2020

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 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 including its Audit Committee function 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.

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 impact of COVID-19 on our business

The COVID-19 outbreak and resulting measures taken by various governments to contain the virus are causing significant disruption to society. The economies have been impacted and there is an increased volatility in the financial markets. 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 still unknown, although there is the expectation that with the current government actions taken, including the vaccination programs, the situation will recover in the course of 2021.

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. The financial statements are therefore prepared on a going concern basis.

Financial performance

The result for the year of the Company is mainly driven by the interest margin on the subordinated loan granted to Atradius Insurance Holding N.V. and the issued guaranteed subordinated notes and based on the change of expected credit losses on the subordinated loan. The result for the year is affected by an increase of the expected credit losses of approximately EUR 4.0 million (gross of taxes). Although the ratings did not change compared to last year (except for the outlook of Moody's: from negative in March 2020 to stable in February 2021), the expected credit losses increased due to the overall widening of the market credit spreads between higher quality investments and lower quality investments at year-end 2020 as compared to year-end 2019.

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 stable' 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 stable' 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 of its business operations and performance, despite the COVID-19 crisis.

The Company is not involved in research & development activities and there are no developments foreseen at the areas of investments, financing or staffing.

3 March 2021

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. 2020 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. 2020 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 2020, together with a description of the principal risks Atradius Finance B.V. is being confronted with.

3 March 2021

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

Financial statements 2020

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All amounts in thousands of Euro, unless otherwise stated

Financial statements

Statement of financial position
(before profit appropriation)

Assets	Note	31.12.2020	31.12.2019
Loans and receivables	4.1.1	245,826	250,624
Deferred tax assets	4.1.4	1,503	448
Other assets	4.1.2	3,949	3,962
Cash and cash equivalents	4.1.3	2,390	2,301
Total		**253,668**	**257,335**
Equity			
Share capital	4.2.1	18	18
Retained earnings	4.2.1	3,266	724
Result for the year (unappropriated)	4.2.1	(2,765)	2,542
Total		**519**	**3,284**
Liabilities			
Subordinated debt	4.3.1	249,177	248,982
Current tax liabilities	-	48	1,434
Payables	4.3.2	351	62
Other liabilities	4.3.3	3,573	3,573
Total		**253,149**	**254,051**
Total equity and liabilities		**253,668**	**257,335**

Statement of comprehensive income

	Note	2020	2019
Interest income	5.1	13,543	13,850
Interest expense	5.2	(13,331)	(13,328)
Net Interest income		**212**	**522**
Change in expected credit loss on financial assets	3.1.1	**(3,957)**	**2,725**
Net interest (loss)/income after provision for credit losses		**(3,745)**	**3,247**
Net operating expenses	5.3	(28)	(25)
Result for the year before tax		**(3,773)**	**3,222**
Income tax credit/(expense)	5.4	1,008	(680)
Result for the year attributable to the owners of the company		**(2,765)**	**2,542**
Total comprehensive income for the year attributable to the owners of the Company		**(2,765)**	**2,542**

Statement of changes in equity

	Share capital	Retained earnings	Result for the year	Total equity
Balance at 1 January 2019	**18**	**(2,935)**	**3,659**	**742**
Appropriation of prior year result	-	3,659	(3,659)	-
Result for the year	-	-	2,542	2,542
Balance at 31 December 2019	**18**	**724**	**2,542**	**3,284**
Balance at 1 January 2020	**18**	**724**	**2,542**	**3,284**
Appropriation of prior year result	-	2,542	(2,542)	-
Result for the year	-	-	(2,765)	(2,765)
Balance at 31 December 2020	**18**	**3,266**	**(2,765)**	**519**

Statement of cash flows

	2020	2019
I. Cash flows from operating activities		
Interest received - loans and receivables	14,371	14,117
Cash payments/collections to/from suppliers and related parties	13	19
Income tax paid	(1,170)	-
Net cash generated by operating activities	**13,214**	**14,136**
II. Cash flows from financing activities		
Interest paid - subordinated debt	(13,125)	(13,125)
Net cash used in financing activities	**(13,125)**	**(13,125)**
Changes in cash and cash equivalents (I + II)	**89**	**1,011**
Cash and cash equivalents at the beginning of the year	2,301	1,290
Cash and cash equivalents at the end of the year	**2,390**	**2,301**

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 at 1 David Ricardostraat, 1066JS, Amsterdam, the Netherlands; Chamber of Commerce registration number 34198113. The Company provides finance and support services to Atradius N.V. 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 3 March 2021.

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 Part 9 of Book 2 of the Dutch Civil Code. These have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates (please refer to note 2.11). 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 2020

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

- 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 addresses issues once the existing interest rates have been replaced. In the absence of any (significant) hedge relationships these amendments do 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. These amendments do not have a material impact on the consolidated financial statements.

- Amendments to IFRS 3 Business Combinations (effective 1 January 2020). The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. This standard does 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 2020 and have not been early adopted by Atradius:

- 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 relationship, it is expected that these amendments do 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 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 do 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 do 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 do 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 do 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 debt

The Company classifies its financial liabilities at amortised cost.

Subordinated debt 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 subordinated debt 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 subordinated debt and recognised over time to the value of the subordinated debt 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, the fair value disclosures of financial assets and subordinated debt and the deferred tax asset. Detailed information about each of these estimates and judgements is included in note 3.1.1, 4.1.1, 4.1.4 and note 4.3.1 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 stable' by Moody's. The credit ratings have been affirmed by both rating agencies in 2020. In February 2021 Moody's affirmed the A2 rating and changed the outlook to stable recognising the resilience of the Atradius entities to a potential hike in claims in the next 12 to 18 months. The related maximum exposure to credit risk equals the carrying amount of EUR 250 million of the subordinated 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 subordinated 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 (3.9%), LGD (60.0%) and the EAD (EUR 255.8 million), ECL as of 31 December 2020 amounts to EUR 6.01 million.
(In 2019, PD (2.5%), LGD (31.7%) and the EAD (EUR 256.6M), ECL amounted to EUR 2.05M)

The components of the equation are determined in line with IFRS 9 requirements and were assessed by independent valuators and verified by our internal risk management team. In 2020 an increase of expected credit losses of approximately EUR 4.0 million (gross of taxes) is recorded. This is mainly driven by the current uncertain economic conditions where investors move to high quality investments consequently increasing the spreads of lower quality investments.

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 (2019: EUR 50 million). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting Atradius to reduce its cash balances and to benefit from a more substantial and stable investment portfolio. Finally, Atradius has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows Atradius to ask the reinsurers to anticipate the payment of a large claim upon Atradius' request instead of the usual payment terms agreed in the reinsurance treaties.

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 subordinated loan (see Note 4.1.1) prior to their contractual maturity dates are not reflected in the tables below.

At 31 December 2020	0-1 years	1-3 years	3-5 years	Carrying value
Interest bearing assets				
Granted subordinated loan	14,384	28,768	258,468	249,775
Cash and cash equivalents	2,390	-	-	2,390
Interest bearing liabilities				
Subordinated notes	13,125	26,250	259,552	252,750

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

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 %	
	2020	2019
Interest bearing assets		
Granted subordinated loan	5.80%	5.80%
Interest bearing liabilities		
Subordinated notes	5.35%	5.35%

All amounts in thousands of Euro, unless otherwise stated

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 Loans and receivables

Financial assets can be specified as follows:

	2020	2019
Amortised cost as at 31 December	251,836	252,676
Expected Credit Loss allowance	(6,010)	(2,052)
Balance as at 31 December	**245,826**	**250,624**

The financial assets are non-current and relate to a subordinated 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 subordinated 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 subordinated loan at year-end 2020 is estimated at EUR 278 million (2019: EUR 288 million). The estimate is calculated in line with the estimate for the subordinated notes (see Note 4.3.1). The subordinated 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 2020 and 2019.

In the current year the methodology to calculate the fair value as disclosed was refined. As the interest rate earned on the loan receivable is higher than the interest rate paid on the subordinated notes, the fair value of the asset is higher on a net present value basis. The result is that the fair value of the asset is approximately EUR 2 million higher than that of the subordinate notes. This change is also reflected in the 2019 fair value, as disclosed.

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. These balances remain always at the disposal of the entity.

4.1.4 Deferred tax assets

The expected credit loss of EUR 6.0 million (2019: EUR 2.0 million) created a temporary difference between IFRS and tax base and therefore a deferred tax asset of EUR 1.5 million (2019: 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:

	2020	2019
Balance at 1 January	448	1,004
Release/(Charge) for the year	1,055	(556)
Balance at 31 December	**1,503**	**448**

4.2 Equity

4.2.1 Share 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 debt

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 276 million (2019: EUR 286 million) and is classified as Level 2 under the fair value hierarchy as it is based on a discounted cashflow model based on observable market inputs.

All amounts in thousands of Euro, unless otherwise stated

There have been no transfers into or out of Level 2 of the fair value hierarchy during 2019 and 2020.

The subordinated notes are non-current.

4.3.2 Payables

Payables are all current and relate mainly to intercompany positions for income tax and operating costs to be settled.

4.3.3 Other liabilities

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 (2019: EUR 3.6 million).

5 Notes to income statement

5.1 Interest income

This amount consists of interest income relating to the subordinated 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 (credit)/expense

	2020	2019
Current tax	47	124
Deferred tax	-1,055	556
Income tax expense/(Income) for the year	**-1,008**	**680**

The reconciliation of the expected tax rate to the actual tax rate is provided in the following

	2020	2019
Result before tax	**-3,773**	**3,222**
Tax at the rate of 25% (2019: 25%)	-943	806
Tax rate adjustments	-65	-126
Income tax (credit)/expense for the year	**-1,008**	**680**

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 (2019: nil).

All amounts in thousands of Euro, unless otherwise stated

7 Related party transactions and balances

At 31 December 2020	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.	13,544	-	248,000	-
Atradius Crédito y Caución S.A. de Seguros y Reaseguros		-	2,390	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,116	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	728	-	13,291
Bilbao Compañía Anónima de Seguros y Reaseguros	-	163	-	3,000
Total	**13,544**	**3,007**	**250,390**	**56,291**

At 31 December 2019	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.	13,850	-	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**

Loans and receivables
The intercompany positions following the subordinated loan granted to Atradius Insurance Holding N.V. are disclosed in note 4.1.1.

Cash and cash equivalents
The intercompany cash receivable on Atradius Insurance Holdings N.V. is disclosed in note 4.1.3.

Subordinated debt
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 2020 was EUR 3.0 million (2019: EUR 3.0 million).

Payables
The intercompany payable position as at year-end is disclosed in note 4.3.2. The payable comprises a position to Atradius N.V. for income tax to be settled (EUR 265,000) and a position to Atradius Crédito y Caución S.A. de Seguros y Reaseguros (EUR 79,000) for invoices to be settled. The balance with Atradius N.V. represents a non-cash item of EUR 265,000 transferred from tax liabilities relating to current income tax 2019.

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

Other services that Atradius performs on behalf of Atradius Finance B.V. except for independent auditor's expenses are not recharged to the entity.

8 Independent auditor's 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 independent auditor's fees.

9 Remuneration of the Board of Directors

There was no separate remuneration for members of the Board of Directors in 2020 and 2019.

10 Events after the reporting period

There are no events after balance sheet.

11 Proposed profit appropriation

The Board of Directors proposes to the General Meeting to allocate the result for the year of EUR (2,765) to the retained earnings. The proposal is not yet reflected in these financial statements.

3 March 2021

The Board of Directors

C. Gramlich-Eicher

D. Hagener

F.E. Beijdorff

03

Other information

Other Information

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 shareholders of Atradius Finance B.V.

Report on the audit of the financial statements

Independent auditor's report

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

Report on the financial statements 2020

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 2020, and of its result 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 2020 of Atradius Finance B.V., Amsterdam.

The financial statements comprise:
- the statement of financial position as at 31 December 2020;
- the following statements for 2020: the statement of comprehensive income, statement of changes in equity and the statement of cash flows; and
- the notes, comprising the 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 regulations 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.

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 (2019: €2.500.000). 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 statement of financial position are large in proportion to the line items interest expense, interest income, and income tax expense in the statement of comprehensive income. 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 (2019: €125.000) 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 those 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.

Prior year the impact of COVID-19 on the basis of preparation of the financial statements of the Company was considered to be a Key Audit Matter. Given the further development of the situation during 2020 and in 2021 up to the date of our audit opinion, we do not consider this to be a subsequent event anymore from the perspective of the 2020 annual financial statements. The impact of COVID-19 during 2020 and 2021 was limited for the Company and taken into account in the preparation and disclosures of the financial statements 2020. The impact of COVID-19 is visible in the higher current year expected credit loss ('ECL') due to widening of credit spreads during 2020.
The ECL is already described as a Key Audit Matter below and we believe that no additional Key Audit Matter around the COVID-19-crisis exists in relation to the 2020 financial statements.

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 €245,826,000, 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). 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; and • The loan granted to Atradius Insurance Holding N.V. is guaranteed.	We performed the following procedures to test the Board of Director's 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. • We evaluated the financial position of the counterparty of the loan receivable by assessing observable data from rating agencies, developments in credit spreads, 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 and consistent with the prior year. • We assessed that the underlying input variables of the PD and LGD, applied by the Board of Directors, were based upon data from observable external data source providers and we have recalculated the impairment as recorded in the financial statements. • We challenged management on the assumptions underpinning the valuation. • We assessed the sensitivity calculation over the ECL calculation performed by management and established that it fell within a reasonable range of outcomes. We found the assessment of the Board of Directors to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.

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 Conformity Statement; and
- the Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 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 Board of 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 appointed as auditors of Atradius Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held on 9 March 2018. We were reappointed as auditors for the 2020 financial year representing a total period of uninterrupted engagement appointment of 3 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 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 framework 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.

Amsterdam, 3 March 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by H.C.L. Scholtes MSc RA

Appendix to our auditor's report on the financial statements 2020 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 actions taken to eliminate threats or safeguards applied.

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.