where relevant for the Company, with the notes on risk and capital management found in the 2019 annual report of Atradius N.V. The corporate bodies and committees described below operate at Atradius level.

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

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

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

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

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

For further information we refer to Note '4. Risk and capital management' in the 2019 Atradius N.V. consolidated financial statements.

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

The potential impact of COVID-19 on our business

As explained in note 10 in the financial statements, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus are causing significant disruption to society. Financial markets have been severely impacted by significant decreases in assets and commodity prices and credit spreads widening. Governments and central banks worldwide are responding to this crisis with aid packages and further quantitative easing. At the date of this report the depth and length of this crisis is unknown.

Management closely watches the Covid-19 developments and the impact that this may have on the performance of its business during the coming financial year. As the subordinated notes issued are not to redeem within the coming period of 12 months and Atradius' asset base consists of highly liquid assets, management foresees very limited impact on its business operations and performance, despite the COVID-19 crisis.

Financial performance

The result for the year of the Company is mainly driven by the interest margin on the loan granted to Atradius Insurance Holding N.V, and the issued guaranteed subordinated loan. The Company has adopted IFRS 9 as of 1 January 2018 prospectively implementing the expected credit loss model, based on expectations of potential credit losses at the time of initial recognition. A release of expected credit losses of approximately EUR 2.7 million (gross of taxes) is recorded in the income statement.

Ratings

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

The subordinated notes issued by the Company have at the time of adopting this annual report been assigned a debt rating of 'bbb, outlook stable' by A.M. Best and 'Baa2, outlook negative' by Moody's.

Outlook

Since January 2020, the Coronavirus disease (COVID-19) outbreak is causing significant disruption to society. Management closely watches the Covid-19 developments and the impact that this may have on the performance of its business during the coming financial year. As the subordinated notes issued are not to redeem within the coming period of 12 months and Atradius' asset base consists of highly liquid assets, management foresees very limited impact on its business operations and performance, despite the COVID-19 crisis.

Amsterdam, 8 April 2020

The Board of Directors

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

Conformity statement

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

- The Atradius Finance B.V. 2019 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Atradius Finance B.V.;
- The Atradius Finance B.V. 2019 annual report gives a true and fair view of the position of Atradius Finance B.V. at the end of the reporting period and of the development and performance of the business during the financial year 2019, together with a description of the principal risks Atradius Finance B.V. is being confronted with.

Amsterdam, 8 April 2020

The Board of Directors

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C. Gramlich-Eicher

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D. Hagener

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F.E. Beijdorff

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Financial Statements

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All amounts in thousands of Euro, unless otherwise stated

Financial statements

Statement of financial position (after profit appropriation)

Assets	Note	31.12.2019	31.12.2018
Loans and receivables	4.1.1	250,624	248,462
Deferred tax assets	4.1.4	448	1,004
Other assets	4.1.2	3,962	3,675
Cash and cash equivalents	4.1.3	2,301	1,290
Total		**257,335**	**254,431**
Equity			
Capital and reserves attributable to the equity holders of the Company	4.2.1	3,284	742
Total		**3,284**	**742**
Liabilities			
Subordinated loan	4.3.1	248,982	248,790
Current tax liabilities	-	1,434	1,291
Payables	4.3.2	62	36
Other liabilities	4.3.3	3,573	3,572
Total		**254,051**	**253,689**
Total equity and liabilities		**257,335**	**254,431**

Statement of comprehensive income

	Note	2019	2018
Interest income	5.1	13,850	13,306
Interest expense	5.2	(13,328)	(13,325)
Net Interest income		**522**	**(19)**
Loan impairment loss on financial assets	3.1	**2,725**	**(300)**
Net interest income after provision for credit losses		**3,247**	**(319)**
Net gain from loan modification	3.1	-	5,240
Net operating expenses	5.3	(25)	(24)
Result for the year before tax		**3,222**	**4,897**
Income tax expense	5.4	(680)	(1,238)
Result for the year attributable to the owners of the company		**2,542**	**3,659**
Total comprehensive income for the year attributable to the owners of the		**2,542**	**3,659**

Statement of changes in equity

	Attributable to the owners of the Company		
	Share capital	**Retained earnings**	**Total equity**
Balance at 1 January 2018 (IAS39)	**18**	**602**	**620**
IFRS 9 transition impact (See note 2.2.3)	-	(3,537)	**(3,537)**
Restated balance as at 1, January 2018 (IFRS 9)	**18**	**(2,935)**	**(2,917)**
Total result for the year	-	3,659	3,659
Balance at 31 December 2018	**18**	**724**	**742**
Balance at 1 January 2019	**18**	**724**	**742**
Total result for the year	-	2,542	2,542
Balance at 31 December 2019	**18**	**3,266**	**3,284**

Statement of cash flows

	2019	**2018**
I. Cash flows from operating activities		
Interest received - loans and receivables	14,117	13,293
Cash payments/collections to/from suppliers and related parties	19	(12)
Net cash (used in)/generated by operating activities	**14,136**	**13,281**
II. Cash flows from financing activities		
Interest paid - subordinated loans	(13,125)	(13,125)
Net cash (used in)/generated by financing activities	**(13,125)**	**(13,125)**
Changes in cash and cash equivalents (I + II)	**1,011**	**156**
Cash and cash equivalents at the beginning of the year	1,290	1,134
Cash and cash equivalents at the end of the year	**2,301**	**1,290**

The non-cash changes in liabilities arising from financing activities during the year are EUR 192 (2018: EUR 176) thousand.

Notes to the financial statements

1 General information

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

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

These financial statements have been authorised for issue by the Board of Directors on 8 April 2020.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with article 362:9 of Book 2 of the Dutch Civil Code. 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 (please refer to note 2.4.2). It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated. The Euro is the functional currency of the Company (please refer to note 3.1.3.2).

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

2.2 New and revised standards

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

2.2.1 Standards, amendments and interpretations effective in 2019

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

- Amendments to IFRS 9: Prepayment features with negative compensation (effective 1 January 2019). The amendments clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or received reasonable compensation for the early termination of the contract. The amendments will not have a material impact on the financial statements.
- Annual improvements cycle 2015-2017 (effective 1 January 2019). The cycle introduces limited amendments to the following standards: IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and

IAS 23 Borrowing costs. The amendments will not have a material impact on the consolidated financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019). The interpretation provides guidelines on the determination of accounting for uncertain tax events. The interpretation will not have a material impact on the consolidated financial statements.
- Amendments to IAS 1 and IAS 8; Definition of Material (effective 1 January 2020) clarifies the definition of material and what should be considered when the definition of materiality is applied. It is expected that these amendments will not have a material impact on the consolidated financial statements.

2.2.2 Standards, amendments and interpretations not yet adopted

The following relevant standards and amendments are effective for annual periods beginning after 31 December 2019 and have not been early adopted by Atradius:

- Amendments to IFRS 9, IAS 39 and IFRS 7 relating to the Interest Rate Benchmark Reform (effective 1 January 2020). The amendments provide temporary relief for hedge relationships and its accounting during the replacement process of benchmark interest rates (phase 1) and thereafter address issues once the existing interest rates have been replaced. In the absence of any (significant) hedge relationships it is expected that these amendments will not have a material impact on the consolidated financial statements.

2.3 Segment reporting

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

2.4 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at Fair-Value through Profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

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

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

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

2.4.1 Financial assets measured at amortised cost

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

2.4.2 Impairment of financial assets

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

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

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

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

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

2.4.3 Modification and derecognition of financial assets

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

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

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

2.5 Cash and cash equivalents

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

2.6 Capital and reserves

2.6.1 Share capital

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

2.6.2 Retained earnings

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

2.7 Subordinated loans

The Company classifies its financial liabilities at amortised cost.

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

2.8 Taxation

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

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

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

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

2.9 Statement of income

2.9.1 Income

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

2.9.2 Expenses

Net operating expenses comprise administrative expenses.

2.10 Statement of cash flows

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

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

- Cash flows are inflows and outflows of cash and cash equivalents;

- Operating activities are the principal revenue-producing activities of the Company and other activities that are not financing activities;
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company; and
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

2.11 Critical estimates, judgements and errors

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

3 Management of financial risk

3.1 Financial risk

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

3.1.1 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to repay their debts towards the Company in full when due. The key area where the Company is exposed to credit risk are the loans and receivables as part of financial assets. The loans and receivables consist of a subordinated loan granted to Atradius Insurance Holding N.V. The underlying credit risk is depending on the capability for Atradius Insurance Holding N.V. to generate the necessary cash from its business to repay the loans. The subordinated loan is related to the issued subordinated notes (part of the liabilities in the balance sheet). Atradius Insurance Holding N.V. is a subsidiary of Atradius N.V., the shareholder of the Company, who acts as a guarantor under the subordinated notes. At the time of adopting this Annual report, the key operating entities of Atradius (Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Atradius Reinsurance DAC and Atradius Trade Credit Insurance, Inc.) are rated 'A (Excellent), outlook stable' by A.M. Best and 'A2, outlook negative' by Moody's. These credit ratings remained unchanged during 2019. The related maximum exposure to credit risk equals the carrying amount of EUR 250 million of the loan with Atradius Insurance Holding N.V.

Significant increase in credit risk (SICR)

As explained in note 2.4.2 the Company monitors financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Company considers an instrument to be in default when contractual payments are 90 days past due. Under IFRS 9, when determining whether the credit risk (i.e., risk of default) of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

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

Incorporation of forward looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of SICR as well in as in the measurement of ECL.

The Probability of Default (PD) is adjusted to reflect current and forward-looking information in macroeconomics factors affecting the ability of the counterparty to pay.

Forward-looking information includes information obtained from economic export reports, financial analysists, government bodies as well as consideration of various internal and external sources of actual and forecast economic information.

Measurement of ECL

For the financial assets loss allowance provisions calculation, the ECL methodology estimates the difference between the contractual cash flows that must be paid according to the contract and the cash flows that the Company expects to receive. The three elements to calculate the Expected Credit Losses (ECL) are: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The ECL is calculated by the following formula: ECL = PD*LGD*EAD. The numbers are as follows: PD (2.5%), LGD (31.7%) and the EAD (EUR 256.6 million), ECL as of 31 December 2019 amounts to EUR 2.05 million.
(In 2018, PD (7.9%), LGD (23.6%) and the EAD (256.9M), ECL amounted to EUR 4.78M)

The components of the equation are determined in line with IFRS 9 requirements and were assessed by independent evaluators and verified by our internal risk management team. In 2019 a release of expected credit losses of approximately EUR 2.7 million (gross of taxes) is recorded and affected profit. The release is mainly driven by decreasing spread levels.

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

3.1.2 Liquidity risk

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

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

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

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

All amounts in thousands of Euro, unless otherwise stated

At 31 December 2019	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	14,384	28,768	272,852		254,586
Cash and cash equivalents	-	-	-		2,301
Interest bearing liabilities					
Subordinated notes	13,125	26,250	272,677		252,555

At 31 December 2018	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	14,384	28,768	28,768	258,443	252,137
Cash and cash equivalents	-	-	-	-	1,290
Interest bearing liabilities					
Subordinated notes	13,125	26,250	26,250	259,529	252,362

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

3.1.3 Market risk

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

3.1.3.1 Interest rate risk

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

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

	Weighted average effective interest rate %	
	2019	2018
Interest bearing assets		
Granted loan	5.80%	5.38%
Interest bearing liabilities		
Subordinated notes	5.35%	5.35%

3.1.3.2 Currency risk

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

3.1.3.3 Equity price risk

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

4 Notes to the statement of financial position

4.1 Assets

4.1.1 Financial assets

The financial assets are non-current and relate to a loan granted on 23 September 2014 to Atradius Insurance Holding N.V., a related party, of EUR 248 million, with an original maturity of 30 years. The loan bears interest on the principal amount consisting of a fixed rate of interest of 5.8% per annum -after an agreed increase of the interest margin by 44 basis points in December 2018- payable annually until the first 10 years have elapsed, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. Provided that notice has been given to the other parties, the Company and Atradius Insurance Holding N.V. have the possibility to terminate this loan on 23 September 2024 and each interest payment date thereafter, without any penalties.

The loss allowance is based on a 12-month ECL, there was no SICR (Significant Increase in Credit Risk) on transition. For additional information, please refer to note 3.1.1.

The fair value of the loan at year-end 2019 is estimated at EUR 286 million (2018: EUR 260 million). The estimate is calculated in line with the estimate for the subordinated notes (see Note 4.3.1).
The loan is classified as a level 2 financial instrument under the fair value hierarchy since it is related to the subordinated notes (see Note 4.3.1). There have been no transfers into or out of Level 2 of the fair value hierarchy during 2018 and 2019.

4.1.2 Other assets

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

4.1.3 Cash and cash equivalents

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

4.1.4 Deferred tax asset

The expected credit loss of EUR 2.0 million created a temporary difference between IFRS and tax base and therefore a deferred tax asset of EUR 0.4 million was recognised. The deferred tax asset will depend on the value of the expected credit loss and will move in accordance with the changes in the excepted credit loss amount going forward.

The deferred tax asset will depend on the value of the expected credit loss and will move in accordance with the changes in the excepted credit loss amount going forward.

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

All amounts in thousands of Euro, unless otherwise stated

	2019	2018
Balance at 1 January	1,004	942
Charge to the income statement of the year	(556)	62
Balance at 31 December	**448**	**1,004**

EUR 556 thousand is transferred from deferred tax to current tax asset.

4.2 Equity

4.2.1 Capital and reserves

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

The Company's objectives when managing capital are to:

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

4.3 Liabilities

4.3.1 Subordinated loan

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

The subordinated notes bear interest at a fixed rate of 5.250% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. The subordinated notes do qualify as regulatory capital under the Solvency II grandfathering rules. The subordinated notes are guaranteed by Atradius N.V. and are listed on the Luxembourg Stock Exchange.

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

The fair value estimate of the subordinated notes at year-end is EUR 286 million (2018: EUR 260 million) and is classified as Level 2 under the fair value hierarchy as it is based on binding quotes from independent brokers.

There have been no transfers into or out of Level 2 of the fair value hierarchy during 2018 and 2019.

The subordinated notes are non-current.

4.3.2 Payables

Payables are all current and relate mainly to operating costs.

4.3.3 Miscellaneous liabilities and accruals

The other liabilities are all current and consist of the accrued interest balance on the subordinated notes at the end of the reporting period of EUR 3.6 million (2018: EUR 3.6 million).

5 Notes to income statement

5.1 Interest income

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

5.2 Interest expense

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

5.3 Net operating expenses

This amount consists of administrative expenses.

5.4 Income Tax

	2019	2018
Current tax	124	1,300
Deferred tax	556	(62)
Income tax expense/(Income) for the year	**680**	**1,238**

The reconciliation of the expected tax rate to the actual tax rate is provided in the following	2019	2018
Result before tax	**3,222**	**4,897**
Tax at the rate of 25%	806	1,224
Tax adjustments	-126	14
Income tax expense/(Income) for the year	**680**	**1,238**

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

6 Personnel

The Company has no employees (2018: nil).

All amounts in thousands of Euro, unless otherwise stated

7 Related party transactions

At 31 December 2019	Interest income related parties	Interest expense related parties	Nominal values owed by related parties	Nominal values owed to related parties
Atradius Insurance Holding N.V.	13,850	-	248,000	-
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	-	-	2,301	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,110	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	724	-	13,291
Bilbao Compañía Anónima de Seguros y Reaseguros	-	162	-	3,000
Total	**13,850**	**2,996**	**250,301**	**56,291**

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

Subordinated loan

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

The interest expense relating to this portion in 2019 was EUR 3.0 million (2018 EUR 2.9 million).

All transactions with related parties are at arm's-length. To better align with other group companies, we present nominal values.

8 Auditors fees

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

9 Remuneration of the Board of Directors

There was no remuneration for members of the Board of Directors in 2019 and 2018.

10 Events after the reporting period

Since January 2020, the Coronavirus disease (COVID-19) outbreak is causing significant disruption to society.

The COVID-19 crisis is a non-adjusting event after the reporting period to the Company as it is indicative of conditions that arose after the end of the reporting period. Management is of the opinion that the COVID-19 crisis is not of a material nature on its business operations and financial results as disclosed hereafter.

Financial markets have been severely impacted by significant decreases in asset and commodity prices and credit spreads widening. Governments and central banks worldwide are responding to this crisis with aid packages and further quantitative easing. At the date of this report the depth and length of this crisis is unknown.

Management closely watches the Covid-19 developments and the impact that this may have on the performance of its business during the coming financial year. The subordinated notes issued do not redeem within the coming period of 12 months and Atradius' asset base consists of highly liquid assets. Whilst uncertain, we however do not believe that the impact of the COVID-19 crisis would have a material adverse effect on our financial condition or liquidity. The financial statements are therefore prepared on a going concern basis.

11 Proposed profit appropriation

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

03

Other information

Other Information

12 Statutory appropriation of result

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

Independent auditor's report

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

Report on the financial statements 2019

Our opinion

In our opinion, the financial statements of Atradius Finance B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2019, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of Atradius Finance B.V., Amsterdam.

The financial statements comprise:

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

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

The basis for our opinion

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

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

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Independence

We are independent of Atradius Finance B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

The Company's main activity is the financing of Atradius Insurance Holding N.V and its group companies, through subordinated note offerings on the international capital markets. The repayment of the subordinated notes ('notes') to the investors is guaranteed by Atradius N.V. as disclosed in note '4.3.1. Subordinated Loan' to the financial statements. The Company has issued a loan to Atradius Insurance Holding N.V. of a similar amount as the outstanding notes as disclosed in note '4.1.1. Financial Assets'. Both the issued loan and the notes have the same agreed interest characteristics (fixed for the first ten years, floating afterwards).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 2.11 of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the measurement of expected credit losses, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report. In addition, we considered management's assessment to apply the going concern basis of accounting in light of the COVID-19 outbreak and the associated subsequent events note disclosure as a key audit matter.

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

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

Materiality

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

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

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €2.500.000 (2018: €2.543.000). As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the information needs of the common stakeholders, of which we believe the shareholders and bondholders are the most important ones. Inherent to the nature of the Company's business, the amounts in the financial statements are large in proportion to the income statement line items interest expenses, interest income, loan impairment loss on the financial asset and income taxation. Based on qualitative considerations we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

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

We agreed with the board of directors that we would report to them misstatements identified during our audit above €125.000 (2018: €126.700) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

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

Key audit matter	***How our audit addressed the matter***
Measurement of expected credit losses *Note 3.1.1. Credit Risk and 4.1.1. Financial Assets* We consider the valuation of the loan receivable of €250,624,000, as disclosed in note 3.1.1. Credit Risk and 4.1.1. Financial Assets to the financial statements to be a key audit matter. This is due to the complexity of the impairment calculation and the size of the loan. The basis for determining the IFRS 9 expected credit loss ('ECL') depends on the classification and measurement of the financial instrument. The board of directors has performed an assessment to conclude whether the cash-flows from financial instruments fulfil the requirements of the SPPI test (solely of payment of principal and interest).	We performed the following procedures to test board of directors' assessment of the expected credit loss to support the valuation of the loan issued to Atradius Insurance Holding N.V.: • In connection with classification and measurement, we analysed supporting documents (mainly loan documentation such as prospectuses and term sheets) to evaluate whether the SPPI requirements in IFRS 9 are met. • With respect to the ECL calculation, we tested the loan qualification as stage 1 by assessing the actual performance of the loan (i.e. no significant deterioration of credit risk). • We evaluated the financial position of the counterparties of the loan issued and the guarantor by assessing observable data from rating agencies, developments in credit spreads,

Key audit matter	How our audit addressed the matter
The board of directors has determined that the loan issued is categorised as stage 1 loans, hence only a 12-month expected credit loss ('ECL') has been recognised. Mainly with respect to the PD and LGD used in the determination of the expected credit losses, the board of directors has applied significant judgement given the low default character of the entity's loan portfolio. As a result, there is limited internal historical data to support and back-test the PD and LGD. • In the absence of internal historical losses and default information, the board of directors used data from external data source providers in determining the ECL. • The loan granted to Atradius Insurance Holding N.V. is guaranteed.	and the latest available data in order to assess if there are no adverse conditions present suggesting the loans should be classified as stage 2 or 3. • For the expected credit loss, we assessed that the impairment methodology and model applied by the entity were in accordance with the requirements of IFRS 9. • We assessed that the underlying input variables of the PD and LGD, applied by the board of directors, were based upon data from external data source providers and we have recalculated the impairment as recorded in the financial statements. • We tested the review control performed by the second line on the ECL calculation. We found the assessment of the board of directors to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.
Basis of preparation – impact of COVID-19 *Note 2.1. Basis of preparation and Note 10 Events after the reporting period* The board of directors disclosed the outbreak of the COVID-19 crisis as a non-adjusting event after the reporting period. The Company prepares its financial statements using EU-IFRS and applies the going concern basis of accounting. We focused on the appropriateness of using the going concern basis of accounting given the recent turmoil in financial markets and the exposure that the Company has to the credit insurance industry via the guarantor of the outstanding loan receivable (see note 3.1.1). The ability of the Company to continue as a going concern is dependent on the ability of Atradius Insurance Holding N.V. to continue as a going concern and to fulfil their obligations of the loan receivable. Both notes and loan are not due within the next twelve months. In case interest cannot be paid it is accrued to the notes respectively the loan.	In challenging the board of directors' conclusion that there is no material uncertainty relating to the going concern assumption, our procedures included: • Conducting enquiries with key members of management to understand the group's mitigating actions and contingency plans. • Inspecting the prospectus for the notes and the agreement of the loan receivable. • Reviewing the board of directors' memo including their risk assessment around the Company's ability to continue as a going concern and the ability of the loan holder (Atradius Insurance Holding N.V.) and guarantor (Atradius N.V.) to fulfil their obligations. • Discussing this matter with the Atradius N.V. group auditors to corroborate the information included in the assessment performed by the board of directors and obtaining any other information relevant to our independent assessment. • Obtaining and assessing publicly available information relating to the loan holder and guarantor, including recent financial statements and credit rating reports.

Key audit matter	How our audit addressed the matter
The board of directors has also considered the impact of the COVID-19 virus on the insolvency risk of Atradius N.V., as this will be a triggering event, as per the publicly available Atradius Finance B.V. prospectus. In terms of this prospectus, dated 19 September 2014, the “noteholders may declare Notes due and repayable before the Maturity Date [of 2044 – see note 4.3.1] in the case of the liquidation of the Guarantor.” Based on the aforementioned assessment the board of directors concluded that there is no material uncertainty relating to the Company’s ability to continue as a going concern. Given the inherent uncertainty associated with the impact of COVID-19 on the Company, and the wider Atradius N.V. group, we consider this to be a key audit matter in relation to going concern and the subsequent events disclosure.	• Reviewing the related financial statement disclosures for consistency with the results of our audit procedures. • Asking questions and challenging the board of directors’ observations and conclusions. Based on the procedures performed, we have found no indications that the board of directors’ conclusions that there is no material uncertainty relating to the Company’s ability to continue as a going concern was unreasonable. However, as management has disclosed, this is an evolving area and further risks, not currently known, may arise which have a potential additional impact on the business.

Report on the other information included in the annual report

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

- the report of the board of directors;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- the conformity statement.

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

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

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

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

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

Report on other legal and regulatory requirements

Our appointment

We were initially appointed as auditors of Atradius Finance B.V. following the passing of a resolution by the shareholder at the annual general meeting held on 9 March 2018. We were reappointed as auditors for the 2019 financial year representing a total period of uninterrupted engagement appointment of 2 years.

No prohibited non-audit services

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

Services rendered

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

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

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

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

Our responsibilities for the audit of the financial statements

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

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

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

Rotterdam, 8 April 2020
PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

Appendix to our auditor's report on the financial statements 2019 of Atradius Finance B.V.

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

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.