



Resilience in challenging times

Annual Report 2022 Atradius N.V.



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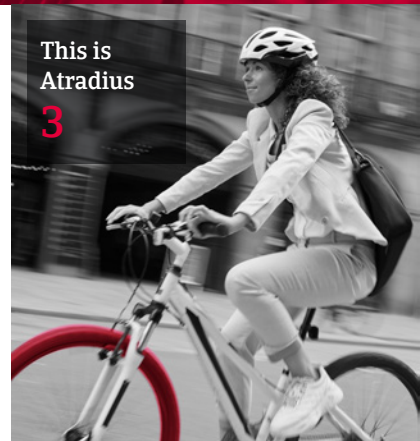
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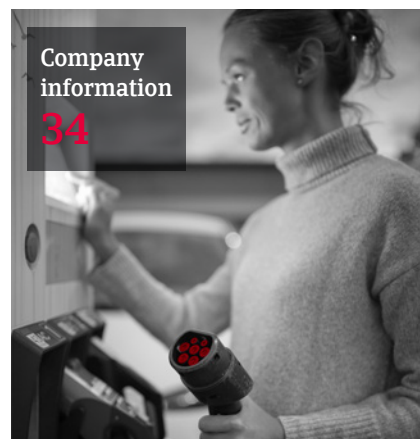
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This is Atradius

At Atradius we remain dedicated to our commitment to enable trade and develop resilient solutions during these challenging times.





Resilience in challenging times

We are living in challenging times. 2022 was the third year in which the world was confronted by the reality of COVID-19. For many of us the roll out of vaccines provided a pathway to living with COVID-19 and a way for the world to return to a more stable environment. But Russia's invasion of Ukraine has sparked further uncertainty, setting off a chain of events that rippled through the global economy, forcing us to adapt to the changing risk environment.

Despite these disruptions to economic stability, one thing is certain: sustainability issues are climbing higher on the agenda as the world takes on the enormous challenge to achieve net zero by 2050. We all have a part to play in sustainability, as individuals, as organisations, as nations, as international institutions. We are all connected. Only collective action will get us where we need to be, curbing the greenhouse gas emissions that are causing global warming.

Trade will undoubtedly need to be part of the solution. Trade is at the heart of people's livelihoods and drives the economic development that will be crucial for governments as they invest in clean energy transition. As one of the world's largest credit insurers, we are aiming to strengthen our capacity to provide support to our customers on their journey.

At Atradius we remain dedicated to our commitment to enable trade and develop resilient solutions during these challenging times. After almost 100 years in business, we can count ourselves as experts in managing risk. This is what we do, and we do it well. 2022 has been another year, during which we worked alongside our customers and business partners to navigate uncertain times.



Our performance at a glance

Supporting our customers during the most challenging of times

- The result of the year grew to EUR 332.2 million, a 38.3% increase compared to 2021
- Total revenue reached EUR 2.4 billion, with insurance premium increasing by 17.1%
- Atradius gross claims ratio increased to 38.7% compared to 27.8% in 2021
- The expense ratio for the year, improved from 37.2% to 33.8%
- The gross combined ratio ended at 72.5%
- A positive contribution of EUR 42.3 million came from our prudent investment portfolio
- Solid solvency ratio exceeded 200% ⁽¹⁾
- Total Potential Exposure (TPE) increased by 18.6%
- Customer retention achieved 93.5%, demonstrating unwavering customer confidence in Atradius along with steady demand for Atradius' best-in-class services

⁽¹⁾ Subject to finalisation of any audit procedures.

Management Board

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

The Supervisory Board

Xavier Freixes, Chair
Bernd H. Meyer
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer
Juan Ignacio Guerrero
Joaquín Guallar

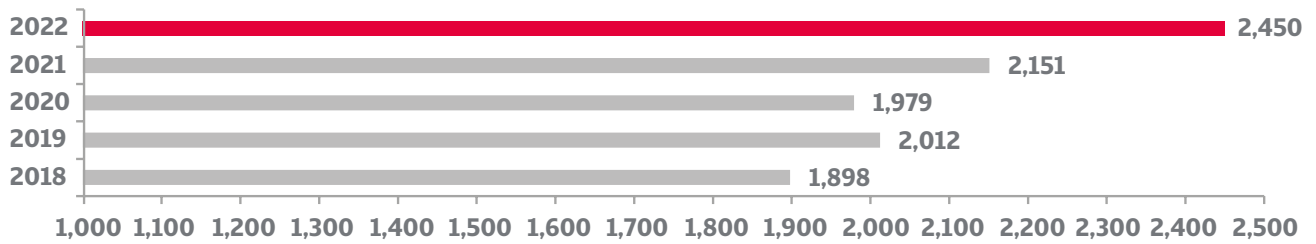
Supervisory Board Committees

Audit Committee
Remuneration, Selection and Appointment Committee



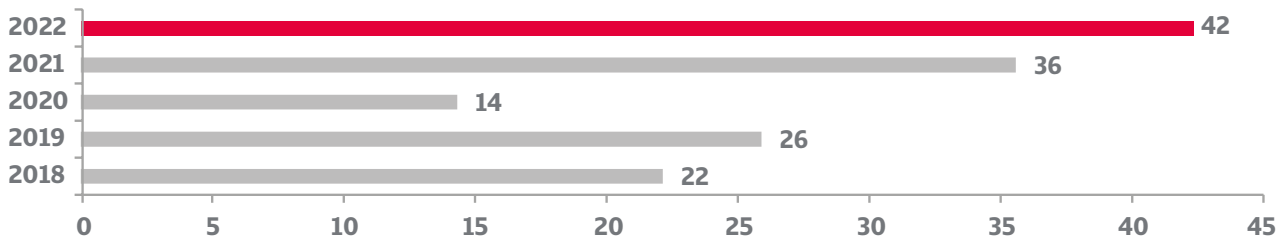
Total Revenue

In EUR million

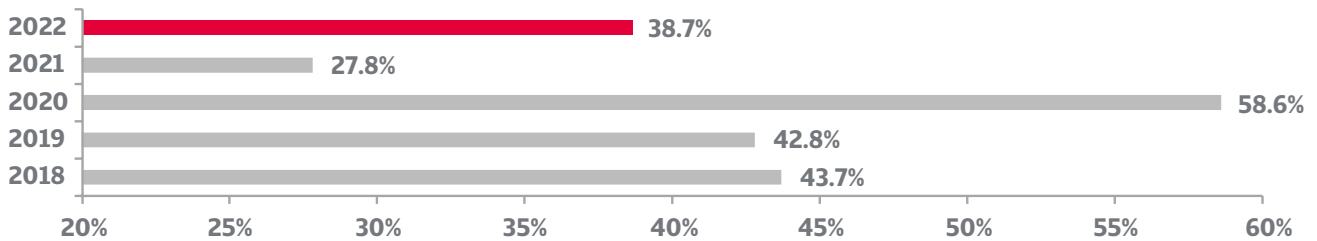


Net Investment Result ⁽¹⁾

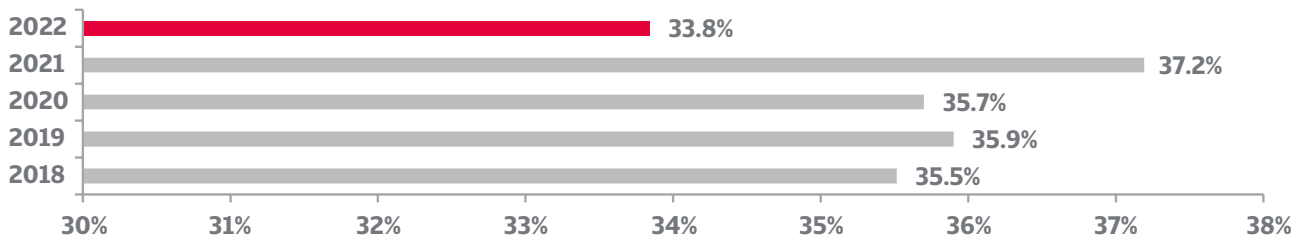
In EUR million



Gross Claims Ratio

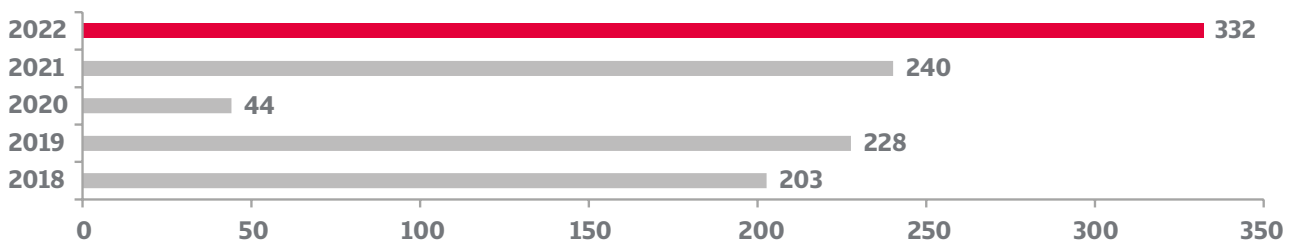


Expense Ratio



Result for The Year

In EUR million



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



Ten years in figures

Financial information (in EUR million)	2022	2021	2020	2019	2018	2017	2016 ⁽¹⁾	2015	2014	2013
Insurance premium revenue	2,224.5	1,900.3	1,727.4	1,759.5	1,648.5	1,588.1	1,557.6	1,537.0	1,458.2	1,412.1
Service and other income	225.7	250.6	252.0	252.5	249.5	249.1	203.1	180.8	169.0	166.4
Total revenue	2,450.2	2,151.0	1,979.4	2,012.0	1,898.0	1,837.2	1,760.7	1,717.8	1,627.2	1,578.4
Net investment result ⁽²⁾	42.3	35.6	14.3	25.9	22.1	24.7	22.8	36.0	37.8	35.1
Total income	2,492.5	2,186.5	1,993.7	2,037.9	1,920.2	1,861.9	1,805.6	1,753.8	1,665.0	1,613.5
Result for the year	332.2	240.2	44.2	227.7	202.7	186.2	211.8	178.2	161.2	134.5
Balance sheet information										
(in EUR million)										
Equity	2,175.4	2,142.3	1,913.3	2,008.7	1,821.4	1,753.2	1,625.5	1,500.2	1,393.0	1,286.9
Total assets	6,291.0	5,918.8	5,380.2	5,067.4	4,725.3	4,519.2	4,391.5	4,250.2	4,130.9	3,697.8
Insurance contracts	2,565.6	2,134.4	1,902.7	1,706.2	1,619.9	1,530.3	1,561.2	1,648.8	1,572.2	1,486.3
Shareholders information										
Return on equity ⁽³⁾	15.4%	11.2%	2.3%	11.9%	11.3%	11.0%	13.6%	12.3%	12.0%	10.8%
Outstanding ordinary shares (at year-end, in million)	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Dividend paid (in EUR million)	164.6	91.0	102.9	91.8	83.9	76.7	71.2	64.9	53.8	43.5
Technical ratios										
Gross claims ratio ⁽⁴⁾	38.7%	27.8%	58.6%	42.8%	43.7%	41.7%	41.6%	43.5%	40.7%	45.6%
Gross expense ratio	33.8%	37.2%	35.7%	35.9%	35.5%	35.7%	36.4%	37.1%	36.6%	35.9%
Gross combined ratio	72.5%	65.0%	94.3%	78.7%	79.2%	77.4%	78.0%	80.6%	77.3%	81.5%
Net claims ratio	41.3%	37.3%	55.9%	43.3%	44.7%	41.4%	42.0%	42.0%	42.6%	46.4%
Net expense ratio	31.7%	35.9%	36.7%	30.0%	32.0%	34.2%	35.4%	35.9%	35.8%	37.4%
Full-time equivalents (FTE), at year-end	3,310	3,497	3,503	3,531	3,545	3,596	3,586	3,161	3,139	3,107
Financial strength ratings										
Moody's ⁽⁵⁾	A2, outlook positive									
A.M. Best ⁽⁶⁾	A (Excellent), outlook stable									

⁽¹⁾ Including Graydon (until February 2022), Iberinform Portugal, Gestifatura and Informes Mexico since Q3 2016.

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

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

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

⁽⁵⁾ Moody's affirmed the A2 financial strength rating of the Atradius rated entities with a positive outlook since October 2022 (outlook changed from stable to positive).

⁽⁶⁾ In 2022 A.M. Best reaffirmed the Financial Strength Rating of A (Excellent), outlook stable and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of the Atradius rated entities as "a+".



A message from the Management Board



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

In this dynamic setting where uncertainty remains at unprecedented levels, with persistent risk challenges across the globe, our company and our people around the world have delivered an exceptional performance.

Our Gross Insurance Revenues reached EUR 2,224.5 million, which represents 17.1 percent growth compared to last year. Overall, Atradius produced a Result after Tax of EUR 332.2 million. Amid a benign claims environment, slowing global economic growth and decelerating world trade, this remarkable result reflects the strong confidence in our strategy to put our clients first and help them navigate



the uncertain times ahead. Unlocking the power of our excellent customer service continues to drive growth. The unique value proposition that we bring to the market is made possible through our robust risk management discipline, constant investment in our systems and ongoing development of our people and distribution partners.

Looking back, 2022, was a year dominated by the war in Ukraine. However, we were able to effectively contain the impact of the war on our business in Russia, Ukraine and elsewhere. In Credit Insurance, we have provisioned sufficiently for potential claims from exposure relating to the war. The value of our business in Atradius Russia has been significantly reduced and actual claims remain modest for the time being. Our mission as a company is promoting the safety of trade and we are deeply concerned for the safety of millions of people because of the war. Our community, through the Atradius Cares initiative, arranged a donation of EUR 345 thousand to the UNHCR (United Nations High Commissioner for Refugees) comprising company and employee contributions.

As our people are pulling together to work with our clients, brokers, agents, business partners and reinsurers to mitigate the consequences of the adverse global economic developments, we stay committed to advancing our ambitious internal agenda.

Sustainability, as one of our key strategic priorities, continued to gain momentum in 2022. We have the ambition to contribute to a sustainable future and have values and initiatives that will help us achieve that. As one of the world's largest credit insurers, we are aiming to strengthen our capacity to and provide support to our customers on their journey.

Three pillars form the foundation of our sustainability ambition: Planet, People & Prosperity. We promote trade that is planet positive, we empower people and communities across genders, races, cultures and personalities, and we foster sustainable prosperity. Under each pillar, we have a range of initiatives, which are detailed in the Environmental, Social and Governance Sustainability section of this annual report.

We understand the full scale of the challenge ahead to meet these goals, which requires building new capabilities, extending our existing ones and investing in innovation. We do not expect this transformation journey to be an easy one, but we recognise the need to build a sustainable future and we are committed to doing our part.

One of the highest priorities of our internal agenda, was to ensure compliance with the new accounting standard for insurance contracts, IFRS 17, in 2023. The programme delivered several components, all based on new technology that will be used as a springboard for future programmes, and for our data strategy and governance. We expect that, during 2023, the programme will still take significant effort in preparing the systems for management information, including reporting, forecasting and budgeting under IFRS 17.

Our unique value proposition is based on putting our clients first and providing exceptional customer service. We remain true to this strategy and continue to invest and progress our major digital transformation programmes for the Credit Insurance and Bonding business. This includes the continued expansion of our connectivity offering to allow online integration of our services with our customers, business partners, online marketplaces and platforms. In 2022, our focus shifted to expediting the delivery timeline of these programmes. As a result, during 2022 we had several major releases and business rollouts on core system functionalities. Both of these



programmes build on Atradius' core strategic advantage of having a single and aligned IT platform for our business, which supports our core service proposition for our global customers. Additional automation, upgrades and enhancements on our online systems continued, ensuring that our customers and brokers can extract maximum value from using our online services.

We expect this year to be very different from 2022. We remain cautious as 2023 is expected to pose significant and ongoing challenges. A slowly deteriorating claims environment may change rapidly, or suddenly. Persistent and broadening inflation pressures and aggressive tightening from central banks are increasingly weighing on the outlook for advanced economies. This comes on top of the uncertainty surrounding Russia's invasion of Ukraine and its destabilising effect on energy supply. Atradius expects the Global GDP growth to slow down in 2023, as inflation will continue to squeeze consumer spending, supply-chain issues limiting trade will persist and monetary tightening will continue to increase the cost of borrowing.

We expect global trade to continue losing steam further to 1.5% in 2023. We forecast increases in insolvencies in the United States and other major European economies as surging prices and rising interest rates drag on economic activity and are expected to bring the world economy into recession.

Despite the negative outlook, we have confidence in our underwriting, dynamic risk management, our unique culture and people to navigate through the challenges ahead. As we look forward to 2023, we want to thank our clients and business partners for putting their trust in us and our people for their extraordinary commitment to Atradius. We find ourselves in a strong position after two consecutive record years. Our leadership team is focused on maintaining our strong track record of delivering exceptional performance. The core of our strategy remains always to put our clients first and supporting their businesses and growth ambitions. We continue to invest in the future of Atradius and our people, while allowing for moderate increases in our staff headcount, and we are excited by the opportunities ahead.

The Atradius Management Board

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



Business profile

The benefit of purchasing credit insurance from Atradius comes from the day-to-day credit management and risk assessment support that we provide alongside our credit insurance policy.





Products and services

Credit Insurance

A modular approach to ensure every policy is tailored to the needs of the customer

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

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

We have solutions for all types of business: multinationals, medium-size and large companies and SMEs.

For multinationals, we offer a sophisticated and tailor-made credit management solution in the form of our Global policy. As a market leader and pioneer with 25 years of experience in this segment, Atradius Global has developed an excellent understanding of the needs, structure and geographies of multinationals. The structure of our modular cover and service footprint is uniquely designed to mirror the requirements of our customers, whether they have centralised or local credit management. This customer-focused approach is supported by dedicated Global Account Teams and Key Account Underwriters, located around the world to allow us to provide extensive cross-border customer service, consistent high-quality decision making and accurately anticipate the needs and requirements of our Global customers.

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

For SMEs we have created a range of products built from the Modula concept but packaged to make them easy to understand and simple to administer, and often tailored to specific markets or industries, such as Modula First in several European countries, Modula Kompakt in Germany, or Modula Smart in Italy. In Spain and Portugal, the Agile Policy breaks new ground in allowing our agents to fully steer the underwriting process.

The benefit of purchasing credit insurance from Atradius comes from the day-to-day credit management and risk assessment support that we provide alongside our credit insurance policy. Each policy is supported by an account manager, credit limit underwriting and our online tools and services, which includes credit risk information and data on markets and businesses throughout the world.



Our Account Managers provide an on-demand contact point to help customers to navigate their policies and give credit management support.

Hundreds of experienced underwriters carry out credit limit underwriting across the globe. They assess the risk of buyers and set safe trading limits. They are based in the country of the buyer, so they bring local knowledge and language skills to provide the best possible risk assessments on their behalf.

Our online tools provide additional credit management support services such as 'Insights' which provides portfolio risk analysis. 'Atrium' enables customers to perform administrative tasks for their policy such as applying for a credit limit or submitting a claim.

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

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

With the rise of digital trading, we have also developed a single transaction credit insurance product which can be digitally integrated with platforms so that credit insurance can be purchased online, in the moment when trading decisions are being taken.

Reinsurance

Specialised solutions for credit and bonding

Atradius Reinsurance DAC (Atradius Re) is a leading monoline credit and bonding reinsurer, offering reinsurance solutions for credit insurance and bonding primary insurers around the globe. Through our team of underwriters in Dublin, Ireland, Atradius Re supports over 110 clients in 51 countries. Our strength of Atradius Re is in the combination of access to the Atradius underwriting skills in key business credit and bonding, and highly specialised reinsurance skills for the needs of credit and bonding underwriters.

Bonding

Leading bond supplier in Europe

Present in 12 European countries, Atradius Bonding serves a wide portfolio of businesses of all sizes across different trade sectors. We help our customers secure their performance and support their business development both locally and internationally. Our customer support goes beyond the mere risks of coverage and protection against worst-case scenarios. We provide tailor-made products and solutions that fit their needs and strategies. We aim to be the first choice for companies that are subject to bond obligations. Thanks to our long-standing bonding expertise, in-depth market knowledge and international network we can meet customers' large and complex needs quickly and efficiently. Our diligent approach and strong business focus have allowed us to grow steadily over the last decades and earn the trust of major organisations, propelling us to become a leading bonds supplier in Europe.



Debt Collection

Professional and reliable collections backed by a global network

With worldwide expertise, and staff in 34 countries, Atradius Collections helps businesses - both insured and uninsured - collect domestic and international trade receivables, whilst maintaining sound business relationships with their clients. We have built a strong reputation as a business-to-business specialist, using the strength of Atradius Credit insurance, combined with our own integrated international network of collectors, lawyers and insolvency practitioners, in addition to our on-line capabilities. Since 2015, Atradius Collections has also offered a first-party collections service, which allows customers to outsource their reminder process immediately after the invoice due date. We have created a range of services for the financial industry, including back-up servicing, cross-border collection, and invoice verification, allowing factoring companies and asset-based lenders to investigate whether the business transactions or invoices from clients are acknowledged by the buyer. Our on-line platform Agora is now live in 16 countries and being transformed from an on-line debt recovery platform to an accounts receivable platform.

Instalment Credit Protection

Risk protection for instalment-based credit agreements

Atradius Instalment Credit Protection (ICP) covers short-term and medium-term risks mainly involved in instalment-based credit agreements with private individuals and businesses. We offer our services to financial and corporate policyholders in Belgium and Luxembourg. The main product offering covers consumer credit, leasing and renting risks. We have extended our ICP product range to offer residential real estate insurance products for co-ownerships and for rental guarantees, as well as products for private-car leasing arrangements.

Dutch State Business

The export credit agency of the Netherlands

Atradius Dutch State Business (ADSB) is the export credit agency of the Netherlands. To minimise the risks of non-payment not covered by the private market, and to enable the financing of Dutch export, we offer a wide range of insurance and guarantee products to Dutch exporters of capital goods, internationally operating construction companies, and their financiers or investors. We work on behalf of the Dutch state, making sure that export transactions can be completed successfully. In 2021 we launched a new product, Green Cover, to accelerate the green energy transition. It has been designed to support Dutch entrepreneurs in acquiring the finance they need so they can develop or scale up sustainable projects or green capital goods. As from 1 January 2023 Green Cover stopped supporting finance of new projects with fossil fuels.



Credit Information Services

Business intelligence to support credit management decisions

We offer information services through the following companies: Iberinform in Spain & Portugal, and Informes in Mexico. These companies support our customers with business intelligence solutions to help them to manage risk and grow their businesses by making smart decisions about credit management, risk and compliance management and marketing. They also support us by providing information to underwrite buyer risks for our core credit insurance business. Credit Information Services: business intelligence to support credit management decisions

We offer information services through the following companies: Iberinform in Spain and Portugal, Graydon in the Netherlands, Belgium and UK and Informes in Mexico. These companies support our customers with business intelligence solutions that help them to manage risk and grow their businesses by making smart credit management, risk and compliance management and marketing decisions. They also support us by providing information to underwrite buyer risks for our core credit insurance business.



Global footprint

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

Middle East		
Israel	C	Tel Aviv ⁽¹⁾
Lebanon		Beirut ⁽¹⁾
Saudi Arabia	C	Riyadh ⁽¹⁾
United Arab Emirates	C	Dubai ⁽¹⁾
Americas		
Argentina	C	Buenos Aires ⁽¹⁾
Brazil	C	São Paulo
Canada	C	Mississauga (Toronto), Pointe Claire (Montreal)
Chile	C	Santiago de Chile ⁽¹⁾
Mexico	C I	Mexico City, Guadalajara, Monterrey
Peru	C	Lima ⁽¹⁾
USA	C	Atlanta (Georgia), Baltimore (Maryland), Chicago (Illinois), Los Angeles (California), Morristown (New Jersey), New York (New York)

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

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

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

C Credit Insurance

G Collections

I Information

B Bonding

IC Instalment Credit

D DSB

R Reinsurance

Atradius offices

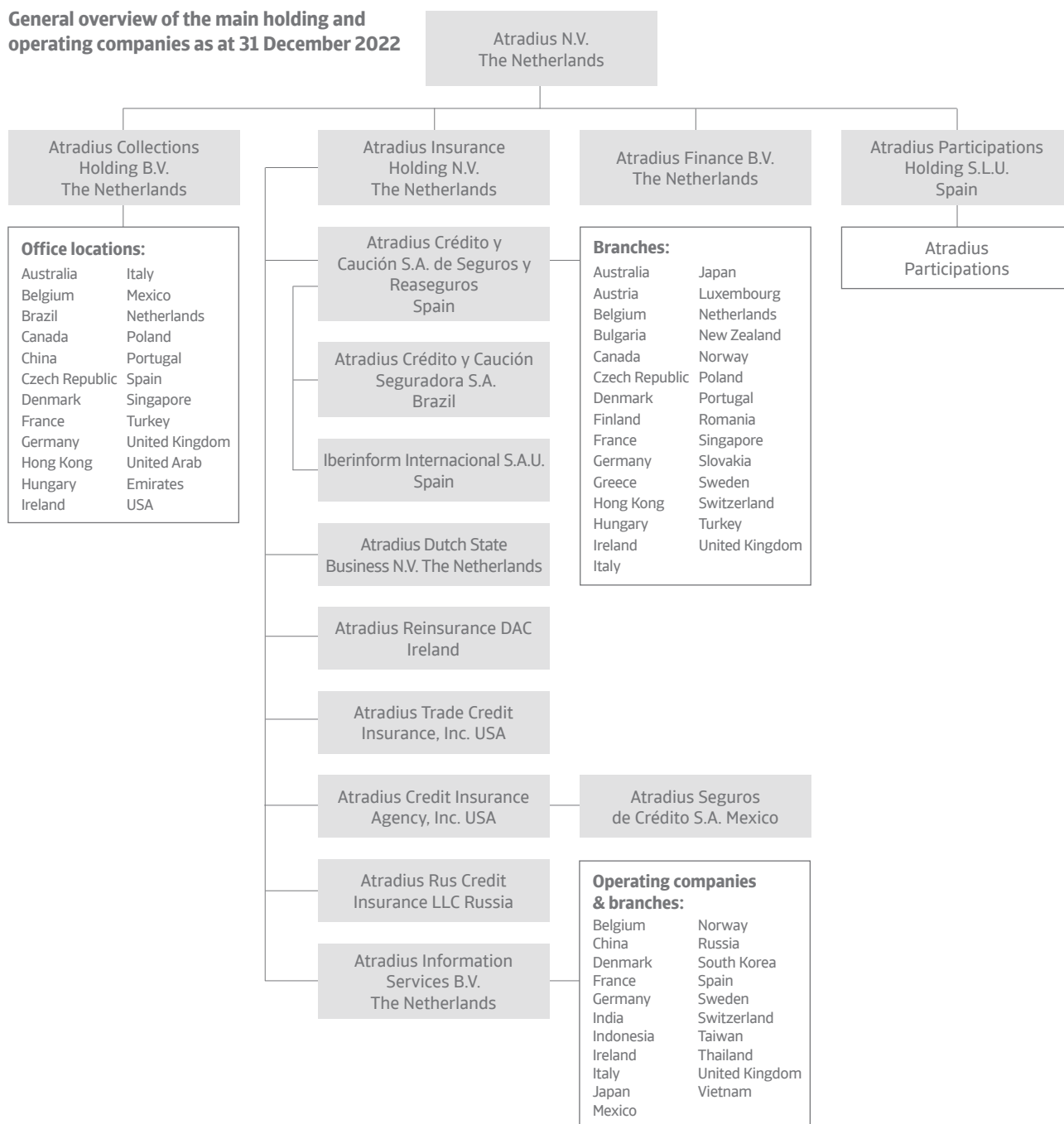
⁽¹⁾ Associated company, minority interest or reinsurance agreement with or without a co-operation agreement with local partner

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



General Atradius group organisation

General overview of the main holding and operating companies as at 31 December 2022





Corporate governance

The Supervisory Board would like to thank the Management Board and all employees of Atradius for their personal dedication and ongoing commitment during yet another challenging year.





Report of the Supervisory Board

In 2022 Atradius delivered an outstanding performance, despite another year full of significant and unprecedented challenges.

Atradius has once again demonstrated resilience by delivering exceptional financial results in the face of a range of global challenges. These include war and geopolitical turbulence, continued disruption from the pandemic, and faltering global economic growth amid higher inflation, rising energy costs and interest rates. The war in Ukraine has had a significant impact on safety and stability at an international level. While our primary concern remains with the personal safety and wellbeing of those affected by the conflict, we also needed to take action to contain its effects on our business. Against these complex and extraordinary challenges, the claims environment remained benign. Our strong value proposition continued to attract more business from our customers. A commercial strategy of cautiously selecting new opportunities, supported by rigorous risk management, produced good levels of new business, given the circumstances. All of these, together with the commitment and hard work of our colleagues, produced a remarkable performance: a total revenue of EUR 2.4 billion and a profit of EUR 332.2 million. Solvency was strengthened by an increase in the equity of 6% to more than EUR 2.6 billion. In a complex environment, Atradius did very well to deliver these results, which is first and foremost a compliment to all of our employees worldwide.

Despite the challenges in the external environment, the focus on an ambitious strategic agenda continued undiminished in 2022. Sustainability is a key priority. Our vision is founded on three intersecting areas of impact: planet, people and prosperity. We are currently exploring execution strategies for a range of goals in this area. Other key priorities that met their objectives in 2022 were compliance with the new accounting standard IFRS 17, effective 1 January 2023, and expediting our major digital transformation programmes for our Credit Insurance and Bonding businesses, through several major releases and significant upgrades. With regard to corporate governance, the Supervisory Board has continued to ensure that Atradius runs its business and manages risk for stakeholders in a transparent and ethical way.

In 2022, the full Supervisory Board convened five times. The Supervisory Board has established two Committees, the Audit Committee and the Remuneration, Selection and Appointment Committee that discuss specific issues in depth and prepare items on which the full Supervisory Board makes decisions. In 2022, the Audit Committee convened four times and the Remuneration, Selection and Appointment Committee convened twice.

Key topics discussed during the 2022 Supervisory Board meetings include the review of Atradius' results and strategy, including the implications of the war in Ukraine, the developments on the commercial area, the review and monitoring of the risk management framework, the review of investment and rating aspects and the renewal of the reinsurance programme. The Supervisory Board also received updates on the compliance and IT security matters, and was informed on the key



developments around the implementation of the IFRS 17 accounting standards and the large business transformation programmes. In December 2022, the Supervisory Board approved the budget for 2023 and was involved in the selection and recommendation process relating to the appointment of a new member of the Supervisory Board, as further indicated below.

Key topics discussed during the 2022 Audit Committee meetings included; the review of Atradius' results and annual report, the external auditor's reports and updates, the evolution and sufficiency of technical provisions, the internal audit reports and the internal audit plan, the re-appointment of the external auditor and the review of the external auditor's independence and non-audit services provided. These topics were discussed in the presence of the external auditor, PricewaterhouseCoopers.

During 2022, the Remuneration, Selection and Appointment Committee discussed the functioning of the members of the Management Board and the Supervisory Board, evaluated the scope and composition of the Management Board and the Supervisory Board, including the result of the yearly self-assessments undertaken by the Supervisory Board. It also reviewed the variable pay, targets and performance for the members of the Management Board, the remuneration of the Supervisory Board, the updates to the remuneration policy of Atradius, as well as gender diversity topics. The Remuneration, Selection and Appointment Committee further made recommendations on the appointments of members of the Supervisory Board, the Audit Committee and the Remuneration, Selection and Appointment Committee.

As in previous years, both the Supervisory Board and the Management Board participated in Atradius' annual Permanent Education programme. In 2022, this programme covered a session including, amongst other topics, training in relation to the new IFRS 17 accounting standards.

At the end of 2022, Mr. Francisco Arregui stepped down as member and Deputy Chair of the Supervisory Board, as well as member of the Audit and the Remuneration, Selection and Appointment Committees of Atradius, to enjoy his retirement after being a member of the Supervisory Board for the last 13 years. The Supervisory Board wishes to sincerely thank Francisco Arregui for his insight, his valuable contributions and commitment to Atradius over the many years.

With effect 1 January 2023, Mr. Joaquín Guallar was appointed as a new member of the Supervisory Board, bringing deep knowledge on corporate, legal and compliance matters in the insurance field to the Supervisory Board. Also with effect 1 January 2023, Mr. Juan Ignacio Guerrero has been appointed as the new Chair of the Audit Committee and Messrs. Xavier Freixes and Carlos Halpern have been appointed as members thereof. Furthermore, with effect 1 January 2023, Mr. Hugo Serra has been appointed Chair of the Remuneration, Selection and Appointment Committee and Mr. Joaquín Guallar has been appointed as a new member thereof.

The Atradius N.V.'s Annual Report contains the financial statements for the financial year 2022, audited by PricewaterhouseCoopers Accountants N.V., and has been presented to the Supervisory Board by the Management Board. The Supervisory Board has approved the Annual Report and advised the General Meeting to adopt the financial statements for 2022.

The Supervisory Board would like to thank the Management Board and all employees of Atradius for their personal dedication and ongoing commitment during yet another challenging year, which has allowed Atradius to achieve excellent results, as well as to thank the customers for continuing to trust their business to us. The Supervisory Board is convinced that the Atradius management team, employees and stakeholders will contribute to another successful year in 2023.

The Supervisory Board

Xavier Freixes
Chair



Shareholder structure

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



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

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

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

The shares of Grupo Catalana Occidente are listed on the Continuous Market of the Barcelona and Madrid stock exchanges as part of the IBEX Medium Cap Index. Currently, 33.54% of its capital is floating and the main shareholder is INOC, S.A., holding 61.94% of the capital of Grupo Catalana Occidente.

Thanks to the stability of the results and the prudent investment policy, Grupo Catalana Occidente has a solid solvency position.

Key figures (EUR million)	2022	2021
Long-term capital market value	4,916,3	5,191.5
Equity	4,374,0	4,667.70
Subordinated debt	191,3	194.9
Return on long-term capital	12,9%	10.5%
Funds under management	14,991,1	15,712.2
Total revenue	5,245,6	4,882.5
Consolidated result	542,6	468.3



Grupo Catalana Occidente

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

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

More than 15,000
Intermediaries

More than 1,518
branches

Presence in
more than 50
countries

More than
7,100 employees

More than
€4,800 million
turnover

Strategic goal

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

Growth

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

Profitability

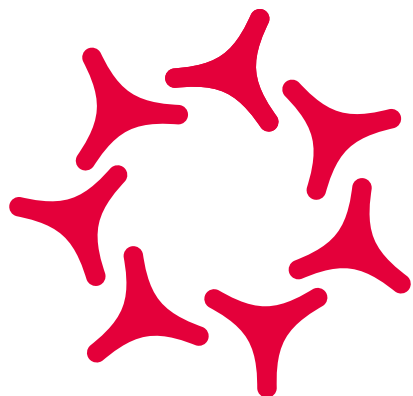
Recurrent and sustained profitability based on technical and actuarial rigour, investment diversification and processes that allow tight cost ratios and quality service.

Solvency

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



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



Fundación Jesús Serra

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



Building trust

Atradius endorses the importance of sound corporate governance. The key elements of independence, accountability and transparency create a relationship of trust between Atradius and our stakeholders, which include customers, shareholders, employees, suppliers and the general public.

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

The Management Board

Composition

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

David Capdevila - Chair and Chief Executive Officer

(1966, Spanish nationality)

David Capdevila was appointed Chair of the Management Board and Chief Executive Officer (CEO) of Atradius N.V. in January 2020.

David is responsible for Strategy and Corporate Development, Human Resources and Facilities, Legal and Compliance, Internal Audit and corporate responsibility within Atradius. He is also the General Manager of Atradius Crédito y Caución S.A. de Seguros y Reaseguros and Chairman of Grupo Compañía Española de Crédito y Caución, S.L. David joined Grupo Catalana Occidente in 1992 as Organisation and Quality Director and, since then, has assumed various responsibilities within Grupo Catalana Occidente S.A. and its entities. His previous roles include the position of General Manager of Crédito y Caución (2006-2013) and Chief Market Officer and member of the Management Board of Atradius N.V.(2008-2013). Between 2016 and 2019 he was the CEO of Plus Ultra Seguros. David has a degree in Actuarial Economics from the University of Barcelona and an MBA from IESE Business School in Barcelona.



Andreas Tesch - Chief Market Officer

(1969, German nationality)

Andreas Tesch was appointed Chief Market Officer (CMO) in November 2011.

Andreas is responsible for the credit insurance operations, as well as Special Products, Dutch State Business and Group Marketing and Communications. He is the Chairman of Atradius Trade Credit Insurance, Inc., a Board member of Atradius Dutch State Business N.V. and Atradius Participations Holding S.L.U, and a member of the Supervisory Board of Credit Guarantee Insurance Corporation Limited, amongst others. He has also been President of the International Credit Insurance and Surety Association (ICISA). Andreas has worked for Atradius and its predecessor companies since 2001. From January 2007 to October 2011, he was Director of Global, Oceania and New Markets and, before that, Director of Risk Services for Central and Eastern Europe. Prior to joining Atradius, he was a Director at Simon Kucher & Partners, advising clients on strategy and mergers and acquisitions. Andreas has a degree in Business Administration from the University of Cologne.

Christian van Lint - Chief Risk Officer

(1960, Dutch nationality)

Christian van Lint was appointed Chief Risk Officer (CRO) in November 2012.

Christian is responsible for Group Risk Management, Group Buyer Underwriting, Risk Services and Outward Reinsurance. He has worked for Atradius and its predecessor companies since 1983. From February 2006 to November 2012, he was Director of Group Risk Management and, before that, Director of Risk Services for the Netherlands and Nordics. He has held various positions in the areas of claims and recoveries, buyer underwriting, and special risk management. Christian graduated in Business Administration and Economics in Utrecht.

Claus Gramlich-Eicher - Chief Financial Officer

(1965, German nationality)

Claus Gramlich-Eicher was appointed Chief Financial Officer (CFO) in May 2013.

Claus is responsible for Group Finance, including Finance Programme Management, as well as Group Control and Corporate Finance & Tax. He is also a Board member of Atradius Finance B.V. and Compañía de Seguros de Crédito Continental S.A., as well as a member of the Advisory Board of Kemiex A.G. He has more than 30 years of experience in the financial services sector. Before joining Atradius, he worked for Allianz in various senior financial and investment management roles in Germany, Spain, Italy and the Czech Republic. He has also held non-executive Board member positions in insurance, investment management and pension fund management companies. Claus studied Economics and Business Administration at the University of St. Gallen and ESADE in Barcelona and holds both a Master's Degree from the University of St. Gallen and a CEMS Master's in International Management.

Marc Henstridge - Chief Insurance Operations Officer

(1968, British nationality)

Marc Henstridge was appointed Chief Insurance Operations Officer (CIOO) in January 2017.

Marc is responsible for Project and Process, IT Services (CIO and CTO roles), Bonding, Collections, Inward Reinsurance, and Instalment Credit Protection. He is the Chair of Atradius Reinsurance DAC and a Board member of Atradius Collections Holding B.V. and Atradius Participations Holding S.L.U. Marc has worked for Atradius and its predecessor companies since 1997. Before his appointment as CIOO, he served as Director of Risk Services in the UK and Ireland, and Special Products worldwide. Prior to joining Atradius, he spent 10 years at HSBC Corporate as an analyst in the retail and aerospace sectors. Marc graduated in Business Studies from Oakwood College of H&FE in Kent.

**Role and procedures**

The Management Board as a whole is responsible for the management and the general affairs of Atradius and is supervised by the Supervisory Board. The Management Board determines Atradius' operational and financial objectives, and the strategy designed to achieve these objectives. It ensures Atradius has an effective risk management system, internal control system and internal audit function in place. It submits the annual business plan and budget of Atradius to the Supervisory Board for approval. The Management Board rules describe the allocation of duties and the decision-making process of the Management Board.

The General Meeting has the authority to appoint the members of the Management Board on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board. A Management Board member may be suspended or dismissed by the General Meeting at any time. The Management Board shall consist of at least three members. Management Board members are appointed for an undefined term. In the event of a vacancy, the management of Atradius N.V. will be conducted by the remaining members or sole remaining member of the Management Board.

Remuneration

The Supervisory Board determines the remuneration and further employment conditions of each member of the Management Board, based on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board and in accordance with the remuneration policy adopted by the General Meeting. You can find information regarding the amount of remuneration received by Management Board members in the explanatory notes to the consolidated financial statements of the Annual Report 2022.

Conflict of interest

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



The Supervisory Board

Composition

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

Xavier Freixes - Chair

(1969, Spanish nationality)

Xavier is Founder and Director of Ashtree Strategic Advisors Ltd and is currently the Chair of the Board of Atradius Crédito y Caución S.A. de Seguros y Reaseguros and a Board member at Corporación Químico Farmacéutica Esteve, S.A. Xavier started his career in 1995 as a practising lawyer at Cuatrecasas in Barcelona, where he became a partner in 2005. He moved to London in 2007 to become a Senior Mergers and Acquisitions Specialist at Deephaven Capital Management International Ltd, and later, Founding Partner, General Counsel and Chief Executive Officer of Tyrus Capital S.A.M. in Monaco. Former positions include General Counsel of the Barcelona Stock Exchange and external consultant at Generalitat de Catalunya, lecturer at the Universitat Pompeu Fabra and the ESADE Business School in Barcelona. Xavier has a degree in Law from Universitat Autònoma in Barcelona and a Master's degree in Corporate Law from Universitat Pompeu Fabra in Barcelona.

Bernd H. Meyer

(1946, German nationality)

Bernd worked in Gerling-Konzern in Cologne for 25 years, 22 of them in credit insurance. He is a Board member of Atradius Crédito y Caución S.A. de Seguros y Reaseguros as well as Deputy Chair of the Supervisory Board of Carl Spaeter GmbH, Duisburg. Former positions include Chair of the Management Board of Gerling NCM Credit and Finance AG. Bernd graduated in Law from Hamburg University and passed his second state examination in Law, also in Hamburg.

Hugo Serra

(1975, Spanish nationality)

Hugo is currently Vice-Chairman and CEO of Grupo Catalana Occidente, S.A. and has been a member of the Board of Grupo Catalana Occidente, S.A. and Seguros Catalana Occidente, S.A. de Seguros y Reaseguros since 2006. Other current positions include, among others, Board member of Grupo Compañía Española de Crédito y Caución, S.L., CEO of Co Sociedad de Gestión y Participación, S.A., Chairman of the Board of Grupo Catalana Occidente Gestión de Activos, S.A., SGIIC and Board member of Atradius Crédito y Caución S.A. de Seguros y Reaseguros and INOC, S.A. He is also a trustee at Fundación Jesús Serra. Before joining Grupo Catalana Occidente, S.A., he worked at Deutsche Bank in product development and marketing. Hugo has a BSBA from the University of Wales, a degree in Business Administration from the Polytechnic University of Catalonia in Barcelona, and an Executive MBA from IESE Business School in Barcelona.



Désirée van Gorp

(1965, Dutch nationality)

Désirée joined Nyenrode Business Universiteit in 1999, where she is currently Professor of International Business and Chair of the International Advisory Board. She is also Visiting Professor at MIP Politecnico di Milano, Italy; Renmin University in Beijing, China; and University of Montevideo, Uruguay. Other positions include Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros, Advisory Board member of the World Trade Organization Chairs Programme and ECP NL. She is also a Supervisory Board member of NBTC Holland Marketing. She is founder and serves on the Board of the Young & Bold Foundation and is member of the Committee of Recommendation of AMREF Flying Doctors. Désirée graduated in Law from Leiden University; is design thinking educated at Stanford University and has a PhD in Business Administration from Nyenrode Business Universiteit.

John Hourican

(1970, Irish nationality)

John has more than 20 years' experience in the financial sector. He is currently CEO of NewDay Ltd, a Board member of UK Finance and Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros. He was Group Chief Executive Officer of Bank of Cyprus from 2013 to 2019 and Chief Executive of The Royal Bank of Scotland Group's (RBS) Investment Bank (Markets & International Banking) from 2008 to 2013. Between 2007 and 2008, he served on behalf of a consortium of banks (RBS, Fortis and Santander) as Chief Financial Officer and member of the Management Board of ABN AMRO Group. He joined RBS in 1997 as a leveraged finance banker. John held various senior positions in RBS' wholesale banking division, including on the division's Board as Finance Director and Chief Operating Officer. He also ran the bank's leveraged finance business in Europe and Asia. He started his career at Price Waterhouse where he held various Corporate Finance and Audit roles in Dublin, London and Hong Kong. He is a Fellow of the Institute of Chartered Accountants in Ireland. John graduated in Economics and Sociology from the National University of Ireland and in Accounting from Dublin City University.

Carlos Halpern

(1970, Spanish nationality)

Carlos has more than 20 years' experience in the insurance and financial sectors. He has been senior advisor with several consulting firms including Roland Berger Strategy Consultants and has been involved in several digital transformation projects. He currently acts as Lecturer in Finance in several business schools including IESE and ICADE. He is a Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros, Grupo Catalana Occidente, S.A. and Grupo Compañía Española de Crédito y Caucción, S.L. From 2004 until 2014 he held various senior positions with Liberbank, including leading a major integration project, and several Board positions in different financial companies. From 1996 until 2004, he worked at Europraxis Consulting where he was involved in management consulting projects in several European countries. Carlos has a Master's degree in Business Administration from IESE Business School and a Master's Degree in Physics (Information Technology) from the Complutense University of Madrid. He has also completed the Advanced Management Program at Harvard Business School.



José María Sunyer

(1969, Spanish nationality)

José María has 28 years' experience in the insurance sector and is currently Chair of Ges Seguros y Reaseguros, S.A. (formerly CEO from 2010 to 2018). He is also Chair of Nacional de Reaseguros, S.A. and Vice-Chair of Almudena Seguros, S.A. He is a Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros and of Corporación Europea de Inversiones, S.A., as well as Asitur, S.A. Up until 2022 José María was a member of the Advisory Board of ICEA (Spanish Institute for Cooperation and Investigation between Insurance and Pension Fund Management Companies) and is currently member of the Governing Board of UNESPA (Spanish Association of Insurance and Reinsurance Institutions). In the past, he has been a Board member of Audatex, Calculo, Gesnorte and Sersanet. José María has a degree in Economics from Universidad Pontificia de Comillas in Madrid.

Juan Ignacio Guerrero

(1958, Spanish nationality)

Juan Ignacio has more than 35 years' experience in the insurance sector. He is a Board member at Domasa Inversiones, S.L. and has been an independent member of the Board of Grupo Catalana Occidente, S.A. since 2011. Between 1984 and 2006, Juan Ignacio was Deputy Director General and later CEO and Managing Director at Aresa, Seguros Generales, S.A., a Spanish insurance company. He is currently Chair of the Audit Committee of Atradius N.V., Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros and a Board member of Grupo Compañía Española de Crédito y Caucción, S.L. Former positions in the insurance sector include member of the Governing Board of UNESPA (Spanish Association of Insurance and Reinsurance Institutions) between 1996 and 2006 and Vice-President of the Advisory Committee on Health Insurance Companies of the Government of Catalonia between 1985 and 2006. Juan Ignacio has a degree in Economics and Business Studies from the University of Barcelona. He is also qualified as an Insurance Actuary and holds a Doctorate in Financial Mathematics and Actuarial Studies (pending reading of the doctoral thesis) from the same university, where he is also a lecturer on a Master's Degree course on Insurance Management.

Joaquín Guallar

(1975, Spanish nationality)

Joaquín is currently a member of the management board (Comité de Dirección) of Grupo Catalana Occidente, S.A., as well as Secretary Non-Director of the Board of Directors of Grupo Catalana Occidente, S.A. Before joining Grupo Catalana Occidente, S.A. in 2013, Joaquín was a Senior Associate at Cuatrecasas, the Spanish law firm that he had joined in 2001. Between 2008 and 2009 he was seconded to Cravath Swaine & Moore LLP in New York as a foreign associate lawyer. Other current positions include, among others, Board member of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros, Grupo Compañía Española de Crédito y Caucción, S.L., Grupo Catalana Occidente Gestión de Activos S.A.U. SGIIC and Inversiones Catalana Occidente, S.A. (Andorra), and Secretary Non-Director of the Board of Seguros Catalana Occidente, S.A.U. de Seguros y Reaseguros. Joaquín has a degree in Economics from the University of Barcelona and a Law degree from Abat Oliba CEU (University of Barcelona), as well as a Master's degree in International Business Law at ESADE and a Certificate of Research Sufficiency - Doctorate in International Studies from the University of Barcelona. He has also taken the General Manager Program (PDG) at IESE Business School in Barcelona.

Former member of the Supervisory Board (until 31 December 2022):

Francisco Arregui.



Role and procedures

The Supervisory Board supervises the Company's general affairs and the policy pursued by the Management Board. The responsibilities of the Supervisory Board include, among others, supervising, monitoring and advising the Management Board on the Company's strategy, performance and risks inherent to its business activities, the design and effectiveness of the internal risk management and control systems and the financial reporting process. The Supervisory Board rules describe the decision-making process and the composition of the committees of the Supervisory Board.

The General Meeting has the authority to appoint the members of the Supervisory Board on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board. A Supervisory Board member may be suspended or dismissed by the General Meeting at any time. The Supervisory Board shall consist of at least five members. Supervisory Board members shall resign according to a rotation scheme determined by the Supervisory Board (as included below), by which each Supervisory Board member shall resign after a maximum of four years after the date of appointment.

Name	Position	Date of initial appointment	Year of next re-appointment
Xavier Freixes	Chair	01 September 2011	2023
Bernd H. Meyer	Member	22 December 2003	2025
Hugo Serra	Member	01 September 2011	2023
Désirée van Gorp	Member	16 May 2013	2025
John Hourican	Member	01 June 2016	2024
Carlos Halpern	Member	19 January 2017	2024
José María Sunyer	Member	19 January 2017	2024
Juan Ignacio Guerrero	Member	01 January 2022	2023
Joaquín Guallar	member	01 January 2023	2025

A resigning Supervisory Board member may be reappointed. A Supervisory Board member will resign early in the event of inadequate performance or in other circumstances in which resignation is deemed necessary by the other members of the Supervisory Board.

The composition of the Supervisory Board

The composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its member enables it to best carry out its various responsibilities. The current members of the Supervisory Board have extensive experience in insurance and reinsurance, investment banking, strategic consulting and regulatory matters.



Role of the Chair and the Company Secretary

Among other things, the Chair of the Supervisory Board co-ordinates the decision making of the Supervisory Board, draws up the agendas of the Supervisory Board meetings, and chairs both the Supervisory Board meetings and the General Meetings of Shareholders. The Chair also ensures the adequate performance of the Supervisory Board and its committees, ensures the annual evaluation of the functioning of the members of the Management Board and the Supervisory Board, and acts on behalf of the Supervisory Board in serving as the principal contact person for the Management Board. The Chair of the Supervisory Board is assisted in their role by the Company Secretary.

Committees of the Supervisory Board

The committees of the Supervisory Board are set up to reflect both relevant corporate standards and the specific interests of the business of Atradius. As risk management is considered a key area of attention, the Supervisory Board considers it important that this subject is discussed in the full Supervisory Board, rather than in a specific risk committee.

Audit Committee

The Audit Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The Audit Committee monitors, independently and objectively, the financial reporting process within Atradius and the system of internal controls. The Audit Committee also facilitates ongoing communication between the external auditor, the Management Board, the internal audit department and the Supervisory Board on issues concerning the Company's financial position and financial affairs. In 2022, the Audit Committee met four times. The Audit Committee currently consists of Juan Ignacio Guerrero (Chair), Xavier Freixes and Carlos Halpern.

Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties for proposals for the appointment of members of the Management Board and the Supervisory Board, the remuneration policy, the remuneration of senior management and other corporate governance matters. In 2022, the Remuneration, Selection and Appointment Committee met twice. The Remuneration, Selection and Appointment Committee currently consists of Hugo Serra (Chair), Xavier Freixes and Joaquín Guallar.

The General Meeting determines the remuneration of the members of the Supervisory Board based on the recommendation of the Remuneration, Selection and Appointment Committee, and in accordance with the remuneration policy adopted by the General Meeting. The expenses of members of the Supervisory Board are reimbursed. You can find information regarding the amount of remuneration received by Supervisory Board members in the explanatory notes to the consolidated financial statements of the Annual Report 2022.



Conflict of interest

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

General Meeting

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

The internal and external auditor

Internal auditor

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

External auditor

The General Meeting appoints the external auditor on the recommendation of the Audit Committee of the Supervisory Board. The Audit Committee evaluates the performance of the external auditor and also pre-approves the fees for audit services to be performed by the external auditor. The Audit Committee ensures the external auditor is not appointed to render non-audit services that are listed explicitly as prohibited services in the Atradius Policy on Auditor Independence.

The General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the Company's external auditor for the financial year 2022.



Company information

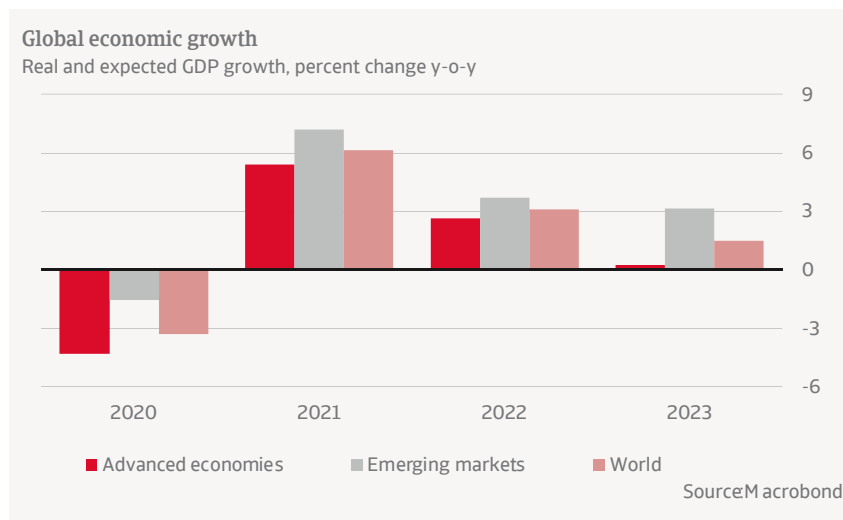
With both the ability and appetite for trade generally restored, overall volumes of insured business saw a return to strong growth trends in most markets.



The global economic environment

Geopolitical risk presents a new threat to growth

Global economic growth slowed from 6.1% in 2021 to 3.1% in 2022. The COVID-19 pandemic continued to influence the world economy, though less so than in 2021, as most markets emerged from their lockdowns after the first quarter of 2022. A new threat came to the forefront when Russia invaded Ukraine in February 2022. The war has enormous humanitarian and economic consequences for Ukraine, but also has important ramifications for global energy markets. Energy shocks have pushed up inflation, weighing on consumers' purchasing power and firms' profitability.



Advanced markets

Across advanced markets, GDP growth slowed to 2.6% in 2022, following on a 5.4% expansion in 2021. High inflation was the main culprit to growth in 2022. Inflation in advanced markets rose to an average 7.1% in 2022, mainly driven by high energy prices, but also core inflation (excluding energy and food) was clearly above its historical average. Supply chain bottlenecks, such as high shipping costs and semiconductor shortages, remained an issue in 2022. Many governments kept supportive fiscal policies in 2022, resulting from pandemic-related support and support given because of the energy crisis. Monetary policy, however, was tightened in many markets to combat high inflation.



The United States entered a technical recession in the first half of 2022, but performed better in the second half, with surprisingly good GDP performance in the fourth quarter. Pent-up demand and excess savings from the pandemic period contributed to the economic resilience. However, private consumption growth lost pace towards the end of 2022, showing the consumer is on a weaker footing. In response to high inflation, the US Federal Reserve began to shrink the size of its balance sheet and implemented several policy rate hikes in 2022.

The eurozone experienced a relatively strong first half of 2022. Economies emerged from their lockdowns after the first quarter, giving a growth boost to the services sectors and to tourism. GDP growth weakened significantly, however, in the second half of the year. This was mainly the result of high inflation, eating consumers' purchasing power and negatively affecting sentiment among both households and businesses. The European Central bank, somewhat later than the Federal Reserve, moved on a more restrictive monetary policy path. It implemented several rate hikes in 2022 and ended net asset purchases under the pandemic emergency purchase programme.

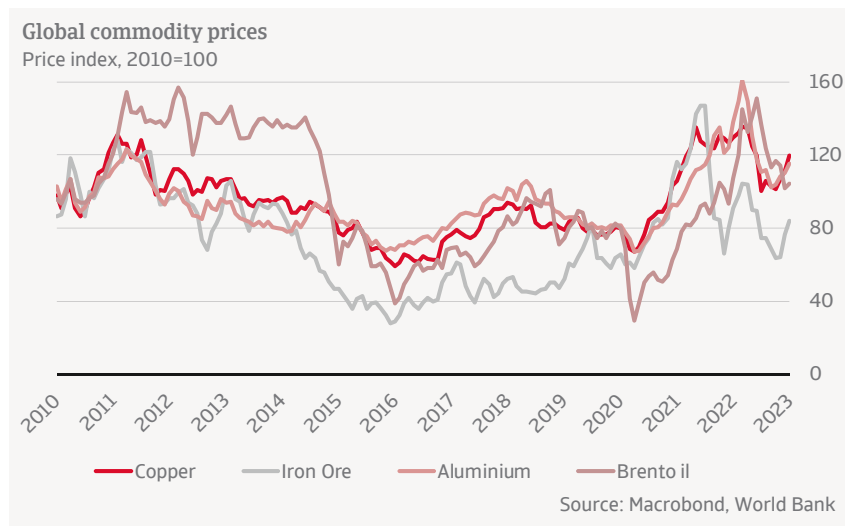
Emerging markets

Growth in emerging market economies (EMEs) slowed from 7.0% in 2021 to 3.7% in 2022. They were confronted with headwinds from the COVID-19 pandemic as well as the fallout of the war between Russia and Ukraine. EMEs in 2022 faced tighter financial conditions as central banks in advanced markets raised interest rates in response to higher inflation. Some of the more indebted EMEs struggled with higher financing costs and threats of debt instability.

Growth in Emerging Asia continued to cool down, though it remained the fastest growing region in 2022 (3.9%). In China, economic activity slowed from 8.1% in 2021 to 3.0% in 2022. COVID outbreaks and mobility restrictions as part of the government's zero-COVID policy have pulled down economic activity. The Chinese real estate sector also experienced troubles due to the declining housing market and the bankruptcy of several large property developers.

The economic recovery lost some steam in Latin America, with GDP growth slowing to 3.7%. Latin American economies faced ongoing challenges such as high inflation and monetary tightening, which were further aggravated by the economic repercussions caused by the war in Ukraine. In Brazil, GDP expanded by 3.0% in 2022. Despite political uncertainty and tight monetary policy, economic activity remained relatively resilient. Jobs growth and consumer spending supported growth in the first half of 2022, but GDP outturns weakened in the second half of the year. In Mexico, economic activity rose by 3.1% in 2022, roughly bringing the GDP back to pre-pandemic levels. It benefitted from employment and wage growth, record-breaking remittances, and a strong recovery of US tourists.

In Eastern Europe, economic developments in 2022 were completely dominated by the war in Ukraine. Western countries imposed massive sanctions on Russia, resulting in an estimated 2.3% contraction of the Russian economy in 2022. Turkey's economic growth slowed considerably (from a very high 11.4% in 2021 to 5.1% in 2022), due to a weak external environment as well as rampant inflation that weighed on consumers' purchasing power.



Global insolvencies: reversing back to normal

In 2022, global insolvencies increased on an annual basis, though they remained on the low side compared to the pre-pandemic levels. Fiscal support measures and temporary changes to insolvency legislation helped to protect companies from going bankrupt during the COVID-19 pandemic. As these measures were phased out in 2022, we began to see an increase back to the normal, pre-pandemic insolvency levels. Furthermore, the incomplete GDP recovery since the pandemic, and negative growth effects from the war in Ukraine, also gave upward pressure to bankruptcies.

In the eurozone, relatively high increases of insolvencies were recorded in Austria, France and Belgium, countries for which fiscal support was phased out in the first half of 2022 and the adjustment back to normal insolvency levels already began. However, there were also markets with relatively small increases, such as Spain, the Netherlands and Italy. Italy and Spain had already adjusted back to normal insolvency levels in 2021, whereas the normalisation had not yet occurred in the Netherlands in 2022.

In the United States, insolvencies trended upwards in 2022, but the increase was relatively mild. We suspect this had to do with the relatively generous government support given during the COVID-19 pandemic that has improved the liquidity position of firms, preventing mass bankruptcies directly after the support was phased out. By contrast, bankruptcies in the UK increased relatively sharply in 2022, which can be attributed to the ending of government support measures and the weak economic recovery since Brexit. UK bankruptcies by the end of 2022 even exceeded the pre-pandemic level.



Macroeconomic outlook for 2023

We predict global economic activity to slow to 1.5% in 2023. This marks the weakest growth profile since the global financial crisis (excluding the COVID-19 virus-driven downturn in 2020). Three critical factors weigh on growth: monetary policy tightening in response to high inflation, the impact of the war in Ukraine, and the ongoing impact of lockdowns (particularly in China) and supply chain disruptions. None of these factors is likely to be fully resolved in 2023.

Emerging markets are forecast to show relative resilience in 2023, with GDP growth forecast to go only a notch down, from 3.7% in 2022 to 3.2% in 2023. This partly reflects idiosyncratic factors, such as a rebound in Chinese growth as the economy emerges from COVID lockdowns and an easing in the pace of contraction in Russia. Emerging Asia remains the fastest growing region in 2023 (4.5%). In China, growth is anticipated to improve to 4.5%, due to a partial reversal of the COVID lockdowns of last year, and further aided by existing policy support and infrastructure spending. For Eastern Europe, we forecast a recession in 2023, reflecting negative growth in Russia as well as a sharp slowdown of growth in Turkey. We do not expect the war between Russia and Ukraine to be resolved soon.

Growth in advanced economies is projected to slow to 0.2%. Several key advanced markets – US, UK and eurozone – are expected to fall into recession in 2023. GDP growth in the United States is expected to decline further as stubborn inflation and hawkish monetary policy take their toll on consumption. Eurozone GDP growth is expected to remain more or less flat (0.4%), mainly as a result of high energy prices. Governments in advanced markets continue to provide fiscal support in 2023, though the fiscal position is slightly less expansionary than last year. Central banks are expected to continue to keep monetary policy relatively tight as long inflation does not come down.

In 2023, insolvencies in most markets continue to adjust to normal, pre-pandemic levels. There remains, however, a wide dispersion of insolvency projections across countries. In South Korea, New Zealand, the United States and the Netherlands, the withdrawal of fiscal support is likely to lead to a strong increase in insolvencies, after insolvencies stayed relatively low in 2022. There are, however, also countries with a relatively small increase in insolvencies. The UK, for example, saw insolvencies already exceeding the pre-pandemic level in 2022, putting a lid on insolvency growth in 2023. Three markets – Romania, Switzerland and Spain – are expected to see a decline in annual insolvency growth in 2023.

Risks to the world economy remain high. New disruptions to energy markets resulting from the Russia-Ukraine war, policy mistakes in monetary tightening, or new, more lethal COVID-19 virus variants, are all risks that could further derail the global economy. The current risk environment makes it even more challenging for companies to emerge stronger from the COVID-19 pandemic.



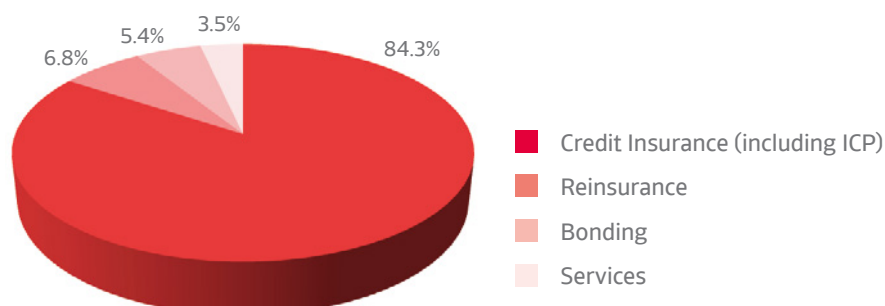
Robust performance and a steadfast presence for our customers

P&L information (EUR thousands)	2022	2021	% change
Insurance premium revenue	2,224,480	1,900,319	17.1%
Information income	141,922	135,591	4.7%
Gross insurance revenue	2,366,403	2,035,910	16.2%
Gross insurance claims and loss adjustment expenses ⁽¹⁾	(914,772)	(566,413)	(61.5%)
Gross insurance operating expenses	(800,805)	(757,184)	(5.8%)
Reinsurance result	(244,828)	(419,753)	41.7%
Insurance result	405,998	292,560	38.8%
Service income ⁽¹⁾	86,248	117,994	(26.9%)
Service expenses	(77,405)	(108,050)	28.4%
Service result	8,844	9,944	(11.1%)
Net investment result	42,343	35,575	19.0%
Operating result before finance costs	457,184	338,079	35.2%
Result for the year (after tax)	332,212	240,249	38.3%
Employees (FTE)	3,310	3,497	(5.4%)

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

	Gross		Net	
	2022	2021	2022	2021
Claims ratio	38.7%	27.8%	41.3%	37.3%
Expense ratio	33.8%	37.2%	31.7%	35.9%
Combined ratio	72.5%	65.0%	73.1%	73.2%

Revenue by business segment





With the reduction in the reporting and severity of COVID-19 cases, many trade sectors and geographical regions showed improved trade, logistics and commerce during 2022. While not entirely abated, the overall impact of COVID-19 in 2022 was substantially less, and in some regions, its impact was very limited. With both the ability and appetite for trade generally restored, overall volumes of insured business saw a return to strong growth trends in most markets. The growth in different regions along with high inflation (and the subsequent increase in commodity prices) also contributed to notable growth in insured turnover, resulting in gross insurance revenue increasing by 16.2% during the year.

As government support measures implemented by many countries during the pandemic have been progressively concluded or withdrawn, insolvencies began increasing once again in several major markets. 2022 saw a year-on-year increase due to a combination the phasing out of fiscal support measures, overall negative development of GDP and the turmoil resulting from the invasion of Ukraine. Gross claims for the year ended at EUR 914.8 million, a 61.5% increase in absolute terms, with a gross claims ratio of 38.7%.

With political instability in many regions as well as high inflation generating a new set of adverse shocks for the global economy, our Credit Insurance business showed stable growth trends in all regions across the group. Our Global unit and our local business in Germany and Spain, Portugal and Brazil developed notably well, contributing substantially to overall growth along with our Asian markets where we continue to pursue our growth ambition. Our Reinsurance, Bonding and Instalment Credit Protection businesses also developed well, showing stronger growth trends than in 2021.

Brokerage fees increased by 20.9% with a stable brokerage ratio of 12.6%, driven by the overall growth in insured business across geographical regions and markets. While operating expenses decreased by 1.2%, leveraging all opportunities for enhanced operational efficiency without compromising on our renowned best-in-class service resulted in the operating expense ratio decreasing to 33.8% (3.4%pts lower than 2021). This resulted in a healthy Gross combined ratio of 72.5%. The reinsurance result in 2022 was EUR 244.8 million (41.7% better than last year) driven mainly by a return to more traditional reinsurance treaties following the termination of the government schemes measures which had impacted reinsurance during 2021. The overall net insurance result ended at EUR 406.0 million, a 38.8% increase from 2021.

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

The information services company, Graydon, was sold in the beginning of 2022. This resulted in a reduction of 201 FTEs, which contributed to the overall reduction of FTEs for Atradius from 3,497 to 3,310.

The net result from our investment portfolio was EUR 42.3 million. This positive performance was a result of strong contributions from our associated companies, from higher interest rates on our investment portfolio, and from favourable exchange rates.

Overall, the total result for the year reached EUR 332.2 million, in large part due to organic growth, strong demand for Atradius' products and services and the impact of inflation on overall insured business volumes.

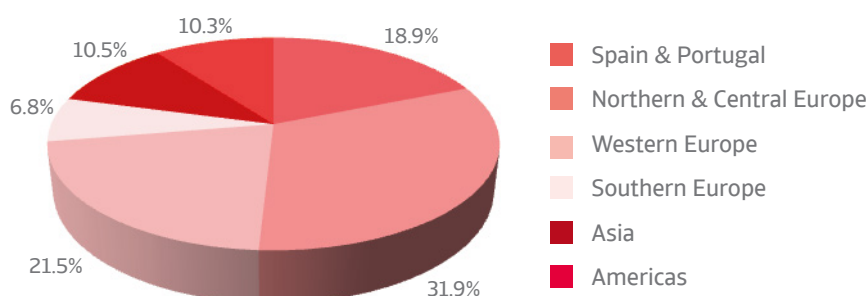


Credit Insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2022	2021	
Insurance premium revenue	1,924,549	1,624,033	18.5%
Information income	141,922	135,591	4.7%
Insurance revenue	2,066,471	1,759,624	17.4%
Gross insurance claims and loss adjustment expenses ⁽¹⁾	(789,011)	(432,258)	(82.5)%
Gross insurance operating expenses ⁽¹⁾	(671,122)	(634,729)	(5.8)%
Result before reinsurance	606,339	692,883	(12.5)%
Reinsurance result	(224,872)	(398,748)	43.6%
Result after reinsurance	381,468	294,135	29.7%
Total credit insurance and ICP gross claims ratio	38.2%	24.6%	(13.6% pts)

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

Credit insurance & ICP revenue by region



2022 was a positive year for our credit insurance business with positive growth trends developing further across the markets. Our commitment to our customers and best-in-class service in all circumstances resulted in an excellent customer retention rate of 93.5%. Gross insurance revenue grew by 18.5% (15.8% at constant foreign exchange rates). Our credit insurance portfolio showed solid growth with units across the group generally reporting very favourable development and collectively generating EUR 2,066.5 million in revenue, a 17.4% increase compared to 2021.

In 2022, business development in some regions, which continue to be clouded by political or economic uncertainty, proved to be increasingly challenging. However, almost every one of our local credit insurance units grew versus the previous year. Asia maintained its strong growth of 35.7% in 2022 as we continue to pursue our growth ambition in this region. North America showed strong development despite price reductions in the market, resulting in excellent growth of 35.5%. All countries in Europe showed positive revenue development. Our markets in Germany and Central & Eastern Europe showed notably strong growth (19.1% and 21.3% respectively), along with Italy (29.1%), Netherlands (16.9%) and Oceania (15.4%). Spain our largest market showed a solid increase of 11.7% as overall insured business continues to grow. Atradius' Global unit maintained strong performance and growth, further supported by the excellent customer base retention thanks to Global's first class service.



The Group's risk exposure for credit insurance (total potential exposure, or TPE) increased by 19.3%, to EUR 849.8 billion at year-end 2022. This is due to the strong growth of insurable business volumes driven by new business acquisition as well as increases in commodity prices and inflation. Europe represents over 70% of total exposure, where Germany with 12.8% is the largest market, followed by Spain with 10.9%.

The claims ratio for the year rose to 38.2%, which is 13.6% pts higher than the previous year with a progressive increase in the overall number of claims. This has been largely the result of a weaker economic outlook, high inflation and energy prices, some remaining supply chain issues and the withdrawal of government support mechanisms starting to have an impact. Increases in overall claims inflow and claims expenses were observed across business units.

The reinsurance result for 2022 improved substantially. This is mainly the result due to no longer being impacted by the government pandemic support schemes implemented by multiple countries during 2020 and 2021.

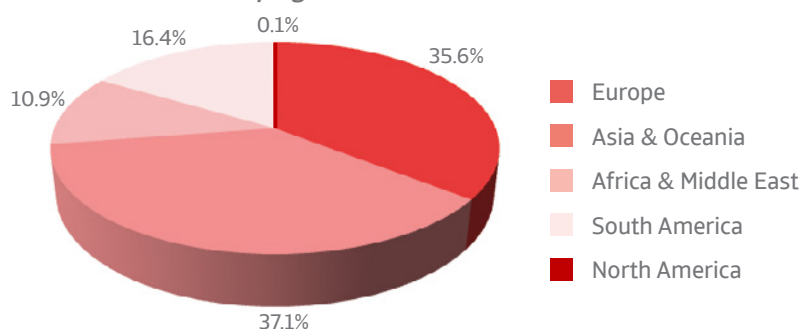
The technical result after reinsurance for our credit insurance & ICP business increased by 29.7% compared to 2021, placing it at EUR 381.5 million.



Reinsurance

(EUR thousands)	2022	2021	
Insurance revenue	166,555	152,124	9.5%
Gross insurance claims and loss adjustment expenses	(85,506)	(93,112)	8.2%
Gross insurance operating expenses	(64,254)	(58,377)	(10.1%)
Result before reinsurance	16,796	636	2,541.0%
Reinsurance result	(3,851)	(9,556)	59.7%
Result after reinsurance	12,945	(8,921)	(245.1%)
Gross claims ratio	51.3%	61.2%	9.9% pts

Reinsurance revenue by region of cedent



Atradius Reinsurance DAC (Atradius Re) is a leading market reinsurer providing capacity to primary insurance companies in credit insurance and bonding.

Our reinsurance business currently supports business from 110 clients in over 51 countries, maintaining a balanced diversity within the portfolio. The underlying business consists of 59% credit insurance and 41% bonding, based on premium volume. A multilingual, highly trained and experienced international team, at Atradius Re's office in Dublin, Ireland, has underwritten the business.

We have long-standing relationships with our clients, 212 live contractual agreements and we lead 35% of our treaties. In addition, we maintain close contacts with specialist brokers. The quality of these client relationships is underscored by our unique offering: combining the Group's skills in the primary underwriting of credit insurance and bonding risks with our own distinctive approach and expertise in structuring reinsurance solutions. At Atradius Re, we always strive to anticipate and respond to the specific and changing needs of our customers.

Total reinsurance revenue, of EUR 152.1 million in 2021, increased to EUR 166.6 million, in 2022. This increase in revenue is due to a combination of new business, mainly bonding, and increased business from existing cedants.

The claims ratio has decreased from 61.2% in 2021 to 51.3% in 2022, partially due to the favourable developments in claims activity from prior underwriting periods.

Gross insurance operating expenses showed an increase from €58.4 million to €64.2 million, mainly due to higher commissions payable as a result of increased earned premium during the year, but also due to profit commissions paid as a result of lower claims. The gross insurance operating expenses ratio has increased from 35.9% to 36.2%.

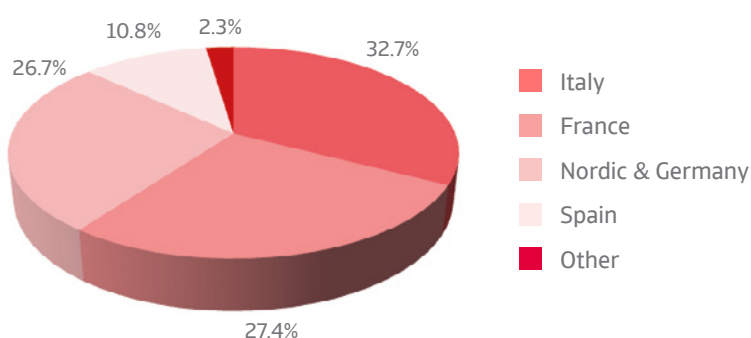
The profitability during financial year 2022 was due to combination of a significant increase in revenue and positive development of claims in respect of prior underwriting years.



Bonding

(EUR thousands)	2022	2021	
Insurance revenue	133,376	124,163	7.4%
Gross insurance claims and loss adjustment expenses	(40,255)	(41,043)	1.9%
Gross insurance operating expenses	(50,116)	(55,658)	10.0%
Result before reinsurance	43,004	27,461	56.6%
Reinsurance result	(16,106)	(11,449)	(40.7%)
Result after reinsurance	26,898	16,011	68.0%
Gross claims ratio	30.2%	33.1%	2.9% pts

Bonding revenue by region



Our Bonding business in 2022 has again produced better results than the previous year, recording a revenue of EUR 133.6 million (an increase of 7.4% compared to 2021).

Our customer-centric approach and tailored services allowed us to show a consistent growth in most of the bonding countries. Our knowledge of the surety market, combined with a constant and dynamic analysis of the economic trends, enabled us to build on our solid performance in 2021. This gives us a strong base for our ambition to continue our growth into the European Surety market.

Since the pandemic outbreak in which the exposure dropped to EUR 24.1 billion, we have been able to rebound and reach our new peak of EUR 27.5 billion, with an overall growth of almost EUR 3.4 billion in two years (or 14.1% growth) with a better quality portfolio. This achievement has been obtained thanks to a progressive recovery in our customer base and the consistent onboarding of new business.

Governments are currently supporting the economies of our Bonding customer base. This indirectly supports our customers, and has helped many ensure business continuity. Consequently this has helped our business and we have been able to take advantage by underwriting more business. In particular, Construction and Energy are the trade sectors benefiting from government interventions.

We have paid close attention to controlling Bonding's expenses and this has enabled the unit to maintain a cost ratio of 39%, which is 7pts lower than the previous year.

Our technical result has reached EUR 43 million (before reinsurance) or a gross margin of 30%.

Our business continues to grow, reflecting a reasonable risk policy and high-quality customer service, which we aim to pursue in the years to come.

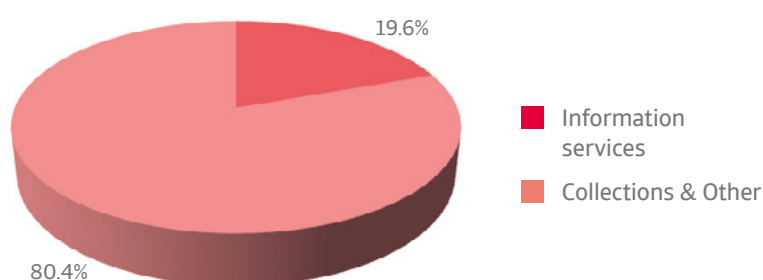


Services

(EUR thousands)	2022	2021	
Service income ⁽¹⁾	86,248	117,994	(26.9%)
Service expenses	(77,405)	(108,050)	28.4%
Service result	8,844	9,994	(11.1%)

⁽¹⁾ Overview includes inter-segment revenues.

Service revenue



Our services segment comprises our debt collection operations, the Dutch State Business and our information service businesses. It achieved a positive result in 2022, with an overall stable performance throughout the different services. Our information services company, Graydon, (a 100% subsidiary of Atradius from 2016) which represented approximately a 34% of total revenues, was sold in 2022.

Debt Collection

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

Debt collection and credit insurance complement each other as they are counter-cyclical, with the collection service picking up as the economy deteriorates. In contrast, credit insurance prospers more in a benign environment.

The challenging economic climate continued during 2022, whereby many governments supported their economies by providing a high level of liquidity. This resulted in artificially low levels of insolvencies and, as a consequence, a significant reduction in overdue accounts receivable and non-payments. During the second half of the year, many governments started to phase out their monetary support programmes leading to solid growth in the inflow of uncollected amounts. In addition, we realised gains from the growth in debt collections, in particular APAC.

Through a focus on product and risk diversification, Atradius Collections has generated service revenues of EUR 49 million in 2022, representing a decrease of just 2% compared to 2021. Our efforts in the preventive services



product(s) have proven viable and supported our growth. Our customers are loyal and support our dedication to continuous improvement of service delivery with an overall customer satisfaction score of 7.9 out of 10.

Atradius Collections enhanced overall group and unit efficiency and established a growth path through acquisitions. Efforts to support our Global customers continued in 2022 and resulted in further expansion in new markets.

Atradius Dutch State Business

The technical results for the account of the Dutch state were positive throughout 2022 as Atradius Dutch State Business (ADSB) provided cover for risks related to infrastructure projects, the export of capital goods, services to buyers in countries outside the Netherlands, as well as cover for political risks related to investments in other countries.

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

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

Information Services

Iberinform, our information service companies in Spain and Portugal, continued to support our insurance business in the Iberian markets, demonstrating stable revenue performance.

Graydon, provider of business information services, was a 100% subsidiary of Atradius since 2016. In February 2022, Graydon was acquired by Creditsafe. Atradius will continue cooperating with Creditsafe as one of our information providers (via our Iberian information provider Iberinform).



Our people

Our people are at the heart of our business. Their dedication and commitment are what drives the performance of our company.

Despite all the challenges these recent years have brought, our employees have continued to show enthusiasm and hard work in their day-to-day activities. As an employer, we aim to provide a positive employee experience, with a focus on keeping our people motivated and engaged. We believe in creating an environment where everyone feels free to be themselves.

As our company keeps evolving and growing, we want to ensure that we offer a workplace, where the well-being of our employees is prioritised. In the last quarter of 2022, we made a company-wide one-off payment to our employees below Director Level. This was in response to high levels of inflation and was aimed at providing additional financial assistance to our employees.

Our two main priorities of 2022 were the attraction and retention of talent and maintaining the well-being of our employees.

Attracting and retaining talent

Global trends are shaping the future of talent retention and attraction. As a result of the COVID-19 pandemic, people are reconsidering their job preferences and labour markets are tightening on a global scale. As part of our 2022 priorities to attract and retain talent, we focused on our recruitment strategy, development opportunities and improving the onboarding experience to address this challenge. We are proud of our retention levels with only 10% turnover and we continuously invest in our people to keep this number up.

Hybrid-working model

In July 2021, we introduced the Hybrid-Working Model, which allows our employees to split their time between working in the office and working from home. As a starting point, we asked our employees to be in the office for 60% of their time and be flexible for the remaining 40%. After more than a year of working with the model, we conducted a pulse survey to gain insight into our employees' experiences working with the hybrid-working model and to understand where we can evolve hybrid working in the future.

The results of the survey have been encouraging: 71% of employees are satisfied with the hybrid-working model. Additionally, we scored an 8.8 out of 10 on managerial trust in hybrid times, an 8.8 on enablement to work in a hybrid manner and an 8.3 on feeling connected to the organisation. These results give



us the confidence that our people can work effectively both at home and in the office and that we can maintain our strong Atradius culture even in the hybrid way of working.

Even though the survey showed a positive result, we will continue to adapt and evolve to become more successful with the Atradius Hybrid-Working Model.

Developing our people

At Atradius, we encourage our employees to take the lead in their personal and professional development. We offer support at the local and unit level and the Atradius Academy offers various (virtual) learning and development opportunities. The courses on offer expand every year, ranging from financial and compliance e-learning courses, to cybersecurity awareness campaigns, diversity and inclusion webinars and soft skills taught through classroom training. Development programmes were conducted online during the COVID-19 pandemic, but during 2022 we have resumed in-person training.

We have additionally invested in training and development courses with Office 365 tools to show how they can be used to benefit our employees, but also our customers and Atradius. We also provided practical ways to use Office365 to develop healthy habits using technology. This is useful to counteract the effects of us spending more of our time behind a screen.

Atradius business transformation – Shaping Tomorrow Together

In 2022, various training activities have taken place to prepare employees for the roll out of newly developed internal IT systems for Credit Insurance and Bonding, which are part of the Atradius Business Transformation programmes. Multiple online resources have been created as a one-stop shop for all training materials, step-by-step guides and questions. The Shaping Tomorrow Together initiative was designed to ready employees for the transformation that these new systems would require and under this banner, we have continued to emphasise the importance of demonstrating a growth mindset, and encouraging employees to embrace new technologies.

Compliance courses

All new employees must complete our suite of compliance courses. This year we offered the following mandatory compliance courses: Anti-Money Laundering and Bribery & Corruption. Phishing Attacks and How to Protect Atradius and Sustainability at Atradius are two other mandatory courses launched in 2022.

Diversity, equity and inclusion

As we have a presence in more than 50 countries worldwide and multinational staff of whom many are multilingual, diversity is at the heart of our company. These different backgrounds and ways of thinking enrich us. Our people are the key to our success and we believe that collaboration between people with a mix of generations, genders and cultures brings the best results.

We strive to create a diverse and inclusive workplace. In the Employee Engagement Survey, we outperformed the external benchmarks when it comes to being an inclusive organisation (see table below). Additionally, as part of Global Diversity Awareness Month in October, five inspirational webinars were organised for the whole organisation to improve our awareness and understanding of diversity and inclusion and help foster an inclusive workplace. We aim to continue the focus on increasing diversity and inclusion at Atradius and bring more initiatives in 2023.



Diversity, equity and inclusion	Atradius	External benchmark
Equal treatment	8.0	7.2
Being accepted as oneself at work	8.2	7.5
Ability to be oneself at work	7.9	7.4
Employees have equal opportunities	7.6	7.3
Share opinions openly	7.1	6.9
Free from bullying	8.0	7.2

Recruitment & onboarding

The recruitment and onboarding process is essential to attract and retain talent. Employees who are given greater insight into the company culture and have opportunities to engage with others in the organisation have a greater chance of success in their role. In February 2022, we launched a global online onboarding journey to ensure all our new joiners experience the same warm welcome, further reinforcing our company culture. This was delivered within our HR Management System and takes new joiners through a series of modules during their first week, month and three months. This global journey is followed by local onboarding initiatives in each country.

In terms of attracting talent, we have improved the candidate experience on our career site making it easier for a candidate to search for a job. We have introduced a recruitment system in all countries to streamline the recruitment process. For vacancies, we have connected LinkedIn to our recruitment system making it easier for a country to post their vacancy on the social media platform, increasing the visibility of the vacancy.

Well-being of our employees

Our employees' well-being and vitality are of primary importance, especially in these uncertain times. We offer various organisation-wide well-being and vitality initiatives to ensure our employees take the time to focus on themselves and keep a positive work-life balance. Continuous efforts to evolve our company culture can also have a positive impact on the mental health and overall well-being of our employees.

Employee Engagement Survey 2022

To gain an insight into the well-being of our employees, we conduct an Employee Engagement Survey every two years. In June 2022 together with Effectory (Europe's leading provider of Employee Listening solutions), we conducted a survey and had a response rate of 80%. The results were clustered into nine themes, including team leadership, engagement and inclusion. Overall, we scored higher than the external benchmark provided by Effectory on most themes such as customer focus, inclusive organisation and trust. However, some scores within the strategic themes were lower than external benchmark, such as workload and career development, and what we would have hoped for, providing further motivation to address the areas for improvement.



People continue to enjoy and appreciate the basics such as; experience of work, a good team and a good manager. Camaraderie and collaboration among colleagues is an absolute strength. Despite the past two years in lockdown, we were still able to keep our collaboration and team productivity high. Team leadership scored higher than the benchmark and is perceived to be stronger than two years ago. We outperformed the external benchmark for being an inclusive organisation and for trust. Additionally, the results show a strong customer focus, indicating that we prioritise the needs of our stakeholders and customers.

During this survey, commitment towards the organisation dropped compared to the previous survey (which had an all-time high), as did alignment with the organisation's goals and objectives. However, we still scored higher than the external benchmark in this areas. The perceived workload was high and increased over the last two years, affecting the well-being of our employees. Lastly, career development opportunities remain an area of improvement, greatly influencing engagement.

Strategic theme	Atradius	External benchmark
Employership	7.6	7.0
Engagement	7.3	7.1
Alignment	7.6	7.3
Customer Focus	8.0	7.4
Team productivity	7.7	7.3
Team leadership	7.4	6.8
Inclusion	8.0	7.4
Psychological safety	7.2	7.0
Trust	7.8	7.2
Retention	8.1	7.3

We are very happy with the overall results and will continue to address these themes at the group, department and team levels.

The growth programme

In 2021, the Growth Programme focused on personal well-being and the importance of having a good balance in a challenging environment. This year, we focused on gaining an overview and focus and building strong teams in the new hybrid-working world. Topics included managing workload, goal setting and how to create a dream team. As the well-being of our employees is extremely important to us, this programme will continue for the third year in 2023.

Evolving our culture

To help our employees during these uncertain times, we have focused on strengthening our culture via Evolve+, our multi-year cultural programme. Since 2017, the Strike initiative has been taking place - a group-wide sales competition helping build and support our growing competitive spirit and actively encouraging proactivity and agility. In May 2022, a winners' event was hosted in Madrid to celebrate the Strike League winning teams from 2019, 2020 and 2021. The teams were recognised for their contribution, commitment and dedication to the winning of new business, and the significant contribution they made to our Strike targets.



Another Evolve+ initiative is the Digital Ambassadors Programme – a yearly programme that trains employees to play the role of navigator and sense-maker, providing a source of knowledge and expertise in guiding colleagues through their digitalisation journey. In 2022, 47 colleagues participated from all around the world and were motivated to increase their digital literacy and help their colleagues' ongoing adoption of digitalisation.

Atradius Cares, under the Evolve+ initiative, was introduced in 2017 to share our resources charitably and give back to society. This is applicable not only for our commercial stakeholders but also for the wider community and the environment. Over the past few years, many events have been organised locally by our colleagues around the world. Participating in these initiatives encourages team spirit and reinforces positive and sustainable values while contributing positively to society. It contributes to our direct community and environment, and it also broadens personal horizons. For example, in April 2022, Atradius matched the amount that our colleagues donated to UNHCR and local initiatives to support Ukrainian refugees.

Other initiatives under Atradius Cares around the world this year have included cleaning up the environment near our various offices for World Clean-up Day, raising money for ALS via The Amsterdam City Swim, walking for 24 hours to collect funds for the Cancer Foundation, and donating laptops to the less privileged.



Risk and Capital – managing and adapting to changes

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

We group the main types of risk that we face into insurance, financial, strategic, and operational. Insurance risk, or underwriting risk, is predominantly the risk of non-payment by a buyer, covered by a policy (credit insurance), or the risk of non-performance of a customer (bonding). Financial risks arise out of developments in financial markets and with counterparties - including market risk, credit risk and liquidity risk. Strategic risks are risks related to changes in the business environment. Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

This high-level categorisation is not exhaustive. Within the above risk types, we also focus on Environmental, Social and Governance (commonly referred to as ESG) risks, for which we discuss in more detail in the respective section in this report. Concepts such as sustainability, integrity, transparency and a responsible attitude to carrying out activities are important to our company.

During 2022, Atradius addressed developments in the global risk landscape combined with an increased focus on ESG issues.

Risk management framework

The Boards of the group companies have ultimate responsibility and accountability for risk management and internal control within their respective companies. The Management Board implements and oversees Atradius' group-wide risk governance through the Risk Strategy Management Board (RSMB) and a number of committees that support and report to the RSMB. These committees operate in specific risk-related areas such as underwriting of buyer exposures, country risk, provisioning, asset management and investments, reinsurance, quantitative modelling, and approval of new products and transactions. In



addition, all employees have well-defined authorities specifying the level of risk they can accept. This framework ensures that we assume and manage risks in a controlled way, and in line with the risk appetite of the company. For the description of the main risks and uncertainties, and how we manage them, please refer to Note 4 of the consolidated financial statements.

Underwriting risk

In 2022, we ensured that we maintained sufficient commercial and risk underwriting resources to address rapidly changing circumstances in the geographies and trade sectors in which we provide services. We continuously took measures to preserve the quality of our risk profile. At the same time, we communicated and explained our actions to our stakeholders (customers, brokers, reinsurers, regulators, shareholders and employees) to ensure transparency and to steer as smooth as possible through turbulent conditions.

Financial risk

We maintained a diversified portfolio of investments, closely monitored and managed according to strategic asset allocation parameters. The portfolio remained concentrated around high-quality fixed income assets. We ensured sufficient cash liquidity for any given circumstance, and supported this with a credit facility for the unlikely event of a liquidity crunch. The impact of exchange rate fluctuations has been limited as revenue, expenses, assets and liabilities within our non-Euro operations are generally denominated in the same currencies.

Credit risk is low as we maintain a highly creditworthy reinsurance panel and other sources of credit risk (bank accounts, policyholders) are well spread and limited.

Strategic risk

We define strategic risk as the risk arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It is the risk related to strategic planning, market developments and reputation.

Atradius manages strategic risk exposures based on an estimation of the likelihood of the risk materialising and the impact should that event occur. It includes those risks that senior management consider to have the highest overall magnitude.

Operational risk

An emerging operational risk is that certain units and functions within Atradius have difficulties attracting and retaining people. This is partially driven by what the media has named as ‘The Great Resignation’, where employees are re-evaluating personal values in terms of job satisfaction, work-life balance, workload, salaries, working flexibilities, office location, etc.

Atradius recognises increasing external threats (from internet connected services, for example), especially within phishing, fraud, and ransomware, that we have seen materialise in our and other financial institutions in recent times. The ongoing threat landscape highlights the increasing cyber threat against financial services companies through insufficient technical controls and user error. We have been alert to such risks for some time, and have correspondingly and continuously increased our cyber risk management.



Regarding fraud, a team comprised of employees from various locations across our company, monitors the activity of customers and buyers to detect indications of external fraud. Atradius also provides fraud awareness training and advice to employees and customers to help identify fraudulent buyers. Internal fraud is addressed through, among other things, manual and automated operational controls such as the segregation of duties, application of signing authorities and role-based system privileges and authorities.

Risk and capital

The relationship between risk and capital is fundamental, as taking risks consumes capital. Strategic decisions are taken with the interdependence of risk and capital in mind.

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

In 2022, given our internal model's ability to react quickly to a changing portfolio and environment, its use was important for the management of our risk profile. In addition, the model continues to be used to calculate regulatory capital requirements under Solvency II.

Atradius compliance framework

At Atradius we believe that compliance with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and stable business processes. The Atradius Code of Conduct outlines the basic corporate, legal and ethical principles and guidelines that apply to all our employees, and that govern our operations and business conduct towards customers, brokers and all parties involved in Atradius business. The Atradius Speak-Up Procedure gives guidance on how to raise concerns regarding a violation or breach of the Code of Conduct in a confidential manner. Atradius has set up several additional compliance policies for specific areas, which set out the requirements to which Atradius employees must adhere. For example, the Policy on Customer Due Diligence and Policy on Sanctions address potential sanctions risks. Atradius has a Data Protection Framework in place, which includes controls, policies and procedures to comply with the applicable data protection legislation. All the compliance policies are available to employees and reviewed on a regular basis.

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



Capital management

We seek to maintain a strong capital position and well-capitalised operating entities in line with our defined risk appetite. This helps to support the evolution of our insurance business, withstand financial stress in adverse business and financial markets, meet our financial obligations and, ultimately, create shareholder value.

Shareholders' funds and Subordinated debt

We maintain a strong capital position, building further our capitalisation thanks to high retained earnings in 2022. Shareholders' funds at the end of 2022 amounted to EUR 2,175.4 million, an increase of 1.5% from EUR 2,142.3 million at year-end 2021.

Subordinated debt at the end of 2022 amounted to EUR 250 million (nominal amount), unchanged from year-end 2021. The EUR 250 million nominal amount represents subordinated notes listed on the Luxembourg Stock Exchange, which qualify as Tier-2 basic own funds for Solvency II. For further details, please see Note 16 of the consolidated financial statements of the Annual Report 2022.

Regulatory capital

At the end of 2022, Atradius' companies collectively held a solvency ratio above 200%.⁽¹⁾

We apply a partial internal model (consisting of an internal model to measure substantially all underwriting risk exposure and the regulatory standard formula to measure other risk types) to calculate regulatory capital requirements under Solvency II.

⁽¹⁾ Subject to finalisation of any audit procedures.



Environmental, social and governance sustainability

Atradius focused attention on Sustainability in 2022, formalising ambitions and allocating resources to deliver them.

Atradius has been enabling trade for nearly 100 years. It is important for us to now think about what the next 100 years will look like, and how we will contribute to global economic growth and the global sustainability agenda.

We expect to see big changes in the way that trade will take place – especially as the world takes on the enormous challenge to be net zero by 2050. Businesses are increasingly expected to consider criteria other than economic profitability, which means embedding sustainability in the decision-making process.

We are fully committed to building sustainability within our own business and supporting our customers to make their trade more sustainable.

We believe in a future built upon sustainable global trade with positive outcomes for people and the planet.

In 2022, we formalised our sustainability ambitions and created a dedicated ESG Committee chaired by our CFO Claus Gramlich-Eicher that meets regularly. The Committee has been set up to structure our various ESG initiatives. We have also recruited a Head of ESG to drive our actions in 2023 and beyond.

Atradius' sustainability initiatives and reporting are aligned with our parent company Grupo Catalana Occidente S.A.

Three pillars reflect the different aspects of our sustainability ambitions : Planet, People and Prosperity.



Planet

“We promote trade that is planet positive”

We aim to:

- Shift our portfolio to Net Zero by 2050
- Help our customers find planet positive trading partners
- Support our customers' transitions to clean production and supply chains
- Support our customers to lower their carbon footprint
- Invest responsibly
- Achieve carbon neutrality in our own operations

Shifting our portfolio to Net Zero by 2050

We have signed up (alongside our parent company Grupo Catalana Occidente S.A.) to the Net Zero Insurer's Alliance (NZIA). As a member of NZIA we are committed to achieving greenhouse gas (GHG) emission neutrality by 2050. In accordance with the NZIA Target-Setting Protocol, we will set our targets for the next five years in 2023.

Shifting our operations to Net Zero

To become carbon neutral in our own operations we are implementing new Corporate Real Estate Standards (CRES) with embedded ESG goals for energy saving measures and new procurement procedures. We have reduced the 2023 travel budget by more than 30% compared to 2019 and are promoting the use of digital tools to substitute travel.

Responsible investment

In 2022 we achieved the target of ensuring 10% of our investments were sustainable or delivered sustainable impacts.

Planet positive trading partners

To help our customers find planet positive trading partners – we have invested time to identify a suitable partner to support us with ESG ratings. In 2023, we will kick off multiple pilots to investigate the possibilities of embedding ESG ratings into our business processes.

People

“We value the richness of genders, races, cultures and personalities”

We aim to:

- Ensure we are an equal opportunity employer regardless of genders, races and cultures
- Deliver value through diversity and inclusion
- Enhance employability
- Support the well-being of our employees
- Give back to society and our local communities
- Strive for a good balance between the prosperity of communities and the impact on the environment
- Help / coach sustainable entrepreneurs
- Guide / train our colleagues to play their part in contributing to a more sustainable future

An equal opportunity employer

Our overall employee ratio is balanced at Atradius with 51:49 male to female. However, this is not reflected in our senior management positions where



there is still room for growth. We believe that greater diversity at all levels within the organisation facilitates better decision-making. Therefore, we are committed to improving the gender balance in our top management positions.

We monitor equal opportunities for employment, pay and training/learning throughout Atradius. In 2022, 31% of all managers were women (including top and sub-top management positions). However, the percentages of women employed on the Supervisory Board and Management Board were 11% and 0% respectively. In addition, 24% of our sub-top level managers in 2022 were women.

It is our ambition to change this over the next five years through the deployment of a multi-year action plan. The plan's actions include: balancing gender distribution when identifying potential senior profiles, launching unconscious bias training for all our managers, organising a mentoring programme for women, and developing a leadership programme for women. Over the next five years we aim to see a greater percentage of our most senior positions filled by women including: 22% of the Supervisory Board, 17% of the Management Board and 26% of our sub-top level positions.

We also monitor the gender pay gap. The largest pay gap within our professional categories across Atradius was 14% in 2021. In 2022, this gap decreased to 12%. Several factors come into play when measuring pay gaps such as country differences in salary, years of experience and complexity of the position. We aim to stay below a 12% pay gap for each professional category at the Group level.

Progress in the areas of equal opportunities for employment, pay and learning will be carefully measured and monitored through KPIs.

Delivering value through diversity and inclusion

We have hosted a series of webinars for our employees to explore the key themes of Diversity, Equity and Inclusion (DEI). These included discussions about and explorations of unconscious bias, trust, empathy, how to foster psychological safety at work and allyship. This was a first step towards raising awareness on these important themes and enabled colleagues to then start a dialogue within the company and take steps towards helping to make Atradius an even more inclusive workplace. In our employee engagement survey in 2022, we outperformed the external benchmark on being an inclusive organisation with scoring a high 8.0 against 7.4 externally.

Prosperity

“We foster sustainable prosperity”

We aim to:

- Safeguard sustainable growth for the company through compliance with relevant international ESG rules and regulations
- Build ESG factors into our strategic decision framework
- Become the insurer of choice, a trusted partner for sustainable global trade
- Attract, motivate and retain the best talent to help us achieve our sustainability goals

Safeguard sustainable growth for the company through compliance with relevant international ESG rules and regulations

Our sustainability reporting is aligned with our parent company Grupo Catalana Occidente S.A. On a yearly basis, Atradius reports multiple non-financial topics relating to Human Resources, suppliers and the environment.



In the fast-changing legislative landscape – and also to keep pace with new reporting and disclosure requirements and commitments for the Net Zero Insurance Alliance - we are currently analysing the tools available. We are specifically seeking to better enable the efficient collecting, collating and reporting of information required for the current Grupo Catalana Occidente S.A. Sustainability Report and any future reporting and disclosure requirements.

Build ESG factors into our strategic decision framework

To build ESG factors into our strategic decision framework, we have refined our governance processes and updated IT processes to take ESG factors into consideration.

Attract, motivate and retain the best talent to help us achieve our sustainability goals

To help us attract, motivate and retain the best talent to achieve our sustainability goals, we have created a new 'Head of ESG' role to address the growing importance of ESG and drive our sustainability agenda. The Head of ESG is responsible for the ESG strategy, for enabling the delivery of our sustainable business ambitions and for overseeing the operational management of sustainability across our different international businesses.

Remain a trusted partner for sustainable global trade

To remain a trusted partner for sustainable global trade we have started a dialogue with customers and business partners about sustainability topics. In 2022 we held a virtual event titled 'Clean energy transition: a new way forward for global trade?'. The panel of experts included an energy economist as well as Atradius partners and customers, who together helped us to highlight and explore some of the key issues and risks facing businesses in the areas of clean energy transition specifically and sustainability more generally. We acknowledge that achieving net zero requires new thinking and we don't have all the answers yet – but we are committed to supporting our customers in this process.



Consolidated financial statements 2022

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Consolidated statement of financial position

as at December 31, 2022

Assets	Note	31.12.2022	31.12.2021
Intangible assets	6	213,618	234,890
Property, plant and equipment	7	180,880	190,225
Investment property	7	25,947	26,025
Investments in associated companies	9	88,726	75,623
Financial investments	10	2,944,676	2,978,054
Reinsurance contracts	18	900,040	810,372
Deferred income tax assets	20	85,813	39,935
Current income tax assets	20	83,035	36,284
Receivables	11	380,584	374,607
Accounts receivable on insurance and reinsurance business		258,156	210,884
Other accounts receivable		122,428	163,723
Other assets		737,306	653,359
Deferred acquisition costs	12	88,653	77,575
Other assets and accruals	13	648,653	575,784
Cash and cash equivalents	14	575,789	499,393
Assets held for sale	33	74,626	-
Total		6,291,040	5,918,767
Equity			
Capital and reserves attributable to the owners of the Company	15	2,175,450	2,142,323
Total		2,175,450	2,142,323
Liabilities			
Subordinated debt	16	249,600	249,383
Employee benefit liabilities	17	58,979	100,005
Insurance contracts	18	2,565,569	2,134,434
Other provisions	19	4,087	5,026
Deferred income tax liabilities	20	100,983	100,977
Current income tax liabilities	20	73,194	40,699
Payables	21	328,525	521,968
Accounts payable on insurance and reinsurance business		184,339	347,983
Trade and other accounts payable		144,186	173,985
Other liabilities	22	667,209	623,953
Liabilities held for sale	33	67,444	-
Total		4,115,590	3,776,444
Total equity and liabilities		6,291,040	5,918,767



Consolidated profit and loss statement

for the year ended December 31, 2022

	Note	2022	2021
Insurance premium revenue	23	2,225,340	1,900,319
Insurance premium ceded to reinsurers	23	(858,939)	(945,461)
Net premium earned		1,366,401	954,858
Service and other income	24	225,707	250,649
Share of income/ (losses) of associated companies	25	17,755	15,963
Net income from investments	25	24,588	19,613
Total income after reinsurance		1,634,451	1,241,083
Insurance claims and loss adjustment expenses	26	(912,309)	(563,478)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	291,506	159,914
Net insurance claims		(620,803)	(403,564)
Net operating expenses	27	(556,463)	(499,440)
Total expenses after reinsurance		(1,177,266)	(903,004)
Operating result before finance costs		457,185	338,079
Finance income		8,135	944
Finance expenses ⁽¹⁾	28	(7,255)	(11,008)
Result for the year before tax		458,065	328,015
Income tax expense	29	(104,220)	(87,766)
Result for the year from continuing operations		353,845	240,249
Net result on held for sale operations	33	(21,633)	-
Result for the year		332,212	240,249
Attributable to:			
Owners of the Company		332,212	240,249
Non-controlling interests		-	-
Total result for the year		332,212	240,249

⁽¹⁾ Includes the effect of applying IAS 29 standard related to hyperinflation in Turkey for EUR 0.1 million



Consolidated statement of comprehensive income

for the year ended December 31, 2022

	Note	2022	2021
Result for the year		332,212	240,249
Other comprehensive income:			
Items that will not be reclassified to the profit and loss statement:			
Actuarial gains/(losses) on defined benefit pension plans	15.5	37,471	40,291
Income tax relating to items that will not be reclassified		(11,388)	(8,593)
Items that may be subsequently reclassified to the profit and loss statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	(214,510)	38,801
Indexation Turkey Opening Balance Sheet		55	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	7,508	18,791
Income tax relating to items that may be reclassified		46,354	(9,519)
Other comprehensive income for the year, net of tax		(134,509)	79,771
Total comprehensive income for the year		197,703	320,020
Attributable to:			
The owners of the Company		197,703	320,020
Total comprehensive income for the year		197,703	320,020



Consolidated statement of changes in equity

for the year ended December 31, 2022

		Attributable to the owners of the Company								
		Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Result for the year	Total	Total equity
Balance at 1 January 2021		79,122	639,228	80,811	(79,989)	(166,607)	1,316,561	44,167	1,913,294	1,913,294
Acquisitions		-	-	-	-	-	-	-	-	-
Dividends	30	-	-	-	-	-	(90,991)	-	(90,991)	(90,991)
Total comprehensive income for the year		-	-	30,043	18,030	31,699	44,167	196,082	320,020	320,020
Appropriation of prior year result		-	-	-	-	-	44,167	(44,167)	-	-
Result for the year		-	-	-	-	-	-	240,249	240,249	240,249
Other comprehensive income		-	-	30,043	18,030	31,699	-	-	79,771	79,771
Pension plan de-risking	15.5 15.6	-	-			79,826	(79,826)	-	-	-
Balance at 31 December 2021		79,122	639,228	110,854	(61,959)	(55,082)	1,189,911	240,249	2,142,323	2,142,323
Balance at 1 January 2022		79,122	639,228	110,854	(61,959)	(55,082)	1,189,911	240,249	2,142,323	2,142,323
Acquisitions		-	-	-	-	-	-	-	-	-
Dividends	30	-	-	-	-	-	(164,574)	-	(164,574)	(164,574)
Total comprehensive income for the year		-	-	(168,290)	7,643	26,083	240,304	91,963	197,703	197,703
Appropriation of prior year result		-	-	-	-	-	240,249	(240,249)	-	-
Result for the year		-	-	-	-	-	-	332,212	332,212	332,212
Other comprehensive income ⁽¹⁾		-	-	(168,290)	7,643	26,083	55	-	(134,509)	(134,509)
Pension plan de-risking	15.5 15.6	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022		79,122	639,228	(57,436)	(54,316)	(28,999)	1,265,640	332,212	2,175,450	2,175,450

⁽¹⁾ Includes the effect of applying IAS 29 standard related to hyperinflation in Turkey for EUR 0.1 million.



Consolidated statement of cash flows

for the year ended December 31, 2022

	Note	2022	2021
I. Cash flows from operating activities			
Result for the year before tax		458,065	328,015
Adjustments for:			
Realised capital (gains)/losses on investments		(4,918)	(5,443)
Dividends received from financial investments		(11,759)	(13,582)
Impairment loss		2,100	44,624
Share of income of associated companies	9	(17,755)	(15,963)
Depreciation and amortisation		33,420	53,375
Interest expense on subordinated debt	28	13,352	16,141
Net interest income		(30,749)	(24,915)
Other non-cash items		(2,702)	8,035
Changes in operational assets and liabilities:			
Insurance contracts	18	431,135	231,708
Reinsurance contracts	18	(89,668)	40,133
Deferred acquisition costs	12	(11,078)	(8,607)
Accounts receivable and payable on insurance and reinsurance business		(210,916)	(393)
Changes in other assets and liabilities		70,975	(2,498)
Pensions and other long-term employee benefit net contributions		(26,705)	(59,800)
Cash generated from operations		602,797	590,830
Income tax paid		(136,319)	(67,617)
Interest paid		(16,844)	(20,205)
Net cash (used in)/generated by operating activities		449,634	503,007
II. Cash flows from investing activities			
Investments and acquisitions (cash outflows):			
Short-term investments		(112,646)	(183,071)
Financial investments available-for-sale	10	(1,220,060)	(1,121,530)
Property, plant and equipment and intangible assets	6 / 7	(31,918)	(53,829)
Divestments, redemptions and disposals (cash inflows):			
Investment property	7	6,380	134
Short-term investments		157,025	105,854
Financial investments available-for-sale	10	941,372	958,780
Property, plant and equipment and intangible assets	6 / 7	15,793	691
Dividends received from associated companies	9	7,890	-
Dividends received from financial investments		11,759	13,582
Interest received		31,892	27,979
Net cash (used in)/generated by investing activities		(192,513)	(251,410)
III. Cash flows from financing activities			
Dividend paid	30	(164,574)	(90,991)
Interest paid on subordinated debt		(13,125)	(15,925)
Subordinated debt - redemption		-	(75,000)
Net cash (used in)/generated by financing activities		(177,699)	(181,916)
Changes in cash and cash equivalents (I + II + III)		79,422	69,681
Cash and cash equivalents at the beginning of the year	14	499,393	424,741
Effect of exchange rate changes on cash and cash equivalents		(3,026)	4,970
Cash and cash equivalents at the end of the year		575,789	499,393

The cash and cash equivalents are presented net of bank overdrafts (see Note 14).



Notes to the consolidated financial statements

1 General information

Atradius N.V. ('the Company'), with its office at David Ricardostraat 1, 1066 JS, Amsterdam, the Netherlands, and its subsidiaries (together referred to as 'Atradius') is a global credit insurer and aims to support its customers' growth by strengthening their credit and cash management through a wide range of credit insurance management products and services. These services include credit insurance, bonding, reinsurance, information services, collection services and instalment credit protection. Atradius offers products and services from strategically located offices on six continents and employed 3,426 people as at 31 December 2022 (2021: 3,639). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% (equal to 2021) of the shares in Atradius N.V. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A., which holds 73.84% of the shares in Grupo Compañía Española de Crédito y Caución, S.L. and 35.77% (equal to 2021) of the shares in Atradius N.V. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

The Atradius consolidated financial statements have been authorised for issue by the Management Board on 1 March 2023 and have been reviewed by the Supervisory Board. On 1 March 2023 the consolidated financial statements were approved at the Annual General Meeting of Atradius N.V.

2 Summary of significant accounting policies 2022

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

2.1 Basis of preparation

The Atradius consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with Part 9 of Book 2 of the Dutch Civil Code. The Atradius consolidated financial statements are prepared based on going concern. These have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial investments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Atradius accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The profit and loss statement of Atradius N.V. for 2022 is incorporated in the consolidated financial statements, which allow for a presentation of a condensed company profit and loss statement in the company financial statements in compliance with Book 2, Article 402 of the Dutch Civil Code.

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated.

Due to rounding, numbers presented throughout this, and other documents, may not add up precisely to the totals provided.

2.2 New and revised standards

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards and amendments adopted by Atradius require retrospective application.

2.2.1 Standards, amendments and interpretations effective in 2022

The following relevant standards, amendments and interpretations have been adopted in 2022, but have had no material effect on the consolidated financial statements:



- 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 have no 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. These amendments have no 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. These amendments have no 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 and IAS 41 Agriculture. These amendments have no material impact on the consolidated financial statements.

2.2.2 Standards, amendments and interpretations not yet adopted

The following relevant standards and amendments are effective for annual periods beginning after 31 December 2022 and have not been early adopted by Atradius:

2.2.2.1 IFRS 9 Financial Instruments: classification and valuation

IFRS 9 Financial Instruments (effective 1 January 2018) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement, impairment of financial instruments and the new general hedge accounting requirements. In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options for entities that issue insurance contracts within the scope of IFRS 4: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is available for entities whose activities are predominantly connected with insurance. Atradius performed an assessment of the amendments to IFRS 4 and concluded that its activities are predominantly connected with insurance as at 31 December 2015 based on the assessment that the predominance ratio (i.e. ratio total carrying amount of its liabilities connected with insurance compared with total carrying amount of liabilities) criteria was greater than 90%. Atradius decided to apply the temporary exemption in its reporting period starting on 1 January 2018 and will adopt IFRS 9 in combination with the adoption of IFRS 17 Insurance contracts on 1 January 2023.

There has not been a significant change in operating activities of Atradius since the assessment in 2015. Refer to the ‘Temporary exemption from IFRS 9’ section included in Note 4 for the related disclosures.

Classification of financial instruments

IFRS 9 introduces a new classification approach, based on two concepts: the entity’s business model and the characteristics of contractual cash flows of assets and liabilities.

Atradius has assessed whether its financial assets are maintained to:

- Obtain contractual cash flows: The management of this type of business model aims to generate cash flows by obtaining contractual payments over the life of the instrument. However, even if the objective of the business model is to hold financial assets to collect contractual cash flows, the entity does not need to hold all instruments until maturity. Thus, an entity’s business model may be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future. Such sales should be circumstantial, infrequent, of negligible value or consistent with the objective of the business model.
- Obtain contractual cash flows and sell such assets: The management of this type of business model aims both at obtaining contractual cash flows and the sale of financial assets. There are several objectives that can be consistent with this type of business model.
- Sell the assets or manage their return through their fair value: The management of this type of business model aims to evaluate it on a fair value basis. An entity focuses primarily on fair value information and uses that



information to assess asset performance and make decisions. For these portfolios, obtaining contractual cash flows is only secondary to achieving the business model objective.

Based on defined business models and cash flow characteristics, Atradius classifies its debt instruments into three valuation categories (i) amortised cost, (ii) fair value through other comprehensive income (equity) and (iii) fair value through profit and loss.

- (i) Financial assets at amortised cost: the objective of its business model is to maintain the financial asset in order to collect contractual cash flows and, according to the terms of the contract, cash flows are received on specific dates which constitute only payments of principal plus interest on principal. Interest, impairment and exchange differences are recorded in profit or loss.
- (ii) Financial assets at fair value through changes in other comprehensive income: the business model aims both at obtaining contractual cash flows and selling them and, according to the terms of the contract, cash flows are received on specific dates which constitute only payments of principal plus interest on principal. Under IFRS 9 Atradius changed from an impairment model to a model based on expected future credit losses. Expected Credit Losses and exchange differences are recorded in profit or loss, as in the amortised cost model. The remaining fair value changes are recorded in OCI. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.
- (iii) Financial assets at fair value through profit or loss: A financial asset shall be measured at fair value through profit or loss unless measured at amortised cost or at fair value through other comprehensive income. This category would include debt instruments for which Atradius has determined that the SPPI ("solely payments of principal and interest") test is not met because of the existence of characteristics such as, inter alia: (i) order of priority of payments; (ii) option to replace collateral; (iii) the option to replace or modify the terms of the instrument until it is converted into capital; (iv) option to defer interest payments; (v) option to convert to interest-bearing bonds at any time or on each interest payment date; (vi) the timing of interest settlement does not coincide with the time horizon of the reference rate; (vii) possibility of indefinite maturity without compensation.

Atradius also classifies investment fund shares in the financial assets at fair value through profit or loss category, as this typology of instruments does not meet the definition of equity instruments in accordance with IAS 32 and therefore cannot be measured at fair value through changes in other comprehensive income and must be measured at fair value through changes in profit or loss.

In addition, Atradius has considered the application of the irrevocable designation options in initial recognition regarding equity securities:

- (i) An equity instrument, provided it is not held for trading purposes, may be classified at fair value through changes in other comprehensive income (equity). Movements in the carrying amount are taken through OCI. On disposal of the equity instruments, the cumulative change in fair value is transferred to retained earnings and not recycled through profit and loss. Atradius has assumed that equity securities represent investments that Atradius intends to maintain in the long term for strategic purposes. As permitted by IFRS 9, it has designated these investments as "fair value through changes in other comprehensive income". Dividends are taken through profit and loss. Equity securities that are classified as fair value through OCI are not subject to impairment analysis.

For financial liabilities, Atradius has considered that there are no changes required to the classification of instruments, nor adjustments to its valuation.

Valuation of financial instruments

Initial valuation

Atradius provides that, on initial recognition, a financial asset or liability shall be measured at fair value by adding or deducting, in the case of a financial asset or liability that is not accounted for at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Subsequent valuation

After initial recognition, Atradius measures a financial asset: i) at amortized cost; ii) at fair value through changes in other comprehensive income; or iii) at fair value through profit or loss.



Atradius applies impairment requirements to financial assets that are measured at amortized cost and debt securities measured at fair value through other comprehensive income.

At each reporting date, the value adjustment for expected credit losses shall be measured at an amount equal to the expected credit losses over the life of the asset or the expected credit losses over the next 12 months; depending on whether the credit risk on that financial instrument has increased significantly since initial recognition.

Atradius will apply IFRS 9 at the same time as IFRS 17 and the comparative period will be restated according to the "overlay classification" approach ("overlay classification"), so that information on financial instruments that have already been derecognised off on 1 January 2023 will also be reported in accordance with IFRS 9, as if the measurement and classification requirements had always applied to them.

Breakdowns required by the deferral approach in IFRS 9

Below is a breakdown of the fair value of financial assets based on the SPPI criterion at 31 December 2022 and 2021, as well as the change in fair value during the period. Assets fall into two categories:

- SPPI: financial assets whose cash flows represent only principal payments and interest on the amount of outstanding principal, excluding any assets classified as held for trading under IFRS 9, or is managed and its performance assessed on the basis of fair value.
- Other: all financial assets not included in the SPPI category:
 - (i) The contractual terms that do not give rise to cash flows on specified dates which are only payments of principal and interest on the amount of outstanding principal.
 - (ii) Classified as held to trade under IFRS 9 or managed and their performance is assessed on the basis of fair value.

(EUR million)	Fair Value at		Variation
	2022	2021	
Debt securities:			
(Government bonds + Corporate bonds)	2,431	2,265	166
SPPI	2,429	2,262	167
Other	2	3	(1)
Equity securities *:	394	507	(113)
SPPI	-	-	-
Other	394	507	(113)
Short-term investments and Cash held for investments:	119	206	(87)
SPPI	119	206	(87)
Other	-	-	-
Cash and cash equivalents	576	499	77
SPPI	576	499	77
Other	-	-	-
Total	3,520	3,477	43

* Equity securities include investment fund shares.

Nearly all debt securities pass the SPPI test and do have at the end of the year a low credit risk (credit rating Investment Grade). The credit ratings of financial assets that pass the SPPI test are included in the rating detail in Note 4.3.2).

Impact as at 1 January 2022

At 1 January 2022 no material impacts are expected from the adoption of IFRS 9.



2.2.2.2 IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts (effective 1 January 2023), IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020) shall be applied for annual reporting periods on 1 January 2023 (date of first application). It is compulsory to include comparative information. IFRS 17 Insurance contracts establishes principles for the recognition, measurement, presentation and disclosures of insurance contracts within the scope of the standard.

This standard supersedes IFRS 4, which allows continued use of local accounting practices and has resulted in insurance contracts accounted for differently between jurisdictions and similar products.

Unlike the above, the implementation of IFRS 17 involves a consistent application on the accounting for all insurance contracts.

A major change compared with IFRS 4 is that estimated losses (onerousness) on a group of contracts must be recognised when these occur. For all contracts that are not onerous at initial recognition, an entity shall recognise a profit margin in the profit and loss account (called a contractual service margin or CSM) over the period in which the entity performs the service. However, if at the time of initial recognition or during the period in which the entity performs the service, the contract becomes onerous, the entity shall recognise the loss in the profit and loss account immediately.

Since the financial year 2018, the Company is fully engaged in its implementation project. This project has been developed in accordance with the action plan, which has been updated in accordance with the delivery of the defined milestones.

During the year 2022, the work has progressed with the full involvement of all the areas of the Company (Actuarial, Accounting and Consolidation, Policies, Data and Systems and Risk Control). The project work was focused on the following: (i) the development and calibration of an actuarial based modelling; (ii) the improvement of the quality of data, including historical records; (iii) the continued validation of the correct transfer of information throughout the end-to-end data chain, starting from the source systems through the actuarial application to the accounting application; (iv) the parameter validation for the purposes of the transition from IFRS 4 to IFRS 17; (v) the preparatory work and the ongoing review of the transitional balance sheet as at 1 January 2022; (vi) the development of a new Target Operating Model that includes both the set-up and integration of the updated governance processes; and the review of internal reporting requirements and regulatory breakdowns, which also includes the Atradius entities that need to be compliant locally with IFRS 17 for statutory and/or regulatory purposes.

The Company will complete during the first quarter of the financial year 2023, all-important preparatory tasks and the tests of the preliminary 2022 figures.

The IFRS 17 project governance board monitors and steers all the activities. This board consists of Atradius Management Board Members and their directors.

Measurement approaches

The Company uses for all its products - credit and surety products, and reinsurance held - the general measurement model or approach (GMM). The Company has chosen this approach since all of these products have a significant portion of insurance contracts that have a coverage period longer than one year and the general measurement approach allows including changes in the estimation of cash flows that are important to deal with volatile economic environments. Additionally, Atradius is exposed to material expectation changes. Consequently, the Company can only apply the general measurement model.

The main reinsurance treaties do cover insurance products. These treaties all have a coverage period for more than one year.

The Company has defined the coverage period as the period during which the entity provides insurance contract services. This period includes the insurance contract services that relates to all fulfilment cashflows within the boundary of the insurance contract. During the coverage period, an insured event can happen. The insured event for credit insurance is the insolvency and/or protracted default, where the risk of protracted defaults continues up to the end of the (extended) waiting period. For surety insurance, the coverage ends at the end of the (estimated) period that the bond will cover the insured events.



Significant accounting policies

The Company's main accounting policies are as follows:

Methods used and judgements applied in determining the IFRS 17 transition amounts

The Company has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The Company applied the full retrospective approach to the insurance contracts in force at the transition date (1 January 2022) that were issued less than one year prior to the transition date. The Company applied the modified retrospective approach to the insurance contracts that originated more than one year prior to the transition. However, on the annual cohorts that do relate to that period more than one year prior to transition and have a loss for remaining coverage (LRC), the Company applied the full retrospective approach as per 1 January 2022.

The Company did not apply the fair value approach.

The transition approach was determined at the level of a group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17:

- full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied; and
- modified retrospective approach – the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows (FCF);

For credit insurance contracts issued, the Company has used the full retrospective approach for more than 90 % of the portfolios.

The Company has determined that it would be impracticable to apply the full retrospective approach where any of the following conditions existed:

- The full retrospective application required assumptions that would have been made in an earlier period, for example:
 - The Company's expectations on expected claims and recoveries would not have been possible to recreate without the use of hindsight.
 - Difficulties in retrieving relevant reliable information existed where assumptions developed at the date of initial recognition were not on an IFRS 17 basis (such as risk adjustment for non-financial risk or expenses).
 - The older the contracts in force are, the more challenging it would have been to retrieve data from the past on assumptions.
- The full retrospective application required significant estimates of amounts, and it was impossible to distinguish objectively between information about those estimates that provided evidence of circumstances that (i) existed on the date at which those amounts were to be recognised, measured or disclosed; and (ii) would have been available when the consolidated financial statements for that prior period were authorised for issue, and other information, for example:
 - The Company had limited or no information required for the allocation of acquisition cash flows to respective groups of insurance contracts issued or expected to be issued and other overhead expenses to respective groups under IFRS 17. Systems have not been tracking or allocating acquisition costs, because previous accounting policies did not require this. In addition, the allocation of applicable overheads to groups of contracts could require information that has not historically been tracked/recorded.
 - The Company has not historically been accumulating information about the changes in estimates that would have been recognised in profit or loss for each accounting period, because they did not relate to future service, and the extent to which changes in the FCF would have been allocated to the loss component.

The Company applied this modified retrospective approach for all the products except for the Credit Insurance contracts mentioned above.



Full retrospective approach

The Company has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within one year prior to the transition date.

Accordingly, the Company has:

- identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always been applied (except that a retrospective impairment test has not been performed); and
- derecognised any existing balances that would not exist if IFRS 17 had always applied;
- and recognised any resulting net difference in equity.

Modified retrospective approach

After making reasonable efforts to gather necessary historical information, the Company has determined that for certain groups of contracts such information was not available or was not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach. The Company applied significant judgement in determining the transition amounts under this approach.

Judgements in applying the modified retrospective approach

The Company has determined that transactional-level data and annual actuarial assumptions are available as far as seven years prior to the IFRS 17 transition date and that it includes nearly 100% of all insurance contract data. The Company applies the modified retrospective approach to all groups of contracts in force as at the transition date and that originated within seven to one year prior to the transition date, where the full retrospective approach has not been applied because it was impracticable but the closest possible outcome could have been achieved using reasonable and supportable information. The modified retrospective approach was applied as follows:

- Aggregation of contracts. Groups of contracts were divided into annual cohorts. Aggregation of insurance contracts by expected profitability was assessed as at the transition date to the extent that reasonable and supportable information was available to perform this assessment as at initial recognition. For this assessment, the Company estimated the FCF at the initial recognition as described below. Further, to aggregate non-onerous insurance contracts issued into groups of contracts that had no significant possibility of becoming onerous subsequently or groups of remaining contracts, the Company assessed the likelihood of changes in insurance, financial and other exposures on the FCF prospectively as at the transition date. Similarly, to aggregate reinsurance contracts held in a net cost position into groups of contracts for which there is no significant possibility of a net gain arising subsequently or groups of remaining contracts, the Company assessed the likelihood of changes in insurance, financial and other exposures on the FCF prospectively as at the transition date.
- Future cash flows. To the extent that reasonable and supportable information was not available to estimate future cash flows at initial recognition, future cash flows at the date of initial recognition of a group of insurance contracts were estimated as the future cash flows at the transition date, adjusted by the actual cash flows that have occurred between the transition (or earlier) date and the date of initial recognition. Actual cash flows included cash flows from contracts derecognised before the transition date.
- Risk adjustment for non-financial risk. Similar to the cash flow simplification above, the risk adjustment for non-financial risk was estimated at the transition date by adjusting the risk adjustment for non-financial risk at the transition date by the expected release of risk before the transition date. In estimating the release of risk, reference was made to the release of risk for similar insurance contracts that were issued at the transition date.
- Discount rates. The Company did not apply the modification for discount rates determination as permitted by paragraph C13 of IFRS 17. The Company did apply the bottom up approach. The bottom-up approach is based on the Euro swap curve (after the entry into force of the single European currency).
- Insurance acquisition cash flows assets. The Company did not recognise any insurance acquisition cash flows assets for any insurance acquisition cash flows paid (or for which a liability has been recognised applying another IFRS standard) before the transition date.
- CSM, loss component and loss-recovery component. The Company has determined that it does not have reasonable and supportable information to determine the carrying value of the CSM, loss component or loss-recovery component prior to the transition date. Accordingly, the Company has determined the amounts at transition, assuming that it had not prepared any interim reports prior to transition. For contracts measured under the GMM, the CSM, loss component and loss-recovery component of the LRC at the transition date were determined applying modifications in the FCF estimation, as described above. The CSM was reduced for the



allocation to profit or loss for services provided or received before the transition date, by comparing the remaining coverage units as at the transition date with the coverage units provided or received under the group of contracts before the transition date.

- For insurance contracts issued, where the calculated CSM resulted in a loss component, the Company used the systematic approach to determine amounts allocated to the loss component before the transition date.
- For groups of reinsurance contracts held that provide coverage for onerous groups of underlying contracts in force at the transition date that were in place by the time the underlying contracts were issued. Loss-recovery components of the asset for remaining coverage were determined at the transition date by multiplying the loss components of the LRC for the respective groups of underlying insurance contracts by the percentage of claims for the group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held

Segregation of components

The Company has assessed its products to determine whether some of these components are insurance distinct and whether they need to be separated and accounted for under other Standards. The Company has not identified separable components, so all components will be accounted for under IFRS 17.

Investment components which are not separable

The investment component is "the amount that an insurance contract requires the entity to reimburse the holder under any circumstances, regardless of whether the insured event has occurred". The Company receives and pays reinsurance commission. This component cannot be segregated and therefore this component will be accounted for under IFRS 17.

Aggregation

The Company has defined the units of account based on the combination of portfolio, year of issue and profitability, as detailed below.

The Company manages insurance contracts issued by product lines within one operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Local Credit Insurance business and Bonding business is managed at the country level that issued the insurance contracts. While the Company manages Global Credit Insurance, Special products, Instalment Credit Protection and Assumed business at group level.

The Company has extensively reviewed all facts and circumstances in all cases where one counterparty has multiple insurance contracts. The Company has decided that some of these contracts cannot be measured independently. Circumstances to come to this decision are items such as the existence of one master agreement, aggregated first loss, aggregate buyer limits, bonus malus on the combined result of all insurance contracts.

Recognition, modification, derecognition

The Company recognizes groups of insurance contracts issued from the first of the following dates:

- at the beginning of the coverage period;
- the date when the first payment of the policy holder is due; and
- when the Company determines that a group of contracts becomes onerous.



The Company in general recognises the insurance contract at the beginning of the coverage period unless groups of insurance contracts are onerous once the contract is bound and if the bound date is prior to the coverage start date.

For standard credit insurance business, the existence of credit limits (coverage of insured sales) determines the existence of the insurance contract, and not the policy itself.

The Company derecognises an insurance contract when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When the Company modifies an insurance contract as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met.

The Company derecognises the original contract and recognises the modified contract as a new insurance contract if the modified terms had been included at contract inception and the Company would have concluded that the modified contract: results in a different contract boundary; or belongs to a different group of contracts;

When an insurance contract is derecognised from a group of insurance contracts, the Company adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group and adjust the CSM and the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Measurement

Fulfilment cash flows

Fulfilment cash flows (FCF) consist of a best estimate and a risk adjustment.

- The best estimate consist of estimates of the future cash flows within the contract boundary of the contracts that the Company expects to collect from premiums and to pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The best estimate corresponds to a probability weighted average of future outcomes, with prudent choices being made as to possible scenarios and likelihoods thereof.
- The estimates are determined from the perspective of the Company, and consistent with observable market prices for market variables where relevant. It considers circumstances as at measurement date in as far relevant and known to the Company and reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows.

Where appropriate and proportionate methodology and data exists, the Company estimates cash flows at the level of Groups or lower. However, where estimate relate to more severe events, that do not occur at the level of the Group and that occur with sufficient frequency to allow for robust modelling at that level of granularity the Company models the estimates related to the possible events at a higher level, combining information from multiple portfolios, and then allocating such estimates to Group level.

Contract Boundary

The Company includes in the measurement of a group of insurance contracts all future cash flows expected to arise within the contract boundary of each of the group's contracts. The Company determines whether cash flows are within contract boundary when substantive rights and obligations arise that exist during the reporting period in which the Company may oblige the policyholder to pay premiums or the Company has a substantive obligation to provide services to the insured. The substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of a particular insured event and as a result reassess the premium charged or the level of benefits provided by the premium to fully reflect the new level of risk. How the Company manages Insurance risk is explained in note 4.2.1. In general for traditional credit insurance, Atradius can withdraw the credit limit at any time if circumstances demand; or
- the Company has the practical ability to reassess the Portfolio premium to fully reflect the risk of all policyholders



and the Company's premium setting does not take into account risks beyond the next revaluation date.

Discount rate

The Company measures the value of money over time using discount rates that reflect the liquidity characteristics of insurance contracts and the characteristics of cash flows, consistent with current market prices and excluding factors influencing the market prices of the reference assets but not affecting the flows of insurance contracts. The discount rate is calculated by the "bottom-up" approach after the transition ("bottom-up") based on the risk-free curve, mainly based on the curve published monthly by EIOPA (*European Insurance and Occupational Pensions Authority*) and applying an illiquidity premium of zero.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows. It reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company takes diversification benefits into account.

For the calculation of the risk adjustment, the Company will use the Cost of Capital method. The Costs of Capital is calibrated to the risk margin as used in the standard formula in Solvency II.

Contractual margin of service (or "CSM")

Initial measurement

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- a. the initial recognition of the FCF;
- b. cash flows arising from the contracts in the group at that date;
- c. the derecognition of any insurance acquisition cash flows asset; and
- d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group.
- b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The effect of any currency exchange differences.
- e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above



The CSM of a group of contracts is recognised in profit or loss by identifying the coverage units in the group. The number of coverage units reflects the quantity of services provided to the customers, determined by considering for each contract the quantity of the benefits provided and the expected coverage period.

The remaining CSM at year end for a group of contracts is allocated to all coverage units provided in the year and expected to be provided in future years, and recognised in profit or loss for the CSM amount allocated to coverage units provided in the year.

The Company determines the quantity of the benefits provided under each contract as:

- Standard Credit Insurance based on the expected period customers invoices are settled. After this payment the Company does not have any insurance risk anymore
- Surety business, pro-rata over the coverage period

Reinsurance contracts transferred or held

Portfolio

Portfolios of reinsurance contracts held are assessed for aggregation and measurement separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held issued within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company has for their main reinsurance held contracts determined to split these in two portfolios, proportional and non-proportional.

Recognition

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportional coverage (quota share reinsurance) is recognised at the later of:
 - the beginning of the coverage period of the group; and
 - the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the groups of reinsurance contracts held; unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Contract boundary

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

Measurement

The Company generally does not measure reinsurance held contracts through separate methodology. But rather, using the specific contractual features of the reinsurance held contracts combined with the cash flows from the direct contracts whose cash flows are ceded through the respective contract, the Company derives the respective consequential cash flows. As such, the Company ensures consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.



Contractual Service Margin

For Groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- the initial recognition of the FCF; and
- cash flows arising from the contracts in the Group at that date;
- the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the Group of reinsurance contracts held (other pre-recognition cash flows); and
- any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous Group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that Group.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- The effect of any new contracts added to the Group.
- Interest accreted on the carrying amount of the CSM.
- Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous Group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that Group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
- Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a Group of underlying insurance contracts that does not adjust the CSM for the Group of underlying insurance contracts.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Key accounting judgments and estimates

In accordance with the Company's accounting policies, as described in the preceding paragraph, it has been necessary to make judgements, estimates and assumptions about the carrying value of assets and liabilities. The estimates and underlying assumptions will be reviewed on an ongoing basis.

The following are the critical judgments and estimates associated with IFRS 17 that managers have made in the process of implementing the Company's IFRS 17 accounting:

- Determining the cash flows within the contract Boundary: The measurement of a group of (re)insurance contracts includes all future cash flows that arise within the contract limit. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract as well as from the applicable law and regulations. Cash flows are considered to be outside the contract limit if the Company has the practical ability to change the price of existing contracts to reflect their revaluation risks and if the contract price for the hedge to the revaluation date considers only the risks until that next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all contract or portfolio risks. The Company considers contractual, legal and regulatory restrictions in making its assessment
- Level of aggregation: The Company defines the portfolio as insurance contracts subject to similar risks and managed together. Contracts within a product line are expected to be in the same portfolio that have similar risks and are managed together. Assessing which contracts are managed requires judgement.
- The Company uses significant judgement in reviewing all facts and circumstances in all cases where one counterparty has multiple insurance contracts. Assessing these circumstances requires judgement.
- The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Company without performing an individual contract assessment.



- Assessment of Directly Attributable Cash Flows: The Company applies its judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Cash flows are included in the measurement of a Company of insurance contracts only if they are directly attributable to the individual contracts of a group, the group itself or the portfolio to which the Company belongs. In estimating fulfilment cash flows, the Company also allocates fixed and variable overheads directly attributable to the performance of insurance contracts.
- Assessment of whether the retrospective approach to the transition is impracticable: The Company assessed all available information and determined that it would be impracticable to apply the full retrospective approach of all group of contracts before 2021.

Nature of major impacts arising from IFRS 17

The main changes in the new standard IFRS 17 compared to the current accounting standard IFRS 4 and Solvency II are presented below. Finally, it assesses the impact on the reading that users of financial information will make on alternative performance measures:

Impacts compared to financial reporting under IFRS 4

Compared to the information currently submitted in accordance with IFRS 4, IFRS 17 implies a change in the presentation of balance sheet items, but primarily in the income statement. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The following changes and impacts should be highlighted:

- IFRS 17 introduces a model that measures groups of contracts based on estimates of the present value of future cash flows that the Company expects to arise from the contract group of contracts with an explicit risk adjustment for non-financial risk. Compared with IFRS 4 this is less conservative and consequently this will reduce insurance liabilities and increase equity.
- The establishment of the CSM is the main factor that will cause the increase in insurance liabilities during the transition. Consequently, an increase in liabilities is expected to reduce equity.
- When measuring insurance liabilities, future cash flows are discounted. Under IFRS 4, with the exception of assets related to Instalment Credit Protection, liabilities are not discounted.
- The definition of "occurrence" changed for traditional Credit Insurance, ceteris paribus, leading to a later recognition of profits. For credit insurance business, liabilities for incurred claims will be reflected at the time the insured event according to the policy wording occurs (legal insolvency, or protracted default). Under IFRS 4 the expected claims inflow (IBNR) is recognized at the time the assumed shipment is done without building an unearned premium reserve, except for the business in Spain and Portugal where the premium is recognised based on the trading terms between customer and their buyers.
- Credit Insurance premium revenue is replaced by recognition of service margin earned on insurance contracts. While under IFRS 17, business profits are recorded as a release in CSM and recognized during the coverage period of the contract. Under IFRS 4, such recognition is made immediately in profit or loss.

Impacts compared to Solvency II

There are possible synergies with Solvency II in terms of the data, the application of common definition of insured events, inputs used and the processes carried out given the essence of both regulations. In this respect, the main common elements are linked to the measurement of insurance contract liabilities and, in particular, to the use of future cash flow estimates, discount rates and risk adjustments.

The key difference between IFRS 17 and Solvency II, is how reinsurance is treated. IFRS 17 requires that reinsurance contracts are independently measured from the direct contract, while Solvency II considers these to be closely related.

Alternative performance measures ("APM")

As a P&C Company, Atradius will continue maintaining key metrics such as: combined, costs and claims ratio.

Estimated impact in transition

At the transition date (1 January 2022), there is an estimated positive impact in reserves coming from the adoption of IFRS 17.



2.2.2.3 Other standards, amendments and interpretations not yet adopted

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. These amendments will not have an impact on the consolidated financial statements;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. These amendments will not have an impact on the consolidated financial statements;
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. The amendment introduces the concept of classification overlay. The classification overlay will allow Atradius to classify financial assets in the comparative period 2022 in a way that aligns with the manner in which Atradius reasonably expects those assets would be classified on initial application of IFRS 9 as per January 1, 2023.

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

- Amendments to IAS 1 Presentation of Financials Statements: classification of liabilities as current or non-current and IFRS Practice statement 2: Disclosure of accounting policies. These amendments will not have an impact on the consolidated financial statements;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. These amendments will not have an impact on the consolidated financial statements;
- Amendments to IAS 1 Presentation of Financials Statements: Non-current liabilities with covenants. This is to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024. These amendments will not have an impact on the consolidated financial statements.

2.3 Consolidation

All the entities that are consolidated have 31 December 2022 as end closing date.

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

2.3.1 Subsidiaries

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

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

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

2.3.2 Business combinations

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

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

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



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

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

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

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

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

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

2.3.3 Associated companies

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

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

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

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



2.4 Segment reporting

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

2.5 Foreign currencies

2.5.1 Functional and presentation currency

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

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

2.5.2 Transactions and balances

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

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

2.5.3 Atradius companies

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

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

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

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

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

Currency	End rate			Average rate		
	GBP	USD	AUD	GBP	USD	AUD
At 31 December 2022	1.127	0.938	0.637	1.156	0.964	0.648
At 31 December 2021	1.190	0.883	0.640	1.174	0.880	0.629



2.6 Goodwill and other intangible assets

2.6.1 Goodwill

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

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

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

For more information related to intangibles please see note 6.

2.6.2 Software

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

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

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

2.6.3 Other intangible assets

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

For more information related intangibles please see note 6.

2.7 Property, plant and equipment

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



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

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

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

2.7.1 Leased property, plant and equipment

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

As a lessee

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

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

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

Atradius has elected not to recognise ROU assets and lease liabilities for short-term-leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis in the profit and loss statement.

As a lessor

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

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

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

2.8 Investment property

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



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

2.9 Fair value measurements

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

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

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

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

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

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

The fair values of property for own use and investment property are determined, every two years, by independent real estate valuers registered in the relevant countries and who have appropriate qualifications and experience in the valuation of properties.

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

2.10 Recognition and derecognition of financial investments

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

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



2.11 Classification of financial investments

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

2.11.1 Available-for-sale financial investments

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

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

2.11.2 Loans and receivables

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

2.12 Impairment of assets

2.12.1 Financial assets - general

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

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

2.12.2 Financial investments - carried at amortised cost

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

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



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

2.12.3 Financial investments - carried at fair value

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

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

- significant: The market value of the equity instrument dropped below 60% of its average historical cost price (i.e. the unrealised loss is larger than 40% of the average historical cost price); or
- prolonged: The market value of the equity instrument has been below its average historical cost price for a consecutive period of 18 months.

Where such evidence exists for available-for-sale financial investments, the cumulative net loss that has been previously recognised directly in other comprehensive income is recycled from other comprehensive income (the revaluation reserve) and recognised in the profit and loss statement.

If, in a subsequent period, the fair value of debt securities classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss statement, the impairment loss is reversed through the profit and loss statement, but only to the amortised cost price. Subsequent increases above the amortised cost price are credited against the revaluation reserve as a component of other comprehensive income.

Impairment losses recognised in the profit and loss statement on equity securities cannot be reversed in subsequent periods.

2.12.4 Impairment of other non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If, when evaluating, there is any indication that the asset value may have been impaired, Atradius will consider, at a minimum, the following factors:

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Investment properties are not allocated to cash-generating units, but are tested for impairment on an individual basis.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised in the profit and loss statement, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years. The amount of the reversal is recognised in the profit and loss statement. However, impairment losses recognised for goodwill are not reversed in subsequent periods.



2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by Atradius in the management of its short-term commitments. Bank overdrafts that are repayable on demand form an integral part of Atradius' cash management and are included as a component of cash and cash equivalents for cash flow purposes. In the statement of financial position, bank overdrafts that do not meet the criteria for offsetting, are presented separately as liabilities under borrowings.

Deposits pledged for regulatory and other purposes as well as cash held for investments are not available for use in Atradius' day-to-day operations and are therefore not included within cash and cash equivalents. These assets are included within financial investments.

2.15 Capital and reserves

2.15.1 Share capital

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

2.15.2 Share premium reserve

Share premium reserve is the amount received by the Company in excess of the nominal value of the shares it has issued.

2.15.3 Revaluation reserve

The revaluation reserve comprises the unrealised gains/losses of the securities available-for-sale after the deduction of income tax, except for impairments that are charged directly to the profit and loss statement.

2.15.4 Currency translation reserve

The net exchange difference, after the deduction of income tax that is recognised in the currency translation reserve in each period represents the following:

- in respect of revenue, expenses and capital transactions, the difference between translating these items at actual or average exchange rates and using the exchange rate at the end of the reporting period, which is the case for recognised assets and liabilities;
- in respect of the net assets at the beginning of the reporting period, the difference between translating these items at the rate used at the end of the previous reporting period and using the rate at the end of the current reporting period; and
- in respect of the net assets acquired during the reporting period, the difference between translating these items at the rate at acquisition date and using the rate at the end of the current reporting period.

2.15.5 Pension reserve

The pension reserve relates to the various defined benefit schemes and consists of:

- actuarial gains and losses, after the deduction of income tax, that arise in calculating Atradius' pension obligations and fair value of the plan assets in respect of a defined benefit plan in the period in which they occur; and
- the non-recognition of assets ('asset ceiling') that can occur when the plan assets are higher than the projected benefit obligation and where Atradius cannot recover any surplus through refunds from the pension vehicle due to solvency and/or control requirements.



2.15.6 Retained earnings

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

2.15.7 Non-controlling interests

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

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

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

2.16 Subordinated debt

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

2.17 Insurance contracts

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

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

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

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

2.17.1 Deferred acquisition costs

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

2.17.2 Provision for unearned premium

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

- for traditional credit insurance, premium is earned in full when the underlying shipment takes place. UPR exclusively relates to the unearned part of premium invoiced in advance and to risks that have not started;
- for the local credit insurance business in Spain and Portugal, premium is earned pro rata over the period between invoice date and due date of invoices for the insured shipments. Thus, part of UPR relates to risks that have started, in the sense that the underlying insured shipment has taken place;
- for bonding, instalment credit protection and reinsurance, the UPR relates to risk taken on; and
- for special products, UPR is set on the same basis as for traditional credit insurance. With the exception of single transactions, where the UPR relates to risk taken on.



2.17.3 Provision for outstanding claims

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

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

2.17.4 Liability adequacy test

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

2.17.5 Reinsurance contracts

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

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

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

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

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

2.17.6 Receivables and payables related to insurance contracts

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

If there is objective evidence that the insurance receivable is impaired, Atradius reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss statement. Atradius gathers the objective evidence that an insurance receivable is impaired by applying procedures similar to those



adopted for loans and receivables. The impairment loss is also calculated under a similar method used for these financial assets.

2.17.7 Salvage and subrogation reimbursements

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

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

2.17.8 Insurance portfolios

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

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

2.18 Provisions

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

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

2.19 Deposits received from reinsurers

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

2.20 Employee benefits

2.20.1 Post-employment benefits

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

Defined benefit plans

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

The amount recognised as a defined benefit liability is the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly. The recognition of assets that arise by over-funding of the defined benefit plan is limited to the ability to use the surplus to generate future benefits (the asset ceiling). The



defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity that approximate to the terms of the related pension liability.

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

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

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

Defined benefit costs are categorised as follows:

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

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

Defined contribution plans

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

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

2.20.2 Other long-term employee benefits

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

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

2.20.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Atradius recognises termination benefits



when it is committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. When termination benefits are related to an overall restructuring plan, the Atradius liability is included as part of the provisions.

2.20.4 Profit sharing and bonus plans

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

2.21 Taxation

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

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

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

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

2.22 Consolidated profit and loss statement

2.22.1 Income

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

Premium earned

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

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

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



Service and other income

Service income includes the income from:

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

Share of income of associated companies

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

Net income from investments

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

Investment expenses comprise impairment losses recognised on financial investments and investment property.

Realised gains or losses on investment property recognised in the profit and loss statement represent the difference between the net disposal proceeds and the carrying amount of the property.

2.22.2 Expenses

Net insurance claims

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

Net operating expenses

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

Finance income and expenses

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

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



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

2.23 Consolidated statement of cash flows

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

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

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

2.24 Hyperinflation accounting

IAS 29 requires the financial statements of entities operating in hyperinflationary economies to be adjusted to reflect the changes in the general purchasing power of their functional currency. Thus, non-monetary assets and liabilities that are not already expressed in terms of the measuring unit current at the period end date are restated to reflect the change in the CPI. In the financial statements of Atradius, the restatement effects on equity items are included in other components of comprehensive income, including the translation differences. The effect of inflation on monetary assets and liabilities over the reporting period is included in the reporting period's consolidated income as a loss on net monetary position. The accumulated gains and losses on net monetary position for previous periods are included within the retained earnings.

The presentation of the consolidated profit and loss statement of the reporting period is not restated as the effect of the restatement is not material. As stated in IAS 21 "The Effects of Changes in Foreign Exchange Rates", financial statements, including their profit and loss statements, are translated in Euros at the closing exchange rate to be incorporated in the financial statements of Atradius, and the comparative information is not restated.

2.25 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and (a) represents a separate major line of business or geographical area of operations; or (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale

Intercompany transactions eliminations are performed against held for sale operations.



3 Critical accounting estimates and judgements in applying accounting policies

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

3.1 Measurement of fair value

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

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

3.2 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts

The estimate of the ultimate liability arising from claims including recoveries made, or to be made, under insurance contracts is Atradius' most critical accounting estimate, due to the impact this has on the profit and loss statement or other comprehensive income. Although management has endeavoured to adequately take all facts into by their very nature estimates remain uncertain and the eventual outcome may differ significantly from the projected amount (see sections 4.2.5 and 4.2.6).

Pipeline premium

Pipeline premium relates to shipments made by Atradius' policyholders for which Atradius is at risk but has not invoiced the premium. Pipeline premium is estimated as the part of insurance premium earned but not yet invoiced at the end of the reporting period. Although the calculation of the pipeline premium is derived from the core business systems and calculated at policy level, considering all policy specific features that might impact the assessment, the calculation does involve the use of management estimates. The main reason is that premiums for risks taken on depend on the amount of business insured during the reporting period, whereas at the end of the reporting period not all business has been declared yet. A secondary reason is that for part of the policies the final premium depends on claims related to the policy. As the final performance of the policy is not known at reporting date, this also means that part of the pipeline premiums results from estimates. The assumptions are based on recent trends in insured business, client specific information, knowledge of pending claims, and when relevant, macroeconomic information. It is this current changing macroeconomic information, which requires a quantification of the additional uncertainty over the business as usual process followed in the pipeline estimates, to ensure that potential future developments of pipeline are not impacting negatively the financial statements in the coming years. Historical positive development derived from this process shows that, any potential deviation on unknown shipments under this uncertain economic environment would be covered without significant impacts on insurance premium. However, Atradius performs detailed analysis of the different components included in the automatic modelled pipeline calculations, adjusting those which Atradius estimates could be more uncertain due to present macroeconomic uncertainties potentially worsening the claims environment (bonus pipeline) or from deviation in insured turnovers estimates (reconciliation invoices). (For further details see Note 13).

Reinsurance Sliding scale commission

The reinsurance sliding scale commission (an additional income or expense on top of the provisional commission) is based on an estimate by management of the ultimate loss ratio for an underwriting year. Recognition of this reinsurance sliding scale commission is based on the observed claims ratio by underwriting year and the expected development.



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

3.3 Impairment of available-for-sale equity financial investments

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

Had all the declines in fair values below cost been considered significant or prolonged Atradius would have a cumulative additional EUR 1.1 million loss before tax (2021: EUR 1.6 million loss), being the transfer of the total revaluation reserve for unrealised losses on equity financial investments to the profit and loss statement.

3.4 Estimated impairment of goodwill

In accordance with its accounting policy, Atradius annually tests whether goodwill of subsidiaries and associated companies has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates.

In order to test the value in use against the recognised goodwill, Atradius has stress-tested the main assumptions (discount rate, combined ratio and Capital Requirement ratio) which have been applied when determining the value in use for the related cash-generating units.

The discount rate used varies depending on the location and industry of the company to analyse, using customised Risk-Free Rates, Market Betas and Country Risk Premiums. The terminal value is calculated based on the dividend flow/free cash flow of the normalised period through a perpetuity, which applies a long-term growth rate of 2% for CGUs excluding ACYC CGU and a 3% for associated companies.

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

For further details see Note 6.

3.5 Pension and post-retirement benefits

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

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

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



4 Risk and capital management

4.1 Risk management

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

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

4.1.1 The risk landscape

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

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

During 2021 and 2020, the most significant developments in the risk landscape related to the worldwide effects of the COVID-19 pandemic. Through a skillful application of our strategy of supporting customers while managing upcoming risks related to supply chain issues, commodity shortages, declining consumer and purchasing manager confidence in combination with government intervention, Atradius transitioned into 2022 with an excellent level of control over its risk profile. Government programs, which were established to support national and international trade and hence the economy during the pandemic, gradually expired. The expiry of the programs has had no negative impact on our risk profile.

2022 brought new risk management challenges: the direct and indirect impacts of Russia's invasion of Ukraine (including the effects of government-imposed sanctions), as well as resulting interest rate hikes, inflation, and energy cost increases. All of these developments affected global trade as well as national economies in differing magnitudes. As 2022 progressed, the lingering economic effects of the pandemic, the unpredictable direction of the war in Ukraine, and the developments in interest rates, inflation and energy costs, combined to increase uncertainty.

As in previous stressful periods, we analysed the nature and sources of the risks across geographies and industry sectors, as well as the interaction of the factors that ultimately affect the resilience of our customers and their buyers. We used our extensive knowledge base and forward-looking tools, models and analysis on a continuous basis in portfolio management, underwriting decisions and policy structure to ensure the continued quality of our risk portfolio.

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



Responsibility) considerations, may create opportunities to enhance the Atradius offerings. Developments are monitored and discussed in various forums within Atradius.

In summary, Atradius has taken the appropriate steps to manage what is a rapidly changing risk landscape.

4.1.2 The risk management and internal control framework

The boards of the group companies have ultimate responsibility and accountability for risk management and internal control within their respective companies. Atradius N.V.'s Management Board implements and oversees Atradius' group-wide risk governance through the Risk Strategy Management Board (RSMB). The RSMB consists of all members of the Management Board, as well as the Directors of Group Risk Management, Strategy and Corporate Development and Finance.

The RSMB's responsibilities include the development and maintenance of the framework to manage risk and the on-going overview of the largest risks. The RSMB establishes the internal risk management framework by approving risk policies, risk boundaries, and by prescribing risk mitigation activities. In addition, the RSMB ensures that there are processes and systems to review the effectiveness of risk management and the internal control system.

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

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

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

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

- Communicate risk-related norms and values across the organisation;
- Provide clarity over the various responsibilities and accountabilities in the management of risk;
- Manage the Group's risk profile and development of the business over time;
- Ensure that Atradius adheres to an approved risk appetite;
- Ensure appropriate ownership of decisions; and
- Provide the Management Board with clear insight into decision-making and risk-management processes.

To achieve reliability over financial information and solvency reporting, the following controls are implemented and quarterly tested:

- Key controls required to manage the risk of a material error in financial and non-financial reporting; and
- Entity-level controls that detect material misstatement due to failures in controls within business processes.

4.1.3 Risk classification

Atradius classifies its main risk types as insurance, financial and operational. Insurance risks are the risks of financial loss as a direct result of providing insurance; these arise predominantly from the risk of default-related non-payment by a buyer covered by a policy (credit insurance), the risk of non-performance by a customer (bonding), or ceded business through Atradius' reinsurance arm, Atradius Reinsurance DAC. Financial risks include market risk, counterparty credit risk and liquidity risk. Operational risks arise from inadequate or failed internal processes, people, systems, or from external events. Atradius also maintains a category for strategic risks, as mentioned in Section 4.1.1 above.

Environmental, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business:

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



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

Atradius implicitly considers ESG risks within Insurance, Financial and Operational risk as well as within Strategic Risk assessments.

4.2 Insurance risk

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

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

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

Traditional credit insurance and special products

In traditional credit insurance, Atradius insures its customers against the risk of non-payment of trade receivables. The causes of loss covered differ by policy and usually include all forms of legal insolvency. Policies can also cover so-called 'political' causes of loss, which include but are not limited to, the risk of non-payment due to payment transfer problems, cancellation of export/import licences and contract frustration. Traditional credit insurance does not cover non-payment of trade receivables due to commercial disputes. Each policy stipulates a maximum credit period that the policyholder can offer to its buyers without prior approval from Atradius. 'Buyers' are the customers of Atradius' insured customers, i.e., the parties that Atradius insures trade credit risk on. In order to mitigate the risk of adverse selection, the traditional credit insurance products of Atradius usually cover the entire portfolio of buyers of a policyholder.

For traditional credit insurance, there are two underwriting processes: policy underwriting and buyer underwriting. Policy underwriting is the process by which Atradius decides which companies to accept as policyholders and the terms and conditions of cover that are offered to those policyholders. Buyer underwriting is the process by which Atradius sets a risk capacity for each buyer and issues credit limits for buyers under existing policies. Policy underwriting and buyer underwriting are carried out by Commercial and Risk Services units respectively.

Policies are issued for a fixed period: usually no longer than two years and with a break clause after one year. Within traditional credit insurance, customers retain some of the risk for their own account to protect Atradius from the risk of moral hazard. That self-retention can take the form, for example, of an uninsured percentage, a deductible on each claim, an aggregate first loss amount or a combination of these. All policies stipulate Atradius' maximum liability. A customer is covered for the credit risk on a buyer after a credit limit on the buyer has been established. Most policies allow customers to establish credit limits themselves for smaller amounts, under strict conditions specified in the policy. Atradius must issue larger credit limits through credit limit decisions. Credit limits are an important risk management instrument for Atradius as they are the key control of the amount that Atradius would have to pay to a customer in the event of a claim. Moreover, Atradius can withdraw the credit limit on a buyer at any time if circumstances demand. Credit limits may be subject to specific conditions and Atradius can also set conditions for cover on a country or withdraw cover on a country altogether. These tools are important to manage insurance risk exposure in a dynamic way.

Staff in Commercial units have well-defined authorities specifying who can underwrite which policies. Policies typically require the approval of two people and conditions become stricter as the maximum liability under a policy becomes larger, with the largest policies needing sign-off by both the Director of a Commercial unit and the responsible Management Board member. The pricing of credit insurance policies (new, amended and renewed), is also subject to governance and the models and methodologies used to establish a technical price require the approval of the Quantitative Model Committee, a committee responsible for approving the quantitative models that are used within the Group.

Staff in Risk Services have well-defined authorities specifying the level of decisions that an underwriter can take for the approval of credit limits, and the definition of capacity in the system. As credit limit amounts grow, decisions



require the approval of one or more co-signatories of increasing seniority. The largest credit limit amounts require the approval of the Atradius credit committee with the appropriate authority level and, in exceptional cases, the approval of the (leaders of the) reinsurance panel.

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

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

Bonding

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

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

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

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

All bonding facilities and individual bonds are underwritten by technical underwriters who are part of the Commercial Bonding units. Technical underwriters assess the risk of non-performance as well as bonding wordings and other relevant technical aspects. Financial underwriters, who are not part of the Commercial units, focus on the credit risk-related aspects of customers; they must approve the acceptance of facilities and individual bonds over certain thresholds. Financial Underwriting decisions are taken in line with a clear and stringent authority linked to amounts involved. The largest amounts require the approval of Atradius credit committees (Local or Group) with the appropriate authority level.

Other products

Reinsurance

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

Atradius Reinsurance DAC provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding markets. It currently assumes business from 70 countries worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of approximately 59% credit insurance and 41% bonding, based on premium volume.



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

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

Instalment Credit Protection (ICP)

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

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

Risk underwriting is performed by the risk underwriting teams. Authorities are granted to underwriters according to their seniority and expertise. Cases are escalated according to pre-determined thresholds to the local ICP credit committees, then to the ICP credit committee and finally to the Management Board member responsible for ICP.

4.2.2 Insurance risk management tools

Atradius monitors its exposure across various dimensions such as counterparty, industry sector and geographic location. We maintain records of all credit insurance policies, credit limits and buyers in various connected systems. These systems enable Atradius to set specific limits by buyer or buyer group. Management information derived from these systems enables Atradius to monitor aggregate exposure by country, customer, industry sector and other dimensions.

In addition to customer and buyer-specific decision tools, we employ a number of instruments to analyse and manage the Company's insurance risk profile on both a retrospective, current and forward-looking basis. This includes:

- Economic capital model – a best practice risk measurement tool;
- Risk dashboards and tools to drill down to underlying details of parts of the portfolio;
- Predictive analysis of indicators such as shipments, claims and premiums;
- Models of probabilities of default and loss-given-default.

These tools enable Atradius to manage its profile within a regularly reviewed and approved risk management framework.

All buyers with significant exposure are reviewed at least annually. Depending on the credit worthiness of a buyer, reviews may be more frequent and even require the involvement of a Special Risk Management unit. Atradius continually receives information on buyers through on-line connections with business information providers and from customers reporting negative payment experiences. Buyers are reviewed whenever pertinent new information is received. Atradius assigns an internal rating to buyers and the review process takes into account exposure on a buyer through direct business, including exposure for special products and bonding. The authority structure for approval of new exposure referred to in this note also applies to buyer reviews.

Atradius operates with an integrated risk and (capital) cost-based pricing system. Generally, new policies and renewals are priced starting from a technical price suggested by the Group Pricing Model.

For reinsurance, Atradius Reinsurance DAC uses a number of risk management tools to monitor the reinsurance portfolio for exposures and performance developments. The reinsurance system is used to record the risk profile, ultimate estimate and related accounting information for each reinsurance treaty. This allows the reporting of performance, total aggregate exposure and accounting reinsurance results. Performance development and exposures related to each reinsurance treaty are reviewed quarterly within certain limits and through exception reporting.



For ICP, consumer credit risk underwriting relies on the databases of the relevant national authorities. In addition, ICP maintains and uses its own internal consumer credit database.

Both Bonding and ICP have their own pricing systems and guidelines, which reflect the specifics of their businesses.

4.2.3 Reinsurance programme

Atradius transfers a significant portion of its insurance risk to external reinsurers, through a number of reinsurance arrangements that include quota share and excess of loss treaties covering either the entire portfolio of Atradius or specific risks. The reinsurance treaties are renewed annually, usually in December of the preceding year. During 2022, Atradius decided to renew its reinsurance arrangements for 2023. This trend continued with the renewal of the reinsurance arrangements for 2024 in early 2023. On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including excess of loss. A number of items are taken into consideration during this review, including the forecast growth in the underlying business, economic developments etc. In addition, the proposed structure is considered in the context of the Solvency II capital requirements and Atradius' risk appetite.

For the underwriting year 2022 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The retention under this treaty is 63% (2021: 63%).

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

The attachment point of the excess of loss treaties has been set such that the net retention for business ceded under the quota share treaties and excess of loss structure for any buyer group does not exceed EUR 26.25 million for Atradius (2021: EUR 26.25)

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

It is currently expected that Atradius Reinsurance DAC (ARE) will be merged into Atradius Crédito y Caución S.A. de Seguros y Reaseguros (ACyC) through a cross-border merger to be completed in 2023. The transaction remains subject to the necessary board, shareholder, court and regulatory approvals. Upon effectiveness of the merger, ARE's assets and liabilities, including all of its reinsurance obligations, would be transferred to ACyC, through its Irish branch.

Government Agreements

In view of the situation generated by the COVID-19 pandemic and, as a support to the national economy, the 10 main countries where the Group operates have supported the business of credit insurance in the form of specific government reinsurance schemes with high cession rates.

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

In 2020 Atradius entered into agreements with the governments of France, Germany, Denmark, Norway, Belgium, Luxemburg, the Netherlands, United Kingdom, Italy and Spain. All these agreements were renewed until the first semester of 2021, except for France where the covered period was extended to 31 December 2022. In general terms, all government schemes covered Credit Insurance with domestic policyholders related to all the buyers. In Europe, all agreements were approved by their correspondent regulators. These government reinsurance agreements are applied before the private reinsurance with the exception of Spain where the agreement provided an additional cession to the private cession). All government schemes are risk attaching, the cession rates are different per country.



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

(EUR thousand)	2022	2021
Balance Sheet		
Technical Provision Ceded	29,190	106,766
Premiums Provision Ceded	7,533	26,117
Cash paid/received	(384,364)	(297,805)
Accounts Receivables/Payables	12,115	(125,754)
Reinsurance commission	(2,044)	(7,307)
Profit and loss statement impacts:		
Insurance premium ceded	(14,852)	(323,805)
Insurance claims recovered	(27,277)	(35,527)
Reinsurance commission	2,647	106,204
Profit and (Loss) net impact	(39,482)	(253,128)

4.2.4 Concentration risk

Atradius is exposed to concentration risk in a number of ways: primarily by buyer, buyer country or buyer industry exposure. The following tables illustrate the exposure at the end of 2022 and 2021 in terms of the sum of credit limits registered by Atradius on individual buyers. This is referred to as total potential exposure or TPE.

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

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

Buyer country	TPE 2022 (EUR million)	%	TPE 2021 (EUR million)	%
Other	195,347	22.6%	160,822	22.2%
Germany	125,354	14.5%	108,235	14.9%
Spain, Portugal	97,580	11.3%	86,970	12.0%
USA	95,616	11.1%	70,655	9.7%
Central and Eastern Europe (*)	88,671	10.3%	77,682	10.7%
Italy	62,161	7.2%	50,352	6.9%
United Kingdom	59,740	6.9%	51,211	7.1%
France	58,808	6.8%	50,601	7.0%
Nordic	40,912	4.7%	35,311	4.9%
The Netherlands	39,063	4.5%	33,204	4.6%
Total	863,252	100%	725,043	100%

(*) Ukraine and Russia TPE is included in this group. Total exposure in both countries has been reduced in comparison with year-end 2021 by 64%, representing less than 0.4% of the total exposure.

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



Industry sector	TPE 2022 (EUR million)	%	TPE 2021 (EUR million)	%
Chemicals	123,206	14.3%	99,390	13.7%
Electronics	107,892	12.5%	90,137	12.4%
Metals	94,888	11.0%	78,757	10.9%
Consumer durables	91,125	10.6%	81,697	11.3%
Food	82,021	9.5%	71,101	9.8%
Transport	75,650	8.8%	61,673	8.5%
Construction	62,382	7.2%	53,451	7.4%
Other	59,186	6.9%	48,056	6.6%
Machines	55,280	6.4%	46,328	6.4%
Construction materials	41,563	4.8%	34,801	4.8%
Agriculture	39,751	4.6%	34,441	4.8%
Services	30,309	3.5%	25,211	3.5%
Total	863,252	100%	725,043	100%

The following table shows TPE aggregated by group of buyers. This is the method of aggregation that is relevant for Atradius' excess of loss treaties.

TPE Value band (EUR million)	TPE 2022 (EUR million)	%	TPE 2021 (EUR million)	%
0 - 20	413,003	47.8%	364,886	50.3%
20 - 100	154,124	17.9%	129,838	17.9%
100 - 250	98,213	11.4%	78,455	10.8%
250 - 500	72,296	8.4%	61,236	8.4%
500 - 1000	67,739	7.8%	48,517	6.7%
1000 - and more	57,878	6.7%	42,111	5.8%
Total	863,252	100%	725,043	100%

Exposure for bonding and for instalment credit protection has different characteristics and therefore is not included in these tables. The bonding exposure is EUR 27.6 billion (2021: EUR 25.6 billion). Exposure for instalment credit protection amounts to EUR 3 billion (2021: EUR 3 billion).

4.2.5 Factors affecting the frequency and severity of claims

The frequency and severity of claims are affected by several factors. These include all factors that affect credit risk in general. Thus, the state of the economy is a major driver of the frequency and severity of claims. Its effect may vary by country and sector. For trade credit risk, the behaviour of customers may also affect the frequency and severity of claims, for instance through risks inherent to their business activities and their risk management practices. Specific events (e.g. natural disasters) or structural changes in the economy (e.g. easier access to developed markets for producers in low cost countries), may impact the frequency and severity of claims. What specific events or structural changes are relevant in this respect will vary over time. In addition, the political risk cover that Atradius provides has its own dynamics of frequency and severity of claims.

As result of COVID-19, the Russian invasion of Ukraine and the energy crisis, the state of the economy in the near future is, and has been, significantly more uncertain than usual. This, in turn, impacts uncertainty related to the frequency and severity of claims.

Concerning COVID-19, some countries (e.g. China) are still suffering lockdowns and/or an increase in infection rates. Moreover, in most European countries (core of Atradius CI business) the governmental support to the economy is being progressively rolled back., Though there is still uncertainty with respect to the extent to which the economy relied on the support.



Regarding the energy crisis and the Russian invasion of Ukraine, these had relevant adverse impacts across the global economy, notably on inflation and interest rates. Most trade sectors, are dependent on energy, which has suffered material inflation during 2022. Therefore, world-trade is being affected by such inflation and stress. This in turn impacts uncertainty related to the frequency and severity of claims.

As a collateral effect of the above mentioned, most relevant central banks have increased the interest rates. This has been followed banks and suppliers of credit, leading to a tougher lending conditions. Further adding to the uncertainty in frequency and severity, also affecting recoveries.

All the factors above, lead to an increased potential for adverse development on the technical provisions in the coming months because of increase in frequency, severity and insolvency rates.

The bonding business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries recourse to the bonding customer; or its guarantors fails. This is typically due to either the insolvency or bankruptcy of the bonding customer. Thus, in the end, the frequency and severity of claims is affected by similar factors as those affecting credit insurance.

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

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

4.2.6 Sources and assumptions

4.2.6.1 Sources of uncertainty in the estimation of future claims payments

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

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

- for traditional credit insurance, premium is earned in full when the underlying shipment takes place. UPR exclusively relates to the unearned part of premium invoiced in advance and to risks that have not started. IBNR is Atradius' estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received;
- for the local credit insurance business in Spain and Portugal, premium is earned pro rata over the period between invoice date and due date of invoices for the insured shipments. Thus, part of UPR relates to risks that have started, in the sense that the underlying insured shipment has taken place. IBNR is the local business in Spain and Portugal's estimate for future claims payments that will result from risks taken on, for which no claims notification has been received and for which the underlying invoices are overdue at the end of the reporting period;
- for bonding, instalment credit protection and reinsurance, the UPR relates to risk taken on; and
- for special products, UPR is set on the same basis as for traditional credit insurance. With the exception of single transactions, where the UPR relates to risk taken on.

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

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



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

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

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

4.2.6.2 Assumptions, change in assumptions and sensitivity

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

Under normal circumstances, the most important assumption used in the main methods for reserving for traditional credit insurance to set the estimate for the ultimate number of claims for the most recent months of risk would be that the claims inflow in early 2023 would be around 20% above the level of end 2022. The main methodologies for estimating claims provisions for traditional credit insurance combined underpin 68% (2021: 74%) of the claims provisions for traditional credit insurance.

In light of the increased uncertainty as a result of the current circumstances, we have taken a similar approach for 2022 closing as we did for 2021 closing. During the second half of 2020, the number of reported claims dropped significantly compared to the first half of the year. This partly relates to a drop of insured business as result of the lock-downs in early 2020 and, partially, because of government's support for the economy. However, whilst the insured shipments have recovered since, the number of claims registrations remained at a low level including the first two quarters of 2022. However, the second half of 2022, showed a notable increase. This being said, the total number of claims registrations during 2022 is still 20 – 40% lower than the claims reported during the first half of 2020, depending on the country. The 2022 provisions have been set based on the assumption that this reduction is still temporary and that a further strong increase in claims registrations is still expected going forward. The estimated ultimate claim count for most recent month of risk has been set at the level of the first half of 2020 plus 10 – 40% depending on the country due to uncertainty in the current economic environment.

An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims, inclusive of the expected increase mentioned in the previous paragraph, for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 40 million, gross of reinsurance (2021: EUR 35 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size. This sensitivity is approximately linear. Unless noted otherwise, the same holds true for other sensitivities mentioned in this section.

Under normal circumstances, for modelling attritional losses, the uncertainty in severity quickly becomes less important compared to the uncertainty in frequency, as the portfolio becomes larger. This feature is feature not specific to credit insurance, but holds for any insurance product, provided the portfolio is large enough, and correlation between count and severity is small enough. It is our experience that average claim sizes, for the attritional losses, are sufficiently stable over time to not have significant margins of uncertainty in the parameters governing the size of attritional claims that have not yet been reported.



Whilst recent trends in severity have been duly considered as part of the process by which Atradius reviews and sets parameters and prudent choices have been made, we still consider there to be more uncertainty than in recent history, as result of the unprecedented circumstances.

To indicate an overall level of sensitivity with respect to the parameters driving the average size for claims not yet registered, if this average would be increase by 10%, claims provisions for attritional losses would increase by EUR 37 million (2021: 35 million).

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

As such, supporting the plausibility of the management judgement, provisions for large cases are in part based on historic experience with large cases and in part on case by case reporting of ultimate loss estimates. The approach that relies on historic experience sets an ultimate loss arising from large cases as a fraction of the total losses for the last two risk years. Despite the historically high correlation between large and attritional losses, current low claims entry implies estimated attritional losses for recent underwriting years to be well below prior years. These exceptional circumstances, accompanied with the current level of uncertainty and experience from prior financial crisis (2008-2009, which showed a higher proportion of large losses over total losses) leads to setting a ratio aligned to the historic one observed in prior financial crisis. The selected ratio implies estimated ultimate large loss amounts (as opposed to the ratio with attritional losses) to be in the range of those observed under normal circumstances, like underwriting years 2012 to 2019. If these fractions were chosen 10% higher, then the claims provisions for traditional credit insurance would increase by EUR 84 million (2021: 66 million). The case by case estimates are specific to the individual facts and circumstances of the case. As such, no meaningful overall insight to the sensitivity can be given.

In addition to contributions from standard components of Atradius reserving methodologies, an Event Based Provision has been estimated specific to the impact of the conflict between Russia and Ukraine. This is for those risks considered to be not fully covered by the standard methodologies. This is based on a case-by-case review of the exposures related to Russia-Ukraine conflict. Management has considered two main drivers of risks to be covered by the Event Based Provision:

- a. Real Outstanding Exposure (ROE) related to traditional CI business from customers trading out of Russia and for Russian/Ukrainian buyers. This excludes exposure already notified as claims, as the standard methodology already caters for this. It also excludes exposure for which a notification of non-payment was registered. This is treated as a separate category:
- b. Notifications of Non-Payments related to business from customers out of Russia but related to the conflict between Russia and Ukraine.

As a result of the analysis performed, a EUR 140m provision gross of reinsurance (EUR 98m net of reinsurance) was added.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 378 million (2021: EUR 373 million). The largest two components of the expected recoveries are the recoveries for traditional credit insurance of EUR 167 million (2021: EUR 142 million) and for instalment credit protection of EUR 132 million (2021: EUR 138 million).

As recovery rates differ by country as well as product, moreover, that the development depends on the age of the underwriting year, it is challenging to provide insight into sensitivity to assumptions by measuring the impact of a mere parameter change. For traditional credit insurance, ultimate recoveries are first estimated using commonly used projection methods. These estimates are then reduced considering a margin for uncertainty, such that a favourable development on these estimates is by far the most likely outcome. Nevertheless, the impact of setting the recovery provisions lower by 10% is EUR 17 million (2021: EUR 14 million). For instalment credit protection, for which similar margins for uncertainty are introduced, the impact of setting recovery provisions lower by 10% is EUR 13 million (2021: 13 million).

4.3 Financial risk

Atradius is exposed to financial risk mainly through its financial assets, financial liabilities, reinsurance contracts and insurance contracts. The core components of financial risk are market risk, credit risk and liquidity risk.



These risks arise mainly from interest rate sensitive positions, equity instruments, credit exposures, non-Euro currency exposures and cash flow patterns.

4.3.1 Market risk

Market risk is the risk that the fair value of assets and liabilities that are sensitive to movements in market prices, decreases or increases due to adverse movements in equity prices, interest rates or currency exchange rates. Atradius exposes itself to these risks by holding assets and liabilities which fair value is sensitive to movements in those prices. To measure these risks, Atradius uses several risk metrics. The most important ones being the mismatch between assets and liabilities which fair value is denominated in foreign currency, value-at-risk, capital models from the credit assessment institutions and interest rate duration.

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

4.3.1.1 Fair value of financial assets and liabilities

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

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

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

Debt and equity securities available-for-sale

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

Loans and short-term investments

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

Other financial assets

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

Subordinated debt

The fair values of subordinated debts are based on valuation techniques using market prices of comparable instruments or parameters from comparable active markets (see Note 16 for further details).

Other financial liabilities and deposits received from reinsurers



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

The following tables present the fair values and the hierarchy of the financial instruments carried at fair value (note 2.9):

Financial instruments measured at fair value Assets 2022	Level 1	Level 3	Total
Available-for-sale:			
Equity securities	362,576	31,649	394,225
Debt securities:			
Government bonds	645,611	-	645,611
Corporate bonds	1,785,409	-	1,785,409
Total	2,793,596	31,649	2,825,245

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

At 31 December 2022 the Company is mainly exposed to securities traded in active markets (level 1), whereas having a limited exposure to illiquid markets (level 3).

Reconciliation of Level 3 fair values

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

Financial investments Level 3	Equity securities	
	2022	2021
Balance at 1 January	27,123	22,910
Total gains or losses:		
In profit and loss statement (net income from investments)	-	-
In other comprehensive income	1,107	(103)
Acquisitions/Sales	3,419	4,316
Balance at 31 December	31,649	27,123

4.3.1.2 Equity price risk

Equity price risk is the risk that the fair value of the assets that are sensitive to movements in equity prices decreases due to adverse movements in equity prices. Atradius exposes itself to equity price risk by investing in equity instruments issued by corporations and equity instruments issued by investment funds. These risks are measured and analysed by using value at risk techniques and capital models from the external credit assessment institutions. The value-at-risk measures the potential maximum loss on Atradius' equity instruments due to adverse movements in equity prices in the short-term while the capital models measures the potential maximum loss in the long-term, (see Note 4.3.1.4 for more information). Atradius invests in a portfolio of diversified equity instruments to minimise the idiosyncratic risk of individual assets.



Individual equity instruments

Atradius invests in individual equities via a segregated mandate in which the asset manager has discretion to select the equity portfolio in accordance with investment restrictions set in the investment management agreement. This diversified portfolio consists of EUR denominated large capitalisation equities. Per the end of December 2022, the market value of these equities is EUR 147.7 million (2021: EUR 165.5 million).

- **Investment funds:** the investment funds in which Atradius invests are exposed to market risk, counterparty risk, liquidity risk and currency risk (i.e., general investment fund risks). The risk of an investment fund is mainly driven by the nature of the assets in which it invests. As investment funds are offered to multiple investors, the investment restrictions of a fund are stated in the fund's prospectus. Atradius only selects investment funds that have similar investment restrictions stated in their prospectus as set in the Atradius Investment Policy.
- **Equity instruments issued by investment funds:** the portfolio of equity instruments issued by investment funds are shown in the following table:

Investment funds	Weight in %		Weight in %	
	2022		2021	
Passive equities exchange traded funds	101,322	41.1%	225,010	65.8%
Active money market funds	113,457	46.0%	89,569	26.2%
Real estate funds	25,930	10.5%	24,646	7.2%
Infrastructure funds	5,719	2.3%	2,477	0.7%
Total	246,428	100.0%	341,702	100.0%

- **Passive equities exchange traded funds:** the portfolio of passive equities exchange traded funds mainly consists of an exchange traded fund which passively tracks the Dow Jones Euro Stoxx 50 Index.
- **Active money market funds:** the portfolio of active money market funds consists of money market funds denominated in Euro and Brazilian real.
- **Real estate funds:** the portfolio of real estate funds consists of real estate funds denominated in EUR and in which the underlying asset exposure is focussed on European real estate.
- **Infrastructure funds:** the infrastructure fund is a fund-of-funds investment denominated in EUR. The underlying funds have different focus, e.g. from renewable energy towards more traditional infrastructure sectors like utilities, transport, energy or telecommunications, but all with a global approach, resulting in a multi-currency exposure of the underlying assets. A significant characteristic of such an individual infrastructure asset is that it requires relative large investment amounts. The fund-of-funds investment mitigates that part by adding an additional layer of diversification in exposure towards certain individual infrastructure assets or projects.

4.3.1.3 Interest rate risk

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



Profile

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

	Fixed rate instruments - carrying amount		Variable rate instruments - carrying amount	
	2022	2021	2022	2021
Financial assets ^{(1) (3)}	2,431,020	2,264,924	695,220	705,224
Financial liabilities ^{(2) (4)}	(249,600)	(249,383)	(9,263)	(10,014)
Total	2,181,420	2,015,541	685,957	695,210

1) Fixed rate financial assets include debt securities;

2) Fixed rate financial liabilities include the subordinated debt;

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

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

Duration

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

Atradius uses the duration to assess its interest rate risk exposure and monitors whether the duration remains between the minimum and maximum duration limit (between one to five years for government bonds and one to three years for corporate bonds) as set in the Atradius Investment Policy. The duration is calculated as the weighted average of the discounted future cash flows to be received measured in years. The duration as per 31 of December 2022 is 2.0 years (2021: 2.7 years) and the average maturity for 2022 is 2.2 years (2021: 2.9 years).

4.3.1.4 Value-at-Risk

Atradius measures equity price and interest rates risk by analysing the value-at-risk (VaR) of its financial instruments. This risk metric measures the potential maximum loss on those financial instruments due to adverse movements in equity prices and interest rates within a specified time frame and probability (confidence level). The VaR is based on variance-covariance methodology that uses the historical volatility of the fair values of the financial instruments and the correlation between these as main inputs. These volatilities and correlations are provided by financial information providers or financial institutions.

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

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

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

Value-at-Risk	EUR million		EUR million	
	% of the market value		% of the market value	
	2022		2021	
Equity securities:				
Shares (including funds ¹⁾)	153.9	54.8%	146.6	35.1%
Debt securities:				
Government bonds	30.2	4.7%	5.8	1.0%
Corporate bonds	90.7	5.1%	20.5	1.2%
Total portfolio	198.7	6.7%	145.1	4.8%

¹⁾ It excludes money market funds



The classification of financial investments in the VaR table stated above are based on the actual financial risks that the individual securities present in the investment portfolio carry. For instance, within debt securities a separation between government bonds, and corporate bonds is maintained to capture the actual exposure to corporate bonds that carry additional credit risk above the risks that government bonds bring along. When individual securities are classified to the asset class that fits their actual risk profile, the volatility of that asset class is calculated using the volatility to the financial markets of the underlying securities in that asset class. The volatility of each asset class as a whole serves as input for the VaR calculation of that asset class. In case of an investment fund, the volatility of the fund (driven by the characteristics of its underlying securities) serves as input for the calculation of the VaR on that specific investment fund and is subsequently included in the VaR calculation of the asset class. Total portfolio VaR is less than the sum of the VaR of the individual portfolio components because the correlation between these components is less than one and forms the basis of portfolio diversification. The VaR percentage increased from 4.8% at the end of 2021 to 6.7% at the end of 2022 and the VaR value increased from EUR 145.1 million at the end of 2021 to EUR 198.7 million at the end of 2022. During 2022, the global economy was impacted by the war in Ukraine, with its subsequent energy crisis in Europe, and high inflation with increasing yield levels resulting in higher expected risk from a VaR perspective.

4.3.1.5 Currency risk

Movements in exchange rates may affect the value of consolidated shareholders' equity, which is expressed in Euro. Foreign exchange rate differences taken to other comprehensive income arise on the translation of the net investment in foreign subsidiaries and associated companies. During 2022, the Euro appreciated in value against some of the non-Euro functional currencies (see Note 2.5.3) resulting in a foreign currency gain in other comprehensive income of EUR 7.5 million, net of tax (2021: a loss of EUR 18 million, net of tax).

However, the impact of these fluctuations is limited as revenue, expenses, assets and liabilities within our non-Euro operations are generally denominated in the same currencies.

Atradius exposure to foreign currency exchange rate risk, arising from monetary financial assets and liabilities denominated in non-functional currencies as at 31 December 2022 and 31 December 2021, is presented in the following table, in EUR:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2022			2021		
EUR	485,034	449,411	35,623	430,487	416,434	14,053
GBP	8,010	9,198	(1,188)	10,061	16,404	(6,343)
USD	680,749	575,881	104,869	555,227	416,097	139,130
AUD	2,085	5,155	(3,071)	4,041	5,902	(1,862)
Other	66,985	177,782	(110,797)	114,981	207,816	(92,835)
Total	1,242,863	1,217,427	25,436	1,114,796	1,062,653	52,143

Sensitivity analysis

As an indication of the currency exposure, a 10% strengthening of these foreign currencies against the Euro as at the end of the reporting period would have increased/(decreased) the result for the year by an amount equal to the net position as presented above, calculated against that 10%. This analysis assumes that all other variables, and in particular interest rates, remain constant and is performed on the same basis as for 2021. A 10% weakening of the aforementioned foreign currencies against the Euro as at the end of the reporting period would have had an equal but opposite effect.

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



	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	2022			2021		
EUR	4,285,713	2,619,569	1,666,144	4,051,063	2,439,154	1,611,908
GBP	263,506	205,167	58,339	397,461	304,188	93,273
USD	830,950	575,661	255,289	711,608	444,634	266,974
AUD	135,834	65,369	70,465	126,755	62,612	64,144
Other	775,036	649,825	125,211	631,879	525,856	106,023
Total	6,291,040	4,115,590	2,175,448	5,918,766	3,776,444	2,142,323

4.3.2 Credit risk

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

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

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

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

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

The year 2022 started with a gradual relief of the COVID-19 restrictions, but soon the Russian invasion in Ukraine became headline news, together with the increase of the inflation figures, resulting in an energy crisis with rising price levels of natural gas, oil and electricity, which skyrocketed mid-2022, especially the price of natural gas. After the COVID-19 pandemic, these changing market circumstances were even more reason to focus on and maintain the high quality of the fixed income portfolio.

With regard to rating downgrades, 1.1% of the market value of bonds of Atradius was impacted by a downgrade, while 5.3% of the Atradius corporate bond portfolio observed a rating upgrade. Despite the challenging market circumstances, with rapidly increasing yields, the fixed income portfolio remains healthy with its average rating of 'A' in Standard & Poor's rating scale, which is the same as at the end of 2021. For reporting purposes Russian bonds have been reclassified to assets held for sale.

The main objectives of the investment portfolio concentrate on the capital preservation and liquidity, in order to support Atradius strategic and operational needs at any given moment in time. Despite the fading of the COVID-19 pandemic, followed by the war in Ukraine and the (European) energy crisis, the annual review of the investment policy did not lead to any changes in the concentration risk settings, as the existing restrictions were considered to be sufficient.



The counterparty ratings of receivables, short-term investments, claims, commissions and deposits arising from reinsurance, cash and cash equivalents and the rating of debt securities as at 31 December 2022 and as at 31 December 2021, are presented in the following tables:

At 31 December 2022 (EUR million)	AAA	AA	A	BBB	Other and Non-rated	Total
Receivables, claims, commissions and deposits arising from reinsurance:						
Receivables, claims and commissions arising from reinsurance	13	332	418	12	46	821
Deposits received from reinsurers	-	(7)	(2)	-	-	(9)
Debt securities:						
Government bonds	357	250	6	12	20	646
Corporate bonds	12	189	1,121	463	-	1,785
Short-term investments:						
Deposits withheld by ceding companies	-	7	6	3	6	22
Bank deposits under short-term investments	-	28	58	6	5	97
Cash and cash equivalents	116	46	378	21	16	577
Total	498	845	1,985	517	88	3,939

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

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

4.3.3 Liquidity risk

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

Liquidity risk is managed at Atradius level, in close coordination with local operations. Atradius' policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The investment policy states that Atradius should mainly invest in financial instruments that can be liquidated in less than three business days. Atradius is able to access credit facilities to prevent certain liquidity shortages which may arise due to short-term cash flow variances. Atradius



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 (2021: 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 request (cash call) the reinsurers to settle their share of a large reported claim instead of the usual payment terms agreed in the reinsurance treaties.

Liquidity and interest risk tables

The following tables indicate the estimated amount and timing of the main cash flows at the end of the reporting period of interest and non-interest bearing liabilities and assets. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. Atradius has considered the impact of the cross-border cash pooling arrangement in this overview.

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest contractual repayment date. When the lender has a choice of when an amount is paid, the financial liability is allocated to the earliest period in which Atradius can be required to pay.

At 31 December 2022		Contractual cash flows (undiscounted)				Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	263,125	-	249,600
Deposits received from reinsurers	1.36%	-	9,263	-	-	9,263
Total		-	22,388	263,125	-	258,863
Non-interest bearing liabilities						
Insurance contracts		-	1,760,176	759,943	18,794	2,565,569
Payables		-	328,525	-	-	-
Total		-	2,088,701	759,943	18,794	2,565,569

At 31 December 2021		Contractual cash flows (undiscounted)				Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	276,250	-	249,383
Deposits received from reinsurers	0.65%	-	10,014	-	-	10,014
Total		-	23,139	276,250	-	259,397
Non-interest bearing liabilities						
Insurance contracts		-	1,434,428	668,676	10,259	2,134,434
Payables		-	521,968	-	-	521,968
Total		-	1,956,396	668,676	10,259	2,656,402



At 31 December 2022		Contractual cash flows (undiscounted)				Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing assets						
Debt securities	3.53%	-	406,119	2,180,863	54,754	2,431,020
Investments: deposits and cash held for investments	3.20%	37,207	81,771	-	-	119,431
Cash: Cash and bank deposits	(0.03%)	431,851	20,113	-	-	451,964
Total		469,058	508,003	2,180,863	54,754	3,002,415
Non-interest bearing assets						
Other financial assets ¹⁾		-	394,678	-	-	394,678
Reinsurance contracts		-	623,979	269,399	6,662	900,040
Receivables		-	380,584	-	-	380,584
Total		-	1,399,241	269,399	6,662	1,675,302

At 31 December 2021	Contractual cash flows (undiscounted)					Carrying amount
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	
Interest bearing assets						
Debt securities	0.24%	-	287,071	1,943,548	63,629	2,264,924
Investments: deposits and cash held for investments	0.09%	58,627	147,341	-	-	205,831
Cash: Cash and bank deposits	(0.03%)	497,752	1,641	-	-	499,394
Total		556,379	436,053	1,943,548	63,629	2,970,149
Non-interest bearing assets						
Other financial assets ¹⁾		-	507,306	-	-	507,306
Reinsurance contracts		-	550,034	256,405	3,933	810,372
Receivables		-	374,607	-	-	374,607
Total		-	1,431,947	256,405	3,933	1,692,285

¹⁾ It includes shares in group non consolidated entities

4.4 Operational risk

4.4.1 Operational risk management

Operational risk means the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. This definition is in line with industry practice as well as with the European Solvency II Directive. It is present within all activities undertaken by Atradius, at all levels and across all locations. At the same time as classifying operational risk into processes, people, systems, and external events, Atradius also labels its risks according to ESG categories.

The Operational Risk and Control (ORC) unit is part of the Group Risk Management department and is responsible for developing methods for the identification, assessment and response to risks, and for monitoring and further enhancing the overall risk management and control framework. The ORC unit works closely with both Internal Audit



and the Group Legal & Compliance unit. At the highest level, operational risk is overseen by the Operational Risk Committee, which has a reporting line to the RSMB.

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

Fraud risk – In respect of external fraud, the Fraud Control Group, composed of employees across over 30 countries, monitors the activity of customers and buyers to detect indications of fraud. This monitoring includes using bespoke software to capture indicators of fraud from wide-ranging internal and external sources. Atradius also provides fraud awareness training and advice to employees and customers to help identify fraudulent buyers. Internal fraud is addressed through manual and automated operational controls such as the segregation of duties, application of signing authorities and role-based system privileges and authorities.

In addition, the Atradius Code of Conduct and several additional compliance policies applicable for more specific areas, set the requirements that Atradius' employees must adhere to. For example, the Atradius Speak up Procedure gives guidance on how to raise concerns regarding a violation or breach of the Code of Conduct, in a confidential manner. Further information on compliance policies can be found in 4.4.1.3.

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

The evolving cyber landscape highlights the increasing monetisation of cyber security threats against financial services companies through insufficient technical controls and user error. As such, Atradius takes the education of end users on the aforementioned cyber risks very seriously: awareness training is mandatory for all staff. Further mitigation of this risk includes protections for critical Atradius applications and Multi-Factor Authentication for remote access. A medium-term Cyber Security Strategy is in place to further improve governance, protection, resilience and vigilance across all Atradius companies and products.

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

4.4.1.1 Risk registers and risk / control self-assessments

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

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

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

4.4.1.2 Business continuity management

Atradius recognises the importance of being able to recover its critical business processes in the event of any major operational disruption. A Business Continuity Management (BCM) programme is embedded in the organisation to



ensure the continuity of the Business in the event of severe disruptions. The BCM programme is aligned with the International Standard ISO22301. The Group Business Continuity manager co-ordinates the documentation, maintenance and continual testing of practical plans for recovering key business activities within acceptable timeframes.

During the COVID-19 pandemic, the BCM programme was temporarily paused to enable the organisation to focus on the response arrangements. At the start of 2022 the BCM programme recommenced across the Group accompanied with quarterly reporting on country and Group objectives. The strategic decisions made during the pandemic have been integrated in to BCM Plans and key processes such as the Business Impact Analysis.

Atradius has adapted its business continuity arrangements to address new ways of working such as the hybrid working model which involves a mixture of in-office and remote working. IT systems are stable and collaboration tools have been enhanced for the whole workforce. Overall service to customers and all other parties is being maintained at a high standard.

Atradius is also preparing itself for alignment with an upcoming European regulatory framework on digital operational resilience whereby firms must ensure that they can withstand, respond to and recover from all types of ICT-related disruptions and threats.

4.4.1.3 Legal Risk / Compliance Framework

At Atradius we believe that compliance with relevant laws, rules and regulations, and maintaining a high standard of ethics and integrity, leads to lower operational risk and more-stable business processes. The Atradius Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all our employees and that govern the Atradius operations and business conduct towards customers, brokers and all parties involved in Atradius business.

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

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

4.4.1.4 Russia

The large number of sanctions restrictions relating to Russia and Belarus imposed by authorities in the EU, the UK and the US, among others, have been closely reviewed by the organisation to analyse their impact on the business. In line with its sanctions compliance programme, Atradius reviews the potential exposure of business counterparties and other entities to sanctions in close coordination among the Group Legal & Compliance, Risk Services and Commercial teams, based both on regular screening as well as on ad-hoc review initiatives. In the context of this situation, the organisation has relied on a number of measures to closely monitor the impact of the updated sanctions regimes, including the daily screening of its main databases against certain tools coordinated by a central compliance team, the establishment of a task force with representatives from various departments to align the strategy and measures adopted, and the introduction of certain additional checks to enhance monitoring capabilities.

4.5 Capital management

4.5.1 Guiding principles

Capital management is guided by the following principles:

- to ensure that Atradius is sufficiently capitalised to have the ability to survive by maintaining sufficient available capital after meeting its financial obligations;
- to meet the local regulatory capital requirements of all Atradius entities, including branches and subsidiaries of Atradius worldwide;



- to manage the capital adequacy of Atradius and its entities, taking into account the economic and accounting views along with the external rating agencies and regulatory capital requirements;
- to optimise capital structure by allocating funds across Atradius' entities; and
- to minimise the overall cost of funding while preserving financial flexibility.

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

The Company shows a robust capital and solvency position.

Atradius manages capital worth more than two billion euro. Per year-end 2022, the capital includes shareholders' funds of EUR 2.2 billion and subordinated debt of EUR 250 million (nominal value) classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II (For further details see Note 16).

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

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

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

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

4.5.3 Regulatory capital requirements

In each country in which Atradius operates with insurance or reinsurance companies established according to local laws, and also where prescribed for branches, the local insurance regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries or branches. The minimum required capital must be maintained at all times throughout the year. In addition, the local insurance regulators have the discretionary right to impose additional capital requirements in excess of the required minimum.

In 2022, the capital of Atradius has been managed according to the Atradius guidelines and in close cooperation with the units involved. The Atradius entities were able to meet their financial obligations and to comply with local legal and regulatory requirements.

4.5.4 Solvency II

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

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

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

As per year end 2022 the eligible own funds under Solvency II for the Company amounts to EUR 2,600 million (2021: EUR 2,448 million).



5 Segment information

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

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

Atradius revenue has no dependency on any large customer.

Information regarding these segments is presented in the following tables:



Business segment	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
2022								
Insurance premium revenue	1,925,409	133,376	166,555	2,225,340	-	-	-	2,225,340
Service and other income	141,923	-	-	141,923	83,785	-	-	225,707
Inter-segment revenue	-	-	-	-	2,914	(2,914)	-	-
Total revenue	2,067,332	133,376	166,555	2,367,263	86,699	(2,914)	-	2,451,047
Insurance premium ceded to reinsurers	(790,821)	(52,071)	(16,047)	(858,939)	-	-	-	(858,939)
Total segment income after reinsurance	1,276,511	81,305	150,508	1,508,324	86,699	(2,914)	-	1,592,108
Insurance claims and loss adjustment expenses	(789,011)	(40,255)	(85,506)	(914,772)	-	2,463	-	(912,309)
Insurance claims and loss adjustment expenses recovered from reinsurers	265,992	15,141	10,373	291,506	-	-	-	291,506
Net insurance claims	(523,019)	(25,114)	(75,133)	(623,266)	-	2,463	-	(620,803)
Gross operating expenses	(683,162)	(50,116)	(64,254)	(797,532)	(66,675)	452	(15,314)	(879,069)
Commission received for business ceded to reinsurers	299,958	20,824	1,823	322,605	-	-	-	322,605
Net operating expenses	(383,204)	(29,292)	(62,431)	(474,927)	(66,675)	452	(15,314)	(556,464)
Operating segment result	370,288	26,899	12,944	410,131	20,024	-	(15,314)	414,841
Share of income/ (losses) of associated companies								17,755
Net income from investments								24,588
Finance income								8,135
Finance expenses								(7,255)
Result for the year before tax								458,065
Income tax expense								(104,220)
Result for the year from continuing operations								353,844
Result for the year from Held for Sale operations								(21,633)
Result for the year								332,212



Business segment	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
2022							
Reinsurance contracts	684,246	161,553	54,241	900,040	-	-	900,040
Receivables	345,555	19,766	12,652	377,973	5,243	(2,632)	380,584
Unallocated assets	-	-	-	-	-	-	5,010,416
Total assets	1,029,801	181,319	66,893	1,278,013	5,243	(2,632)	6,291,040
Insurance contracts	1,709,310	343,424	512,835	2,565,569	-	-	2,565,569
Payables	289,780	37,841	(1,089)	326,532	10,298	(8,305)	328,525
Unallocated liabilities	-	-	-	-	-	-	1,221,496
Total liabilities	1,999,090	381,265	511,746	2,892,101	10,298	(8,305)	4,115,590
Total year end number of employees (full-time equivalent)	2,704	146	26	2,876	435	-	3,311



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



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

The segmental reporting follows the management point of view. In all the other insurance related notes the figures are reported based on the products of credit insurance and bonding which differs from the segmental view presented here. The underlying contracts of the Reinsurance segment are approximately 59% credit insurance contracts and approximately 41% bonding (2021: 60% and 40% respectively), based on premium volume. As a consequence of Graydon's sale, services income and expenses have decreased around EUR 40 million.



6 Intangible assets

2022	Goodwill	Software	Other ¹⁾	Total
At cost at 1 January	151,421	366,327	30,458	548,206
Additions	-	25,438	-	25,438
Disposals	(17,931)	(1,090)	-	(19,021)
Change in consolidation group	(13,000)	(21,800)	-	(34,800)
Effect of movements in foreign exchange rates	(90)	(6,852)	71	(6,871)
At cost at 31 December	120,401	362,023	30,529	512,952
Accumulated amortisation and impairments at 1 January	(13,735)	(270,275)	(29,306)	(313,316)
Amortisation charge for the year	-	(9,138)	(1,152)	(10,290)
Disposals	-	7,072	-	7,072
Impairment	(170)	(7,768)	-	(7,938)
Change in consolidation group	13,000	6,699	-	19,699
Effect of movements in foreign exchange rates	-	5,510	(71)	5,439
Accumulated amortisation and impairments at 31 December	(905)	(267,899)	(30,529)	(299,334)
Balance at 1 January	137,686	96,052	1,152	234,890
Balance at 31 December	119,496	94,123	-	213,618

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

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

Goodwill

If applicable, impairment of goodwill is included as part of Finance expenses (see note 28). Atradius assessed all goodwill for impairment.



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

Cash-Generating Units	2022	2021
ACyC ¹⁾	98,797	98,797
Graydon Holding N.V.	-	17,931
Atradius Trade Credit Insurance Inc.	4,750	4,750
Atradius Collections B.V.	6,426	6,426
ACyC. (France)	2,767	2,767
ACyC (Nordic bonding) ²⁾	2,476	2,565
Other	4,280	4,450
Total	119,496	137,686

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

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

The value in use of an individual CGU is determined using a dividend discount model (DDM). The dividend flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the first 1-4 year projections are based on financial budgets and/or forecasts. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value. The discount rate, gross of tax, varies depending on the Risk-Free Rate and the Country Risk Premium of the country where the CGU is located. For those CGUs with Goodwill higher than EUR 10 million (ACyC), the discount rate applied is between 8.3% and 9.3% and the growth rate is between 1.0% and 1.5%, respectively. The terminal value is calculated based on the dividend flows of the normalised period through a perpetuity which applies a long term growth rate of 2.0% for CGUs excluding ACyC and between 2.0% and 3.0% for associated companies (2021: 2.0%-3.0%) and the specific discount rate. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated taking into account local solvency rules, the Solvency II Partial Internal Model and minimum shareholders equity required (non-distributable)

CGUs are defined by line of business according to the way we manage and steer the operational business.

An approximation of the sensitivity of the following assumptions would impact the CGU market value by the percentages shown below (other CGUs are not included due to immaterial impacts):

Cash-Generating Units	Discount rate		Growth rate		Combined ratio		Solvency ratio ¹⁾	
2022	+50bp	-50bp	+50bp	-50bp	+50bp	-50bp	+1,000bp	-1,000bp
ACyC	(5.9%)	6.8%	1.1%	(0.9%)	(3.2%)	3.2%	(5.5%)	5.5%
Atradius Trade Credit Insurance Inc.	(9.5%)	11.5%	7.6%	(6.3%)	(2.4%)	2.4%	-	-
Atradius Collections B.V.	(7.4%)	9.5%	6.2%	(4.8%)	-	-	-	-
ACyC (France)	(10.3%)	13.2%	9.2%	(7.2%)	(3.6%)	3.6%	(0.7%)	0.7%
ACyC (Nordic bonding)	(12.1%)	16.1%	11.9%	(8.9%)	(4.3%)	4.3%	(4.6%)	4.6%

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

¹⁾ With the same required capital.



No sensitivity analysis mentioned above, both individually and combined, would assume that the carrying amount of the GCUs would exceed their market value.

In February 2022, Atradius Insurance Holding N.V. sold its shares in Graydon Holding N.V. to Creditsafe Nederland B.V. The sale of Graydon Holding N.V. resulted among others in a reduction of intangible assets (self-developed software) of EUR 15 million and a reduction of EUR 17.9 million in Goodwill. The service income and expenses decreased by EUR 40 million in 2022 as a result of the sale.

Software

Atradius assessed all capitalised software to determine if the criteria for capitalisation are being met (see note 2.6.2). Based on this assessment Atradius decided to impair EUR 0.6 million (2021 EUR 43 million) of self-developed software mainly related to need of redesigning part of the solutions in their transformation programmes, including data models, user journeys, utilisation of shared components, new functionalities and multichannel/omnichannel integrations to deliver the best customer experience. During 2022, Atradius capitalised EUR 20.4 million due to the Atradius Business Transformation projects (2021: EUR 32.8 million).



7 Property, plant and equipment & investment property

2022	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	90,341	66,845	59,649	142,094	358,929	33,985
Additions	-	1,945	5,059	27,105	34,109	-
Disposals	-	(3,814)	(5,308)	(3,138)	(12,261)	(6,380)
Reclassification	-	(5,510)	(131)	(1,218)	(6,859)	5,452
Change in consolidation group	-	(502)	(257)	(8,992)	(9,751)	-
Effect of movements in foreign exchange rates	161	(630)	(949)	(496)	(1,914)	68
At cost at 31 December	90,502	58,334	58,062	155,355	362,253	33,125
Accumulated depreciation and impairments at 1 January	(12,288)	(43,005)	(49,625)	(63,784)	(168,702)	(7,960)
Depreciation charge for the year	(889)	(3,249)	(5,496)	(20,290)	(29,924)	(413)
Disposals	-	3,205	4,333	2,457	9,995	1,204
Reclassification	-	49	113	598	760	-
Change in consolidation group	-	44	181	4,849	5,073	-
Effect of movements in foreign exchange rates	(27)	412	816	223	1,424	(9)
Accumulated depreciation and impairments at 31 December	(13,204)	(42,545)	(49,678)	(75,947)	(181,374)	(7,178)
Balance at 1 January	78,053	23,839	10,023	78,310	190,225	26,025
Balance at 31 December	77,298	15,790	8,384	79,409	180,880	25,947



2021	Land & buildings	Fixtures & fittings	IT hardware	Right of Use assets	Total property, plant & equipment	Investment property
At cost at 1 January	90,591	70,137	58,514	129,011	348,253	34,093
First time adoption as per 1st January 2019	-	-	-	-	-	-
Additions	-	9,030	6,215	12,932	28,177	-
Disposals	(318)	(13,613)	(6,641)	(2,142)	(22,714)	(134)
Effect of movements in foreign exchange rates	68	1,291	1,561	2,294	5,214	26
At cost at 31 December	90,341	66,845	59,649	142,094	358,929	33,985
Accumulated depreciation and impairments at 1 January	(11,529)	(46,808)	(46,830)	(42,259)	(147,426)	(7,681)
Depreciation charge for the year	(877)	(8,757)	(7,985)	(22,526)	(40,145)	(343)
Disposals	99	13,406	6,460	1,683	21,648	45
Impairment / reversal impairment	32	-	(63)	-	(31)	22
Effect of movements in foreign exchange rates	(13)	(846)	(1,207)	(682)	(2,748)	(3)
Accumulated depreciation and impairments at 31 December	(12,288)	(43,005)	(49,625)	(63,784)	(168,702)	(7,960)
Balance at 1 January	79,061	23,329	11,684	86,752	200,827	26,413
Balance at 31 December	78,053	23,839	10,023	78,310	190,225	26,025

The depreciation charge on property for own use is reported as part of net operating expenses. The depreciation charge on investment property is reported as part of net income from investments.

The fair value of land and buildings for own use and of investment property is presented in the following table:

	Property own use		Investment property	
	2022	2021	2022	2021
Spain and Portugal	77,419	77,890	21,970	21,259
Italy	20,650	20,650	443	443
Mexico	5,531	4,554	1,844	1,518
Other	250	244	-	-
Total	103,849	103,338	24,256	23,220

Fair value measurement

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

All significant inputs used in the measurement are market observable and the fair value is therefore classified in Level 2 in the fair value hierarchy (as in 2021). Valuation techniques used are: Market (comparison) approach, Income approach (discounted cash flow method) and Cost approach. Significant valuation inputs used to determine the fair value measurements based on techniques used are construction features, location (and/or conditions) and transport utilities.

The estimated fair value of the properties is directly dependent on the changes of the inputs used. There has been no change in the valuation techniques used compared to prior year.

The investment property can be classified as follows: 92% office (2021: 93%) and 8% retail (2021: 7%).



Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 44 thousand (2021: EUR 31 thousand). During the year an amount of EUR 673 thousand (2021: EUR 401 thousand) has been recognised as rental income from investment property for lease contracts. These contracts have remaining terms of between 1 and 10 years. Expected rental income arising from these contracts for next year is EUR 1.650 thousand for non-cancellable contracts (In 2021, expected rental income for next year was 323 thousand for non-cancellable contracts).

Leases: Right of Use Assets

Right of Use assets consist of office space (95%), including parking and vehicles under a number of operating lease agreements. The most significant lease contracts relate to the offices in our locations in Western Europe. The remaining terms of these office rentals vary between 2 to 12 years and most of the contracts contain extension options. The extension options are taken into account in the measurement of lease liabilities when the Group is reasonably certain to exercise these options.

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

	2022	2021
Lease liability included in statement of financial position at 31 December (see Note 22)	82,336	80,911
Amounts recognised in profit and loss statement :		
Interest expenses on lease liabilities	(1,668)	(2,221)
Expenses relating to short-term leases	(386)	(516)
Expenses relating to low-value assets	(31)	(27)
Amounts recognised in the statement of cash flows :		
Total cash outflow for leases	27,790	22,497



8 Subsidiaries

The following table sets forth, as at 31 December 2022, the name and country of incorporation of the main subsidiaries of Atradius N.V.

All companies are, directly or indirectly, wholly owned unless otherwise indicated.

Name	Country	Ownership	Name	Country	Ownership
Atradius Collections B.V.	Netherlands		Atradius Crédito y Caución Seguradora S.A.	Brazil	
Belgium branch	Belgium		Atradius Dutch State Business N.V.	Netherlands	
Czech Republic branch	Czech Republic		Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China	
Denmark branch	Denmark		Atradius Finance B.V.	Netherlands	
France branch	France		Atradius Information Services B.V.	Netherlands	
Germany branch	Germany		Belgium branch	Belgium	
Hungary branch	Hungary		Denmark branch	Denmark	
Ireland branch	Ireland		France branch	France	
Italy branch	Italy		Germany branch	Germany	
Poland branch	Poland		Ireland branch	Ireland	
Portugal branch	Portugal		Italy branch	Italy	
Turkey branch	Turkey		Japan branch	Japan	
Atradius Collections DMCC	United Arab Emirates		Norway branch	Norway	
Atradius Collections Holding B.V.	Netherlands		Spain branch	Spain	
Atradius Collections Limited	Canada		Sweden branch	Sweden	
Atradius Collections Limited	Hong Kong		Switzerland branch	Switzerland	
Atradius Collections Limited	United Kingdom		Taiwan branch	Taiwan	
Atradius Collections Pte. Limited	Singapore		Thailand branch	Thailand	
Atradius Collections Pty. Limited	Australia		United Kingdom branch	United Kingdom	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil		Atradius Information Services Vietnam Company Limited	Vietnam	
Atradius Collections, S.A. de C.V.	Mexico		Atradius India Credit Management Services Private Ltd.	India	
Atradius Collections S.L.	Spain		Atradius Insurance Holding N.V.	Netherlands	
Atradius Collections, Inc.	USA		Atradius Italia Intermediazioni S.R.L.	Italy	
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China		Atradius Participations Holding S.L.U.	Spain	
Atradius Credit Insurance Agency, Inc.	USA		Atradius Pension Trustees Ltd.	United Kingdom	
Atradius Credit Management Services B.V.	Netherlands		Atradius Reinsurance DAC**	Ireland	
Atradius Credit Management Services (RUS) LLC	Russia		Atradius Reinsurance DAC Escritório de Representação no Brasil Ltda.**	Brazil	
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain		Atradius Rus Credit Insurance LLC	Russia	
Australia branch	Australia		Atradius Seguros de Crédito, S.A.	Mexico	
Austria branch	Austria		Atradius Trade Credit Insurance, Inc.	USA	
Belgium branch	Belgium		Atradius Trade Insurance Brokerage Yuhan Hoesa	South Korea	
Bulgaria branch	Bulgaria		B2B SAFE, S.A.	Spain	
Canada branch	Canada		Crédito y Caución do Brasil Gestao de Riscos de Crédito e Serviços LTDA	Brazil	
Czech Republic branch	Czech Republic		Iberinform Internacional S.A.U.	Spain	
Denmark branch	Denmark		Portugal branch	Portugal	
Finland branch	Finland		Iberinmobiliaria, S.A.U.	Spain	
France branch	France		Informes Mexico, S.A. de C.V.	Mexico	
Germany branch	Germany		Pakula, Podebski i Wspólnicy Kancelaria Prawna spółka komanditowa	Poland	99,99%
Greece branch	Greece		PT Atradius Information Services Indonesia	Indonesia	
Hong Kong branch	Hong Kong		Compañía de Seguros de Crédito Continental S.A.	Chile	50%*
Hungary branch	Hungary		Credit Guarantee Insurance Corporation of Africa Ltd	South Africa	25%
Ireland branch	Ireland		CLAL Credit Insurance Ltd.	Israel	20%
Italy branch	Italy		Compagnie Tunisienne pour l'Assurance du Commerce Extérieur S.A.	Tunisia	3.92%
Japan branch	Japan		Verenigde Assurantiedrijven Nederland N.V.	Netherlands	0.65%
Luxembourg branch	Luxembourg		Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V.	Netherlands	0.5%
Netherlands branch	Netherlands		African Trade Insurance Agency	Kenya	1 share
New Zealand branch	New Zealand				
Norway branch	Norway				
Poland branch	Poland				
Portugal branch	Portugal				
Romania branch	Romania				
Singapore branch	Singapore				
Slovakia branch	Slovakia				
Sweden branch	Sweden				
Switzerland branch	Switzerland				
Turkey branch	Turkey				
United Kingdom branch	United Kingdom				

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

Comparative with 2021:

- Accento Services, Belgium (dissolved)
- Graydon Holding and its subsidiaries: Graydon NL, Graydon UK, Graydon BEL, Giant Net and Opencompanies (sold)
- The Lebanese Credit Insurer (sold)



9 Investments in associated companies

	2022	2021
Balance at 1 January	75,623	62,816
Results of income	17,755	15,963
Share of income of associated companies	17,755	15,963
Dividends received	(7,890)	(906)
Revaluations	2,240	(454)
Effect of movements in foreign exchange rates	998	(1,796)
Balance at 31 December	88,726	75,623

None of the associated companies are listed. All information from the associated companies, unless otherwise stated, is based on balance sheet dates between 30 September 2022 and 31 December 2022.

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

Atradius Participations Holding S.L. sold its shares in The Lebanese Credit Insurer s.a.l. (effective as per 11 August 2022).

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

1) Minus one share

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



2022	Credit Guarantee Insurance Corporation of Africa Limited	CLAL Credit Insurance Ltd.	Compañía de Seguros de Crédito Continental S.A. 1)	Total
Atradius 's interest				
Goodwill	-	380	1,611	1,991
Net assets	21,739	17,246	47,751	86,736
Carrying amount	21,739	17,626	49,362	88,726
Share of income of associated companies	6,612	1,782	9,361	17,755
Dividends received	(5,584)	-	(2,306)	(7,890)
Associated companies				
Assets	158,727	124,998	159,086	442,811
Liabilities	71,772	38,770	63,579	174,120
Revenue	58,630	16,730	18,050	93,409
Net assets	86,955	86,228	95,507	268,690
Result for the year	26,448	8,908	18,722	54,078
2021				
Atradius 's interest				
Goodwill	-	380	1,611	1,991
Net assets	20,798	17,298	35,536	73,632
Carrying amount	20,798	17,678	37,147	75,623
Share of income of associated companies	5,533	1,554	8,876	15,963
Dividends received	-	-	(906)	(906)
Associated companies				
Assets	157,160	121,127	119,790	398,077
Liabilities	73,967	34,638	48,712	157,317
Revenue	46,726	16,501	21,567	84,794
Net assets	83,193	86,490	71,077	240,760
Result for the year	22,131	7,768	17,746	47,645

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



10 Financial investments

Financial investments classified by measurement category and nature	Available-for-sale		Loans and receivables ¹⁾		Total	
	2022	2021	2022	2021	2022	2021
Equity securities	394,225	507,299	-	-	394,225	507,299
Debt securities	2,431,020	2,264,924	-	-	2,431,020	2,264,924
Loans	-	-	453	7	453	7
Short-term investments	-	-	104,078	168,028	104,078	168,028
Cash held for investments	-	-	14,900	37,796	14,900	37,796
Total	2,825,245	2,772,223	119,431	205,831	2,944,676	2,978,054

1) There are no bank deposits tacitly renewable in 2022 and 2021.

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	507,299	388,726	2,264,924	2,167,358	2,772,223	2,556,084
Additions	148,202	70,386	1,071,858	1,051,144	1,220,060	1,121,530
Disposals	(217,333)	(15,286)	(724,039)	(943,494)	(941,372)	(958,780)
Amortisation charge for the year	-	-	(12,947)	(17,829)	(12,947)	(17,829)
Revaluations through other comprehensive income and profit and loss statement	(45,569)	60,500	(163,798)	(17,997)	(209,367)	42,503
Effect of movements in foreign exchange rates	1,626	2,973	(4,978)	25,742	(3,352)	28,715
Balance at 31 December	394,225	507,299	2,431,020	2,264,924	2,825,245	2,772,223

For disclosures about the temporary exemption from IFRS 9, please refer to Note 2.2.2.1.

11 Receivables

	2022	2021
Accounts receivable on insurance and reinsurance business	258,156	210,884
Amounts owed by policyholders and direct insurance operations	156,357	144,010
Receivables arising out of reinsurance	101,799	66,874
Other account receivable	122,428	163,723
Total	380,584	374,607

The outstanding receivables are substantially all current and consequently their fair values do not materially differ from their carrying amounts.

There is no concentration of credit risk in respect of receivables as Atradius has a large number of internationally dispersed debtors (see Note 4.3.2).

The increase in Receivables arising out of reinsurance from EUR 66.9 million to EUR 101.8 million is explained by the better performance of ACyC Hong Kong and ACyC Germany during 2022.

An amount of EUR 87 million (2021: EUR 85 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 86% (2021: 91.2%) relates to receivables ageing less than three months.



All receivables are considered for impairment testing. As of 31 December 2022, receivables of EUR 45.13 million (2021: EUR 26.7 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 15.6 million (2021: EUR 13.3 million). This balance takes into account that a portion of the impaired receivables will be recovered. Atradius does not hold any collateral over these balances.

The 'Other accounts receivable' related to service income, are short term balances which consist of individually small balances. The provision for impaired 'Other accounts receivable' for 2022 is EUR 1.4 million (2021: EUR 1.6 million).

The significant decrease on other accounts receivables is mainly coming from the reclassification to other accruals of IPT advance payments in ACyC Italy and from a big receipt processed as unapplied amount in Atradius Dutch State Business N.V.

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

	2022	2021
Balance at 1 January	13,275	12,164
Impairment of receivables	8,793	10,417
Receivables written off during the year as uncollectable	(6,724)	(9,289)
Unused amounts reversed	265	(17)
Balance at 31 December	15,609	13,275

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

For disclosures about the temporary exemption from IFRS 9, please refer to Note 2.2.2.1.

12 Deferred acquisition costs

	2022	2021
Balance at 1 January	77,574	68,967
Deferred in the year	27,618	25,291
Amortisation change for the year	(18,958)	(20,443)
Effect of movements in foreign exchange rates	2,418	3,758
Balance at 31 December	88,653	77,574
Current	50,955	42,971
Non-current	37,698	34,604



13 Other assets and accruals

	2022	2021
Pipeline and return premium ceded	476,294	418,768
Prepayments and accrued interest	52,242	35,036
Net pension plan asset	81,337	88,371
Reimbursement rights	6,687	6,931
Other	32,093	26,678
Total	648,653	575,784

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

Prepayments and accrued interest, relate to payments in advance for which the Company has received and invoiced for future services or goods, and interest of financial investments for which Atradius is entitled but has not received yet. The increase from the previous year is due to a reclassification from other account receivables of IPT advance payments in ACyC Italy.

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

The reimbursement rights relate to the Spanish pension plans. Since the related policies do not qualify as an insurance policy under IAS 19, the fair value cannot be netted with the related pension liability (see Note 17).

The net pension plan asset concerns the surplus of the pension plans, mainly in the UK; as per 31 December 2022 it is EUR 81.3 million (2021: EUR 88.4 million) (see Note 17).

14 Cash and cash equivalents

	2022	2021
Cash at bank and on hand	431,850	497,751
Restricted cash	123,825	-
Short-term bank deposits	20,114	1,642
Cash and cash equivalents	575,789	499,393
Cash and cash equivalents	575,789	499,393
Cash and cash equivalents in the statement of cash flows	575,789	499,393

Atradius manages the cash by using a cross-border cash pooling agreement. This provides for a notional pool structure with interest compensation per currency. The cash pool arrangement allows for offsetting of cash balances of branches within a legal entity. However, it does not allow offsetting between different legal entities.

In 2022 it was decided to reclassify from "restricted financial investments" to "cash and cash equivalent" the deposits that meet the criteria established by the standard for this category. This cash is not available to the Company for immediate or general business use neither to spend, nor to invest. (2021: EUR 46 million)



15 Capital and reserves

15.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (2021: the same) of which 79,122,142 ordinary shares were issued and fully paid (2021: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

Earnings per share are calculated by dividing the Group share of the net income by the number of ordinary shares in issue during the year. The earnings in 2022 were of EUR 4.2 per share.

15.2 Share premium reserve

	2022	2021
Balance at 1 January	639,228	639,228
Balance at 31 December	639,228	639,228

15.3 Revaluation reserve

	2022	2021
Balance at 1 January	110,854	80,811
Change in revaluation reserve - gross	(208,607)	44,131
Change in revaluation reserve - tax	43,964	(10,127)
Net (gains)/losses transferred to net profit on disposal - gross	(5,904)	(5,330)
Net (gains)/losses transferred to net profit on disposal - tax	2,256	1,369
Balance at 31 December	(57,436)	110,854

15.4 Currency translation reserve

	2022	2021
Balance at 1 January	(61,959)	(79,989)
Change in currency translation reserve - gross	7,508	18,791
Change in currency translation reserve - tax	134	(761)
Balance at 31 December	(54,316)	(61,959)

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

15.5 Pension reserve

	2022	2021
Balance at 1 January	(55,082)	(166,607)
Recognised actuarial gains/(losses)	26,083	31,698
Change in pension reserve - gross	37,471	40,291
Change in pension reserve - tax	(11,388)	(8,593)
Pension plan de-risking reclassification to Retained earnings	-	79,826
Change in pension reserve - gross	-	106,475
Change in pension reserve - tax	-	(26,649)
Balance at 31 December	(28,999)	(55,082)

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



15.6 Retained earnings

	2022	2021
Balance at 1 January	1,189,911	1,316,561
Appropriation of prior year result	240,249	44,167
Pension plan de-risking	-	(79,826)
Turkey's hyperinflation	55	-
Dividends	(164,574)	(90,991)
Balance at 31 December	1,265,640	1,189,911

15.7 Dividend distribution

Atradius' dividend distribution is based on the Company financial statements. The Company and its subsidiaries are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. Dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. Additionally, certain subsidiaries are subject to restrictions on the amount of funds they may distribute in the form of dividends or otherwise and also in respect of minimum capital requirements that are imposed by industry regulators in the countries in which the subsidiaries operate.

The Company distributes dividends out of the retained earnings balance (see Note 9 in the Company financial statements). If this balance is insufficient, the Company will distribute dividends out of the share premium reserve (see Note 4.2 in the Company financial statements).

16 Subordinated debt

	2022	2021
Balance at 1 January	249,383	324,177
Redemption of the subordinated loan	-	(75,000)
Accretion of interest	217	206
Balance at 31 December	249,600	249,383

On 23 September 2014, Atradius Finance B.V. issued guaranteed subordinated notes with a nominal value of EUR 100,000 each for an aggregate amount of EUR 250 million (the 'notes'). Atradius Finance B.V. may redeem the notes, in whole but not in part, on 23 September 2024 and thereafter on each interest payment date. Unless previously redeemed, the notes will be redeemed at maturity on 23 September 2044. The notes bear interest at a fixed rate of 5.250% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. The notes do qualify as regulatory capital under the Solvency II grandfathering rules. The notes are issued by Atradius Finance B.V. and guaranteed by the Company. The notes are listed on the Luxembourg Stock Exchange.

The fair value estimate of the subordinated notes issued by Atradius Finance BV is EUR 251 million (2021: EUR 280 million). They are classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II.

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

On 28 September 2021 Atradius Reinsurance DAC, Ireland redeemed 100% of its outstanding subordinated loan with a principal amount of EUR 75 million.



17 Employee benefit assets and liabilities

	2022	2021
Retirement benefits	50,689	91,907
Other long-term employee benefits	8,290	8,098
Total	58,979	100,005

17.1 Retirement benefits

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

The main defined benefit plans as of 31 December 2022 are in the United Kingdom and Germany and these represent 83.6% (2021: 85.0%) of the pension plan assets and 79.5% of the defined benefit obligation booked in the liabilities (2021: 80.5%). The main characteristics of these plans are detailed below.

Other plans are related to Spain, Italy, Switzerland, Sweden, Belgium, Norway, France and Mexico. The DBO of these plans are between EUR 0.5 - EUR 6.3 million (2021: EUR 0.8 - EUR 12 million) and the number of participants are between 13 and 451 (2021 between 13 and 451).

Defined benefit plans expose Atradius mainly to market investment risk, interest rate risk and inflationary risk:

- a decline in asset market value (equity, real estate, alternatives etc.) will immediately increase the balance sheet liability and the near-term cash flows for countries where there is minimum funding requirements;
- a decrease in corporate bond yields will result in an increase in plan liabilities even if this effect will be partially offset by an increase in the value of the plans' bonds; and
- an increase in inflation rate will result in higher plan liabilities thus, an increase in future employer contributions in countries where there is minimum funding requirements.

Within Atradius there are also defined contribution plans. The contributions to these plans are recognised as expenses in the profit and loss statement. The total contributions amounted to EUR 19.3 million in 2022 (2021: EUR 13.2 million), this increase is driven by the new defined contribution plan in The Netherlands.



Pension assets and liabilities

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

	Defined benefit obligation		Fair value of plan assets		Asset ceiling		Net defined benefit (asset) liability	
	2022	2021	2022	2021	2022	2021	2022	2021
Balance at 1 January	563,941	1,017,679	472,034	885,338	-	-	91,907	132,341
Additions	-	-	-	-	-	-	-	-
Included in the profit and loss statement:								
Current service cost	7,263	15,649	-	-	-	-	7,263	15,649
Past service cost - Plan Amendment	-	(228)	-	-	-	-	-	(228)
Past service cost - Curtailment	-	(29,180)	-	-	-	-	-	(29,180)
Settlement (Gain)/ Loss ^(*)	-	(430,687)	-	(459,970)	-	-	-	29,283
Interest cost / income	8,419	11,225	9,234	11,069	-	-	(815)	156
Administration costs	4	661	-	-	-	-	4	661
Total included in the profit and loss statement	15,686	(432,560)	9,234	(448,901)	-	-	6,452	16,341
Included in OCI:								
Remeasurement loss (gain):								
Actuarial loss (gain) arising from:								
- demographic assumptions	(2,840)	(9,238)	-	-	-	-	(2,840)	(9,238)
- financial assumptions ^(**)	(187,482)	6,848	-	-	-	-	(187,482)	6,848
- experience adjustments	8,273	(17,424)	-	-	-	-	8,273	(17,424)
Return on plan assets excluding interest income	-	-	(144,052)	21,214	-	-	144,052	(21,214)
Change in Irrecoverable Surplus other than Interest	-	-	-	-	(60)	-	60	-
Total included in OCI	(182,049)	(19,814)	(144,052)	21,214	(60)	-	(37,937)	(41,028)
Other:								
Contributions paid by the employer	(4,115)	(4,000)	3,054	42,327	-	-	(7,169)	(46,327)
Plan participants contributions	621	1,995	621	1,995	-	-	-	-
Benefits paid	(15,752)	(21,396)	(15,752)	(21,396)	-	-	-	-
Acquisition / Divestiture	(9,028)	-	(9,005)	-	-	-	(23)	-
Effect of movements in foreign exchange rates	(13,861)	22,037	(18,353)	26,161	-	-	4,492	(4,124)
Reclassification of surplus plan assets	-	-	7,034	(34,704)	-	-	(7,034)	34,704
Total other	(42,135)	(1,364)	(32,401)	14,383	-	-	(9,734)	(15,747)
Balance at 31 December	355,443	563,941	304,815	472,034	(60)	-	50,688	91,907

(*) It includes the Dutch pension plan settlement (DBO EUR 29,180 million) and Mexico settlement (DBO EUR 0.103 million)

(**) Mainly driven by the change of the financial assumptions in UK, where discount rate increased 300 basic points, which leads to an actuarial gain of EUR 121.7 M on DBO.

Plan assets

Atradius has pension related assets which under IAS 19 do not meet the criteria to qualify as plan assets. In Germany, for one of the plans, assets of EUR 14.9 million (2021: EUR 16.9 million) are classified as financial investments since in the event of bankruptcy, these assets are not fully secured for the members of the pension plan. In the UK, EUR 24.1 million of financial investments (2021: EUR 37.6 million) is on an escrow account to support the UK pension fund. In the event of insolvency, the Trustee of the pension fund has the right to those investments, provided certain conditions are met.



Net plan pension assets corresponds mainly to the surplus of UK pension plans, which is EUR 81.3 million as per 31 December 2022 (2021: EUR 88.3 million), which is disclosed as net plan pension assets as part of Note 13.

In Spain and Portugal, the defined benefit plans are partially insured with Seguros Catalana Occidente S.A.. These insurance policies do not qualify as insurance policies under IAS 19, therefore the fair value is treated as reimbursement rights, which are recorded as part of other assets for an amount of EUR 6.3 million (2021: EUR 6.5 million). At the end of 2022, the defined benefit obligation related to the reimbursement rights amounts to EUR 10.4 million (2021: EUR 15.5 million). This same defined benefit obligation has in addition plan assets of EUR 13.1 million (2021: EUR 13.1 million).

Characteristics of the main defined benefit plans

Characteristic	United Kingdom	Germany
Entitlement	Pension entitlements are based on a percentage of final salary (closed for new employees).	Pension entitlements are based on a percentage of the average salary of the last 10 years.
Number of participants	85 active members (2021: 101 active members). 547 inactive members (2021: 539 inactive members).	471 active members (2021: 478 active members). 496 inactive members (2021: 476 inactive members).
Defined benefit obligation	EUR 169 million (2021: EUR 299 million).	EUR 113 million (2021: EUR 154 million).
Plan assets	EUR 247 million (2021: EUR 387 million).	EUR 76.1 million (2021: EUR 89.0 million). Assets of EUR 14.9 million (2021: EUR 16.9 million) are recognised as part of the financial investments.
Remeasurement gain (loss) through OCI	EUR 6.3 million - loss (2021: EUR 30.7 million - gain).	EUR 27.6 million - gain (2021: EUR 4.7 million - gain).
Funding arrangement	The basis of the funding agreement lies in the Trust Deed and Rules. The pension fund performs triennial actuarial valuations to determine employer contributions.	A Contractual Trust Agreement is established as a financing vehicle to cover part of the pension liabilities. There is no specific funding arrangement although the assets must exceed the initially funded amount of EUR 39.2 million.
Employee contributions	In 2022 contributions amounted to 7.1% (2021: 7.1%) of the eligible salary.	None; all contributions are made by the employer.
ALM-strategy	A Cash Driven Investment portfolio has been implemented that combines Buy & Maintain Credit with a Liability Driven Investment, to provide contractual income that aligns with the timing of the pension liability cash flow payments together with a 100% interest rate and inflation rate liability hedge to maintain Self-sufficiency.	The investment objectives and policies are developed based on an ALM-study. The investment policy limits the interest rate risk by restricting the investment in bonds to fixed rate bonds. Equity price risk is controlled by investing according to the Dow Jones Euro Stoxx 50 Index.
Regulatory Framework	The UK pension plan is subject to UK pensions legislation and guidance issued by the Pensions Regulator in the UK	The German pension plan is subject to German pensions legislation and guidance issued by the Pensions Regulator in Germany

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

Fair value of plan assets

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



Plan assets 2022	Cash and cash equivalents	Equity instruments	Debt instruments	Investment funds	Insurance contracts	Real estate	Total 2022
Belgium	-	-	-	-	25,203	-	25,203
Germany	(532)	28,690	47,931	-	-	-	76,089
Mexico	-	19	234	-	-	-	253
Norway	-	-	-	-	2,734	-	2,734
Spain	-	-	-	-	13,126	-	13,126
Sweden	-	347	1,522	481	-	320	2,670
Switzerland	-	-	-	-	4,510	-	4,510
United Kingdom	6,443	-	163,584	10,203	-	-	180,230
Total	5,911	29,056	213,271	10,684	45,573	320	304,815

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

All equity and debt securities have quoted prices in active markets. The plan assets do not include any of Atradius' own financial instruments, nor any property occupied or other assets used by Atradius.

The return on plan assets is determined by multiplying the fair value of the plan assets by the discount rate as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions and benefit payments. The actual return on plan assets (including reimbursement rights) was EUR 135.1 million – loss (2021: EUR 31.1 million - gain).

Actuarial assumptions

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

Principal actuarial assumptions	United Kingdom		Germany	
	2022	2021	2022	2021
Discount rate	5.00%	2.00%	3.75%	1.00%
Price inflation rate	3.50%	3.50%	2.50%	2.00%
Expected increase of future salaries	3.25%	3.25%	3.05%	2.55%
Expected increase of future benefit levels	3.36%	3.36%	2.25%	1.75%
Mortality table	CMI 2021 (1.25% LTR)	CMI 2020 (1.25% LTR)	Heubeck Richttafeln 2018 G	Heubeck Richttafeln 2018 G
Duration in years	15	19	13	16

An approximation of the sensitivity of the relevant actuarial assumptions, holding other assumptions constant, would impact the total defined benefit obligation of the main pension plans by the amounts shown below:



Defined benefit obligation	2022		2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(36,874)	46,098	(75,510)	98,453
Price inflation rate (1% movement)	38,505	(34,569)	77,728	(66,265)
Future salary growth (1% movement)	6,887	(6,175)	13,665	(12,201)
Future pension growth (1% movement)	33,913	(28,551)	68,181	(56,045)
Future mortality (+1 year)	9,668	n/a	21,556	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 5.7 million (2021: EUR 16.7 million) is recognised in the profit and loss statement under net operating expenses (see Note 27). EUR 6.4 million (2021: EUR 16.4 million) relates to pension plans and gain of EUR 0.7 million (2021: EUR 0.3 million loss) to other long-term employee benefits.



18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2022			2021	
Claims reported and loss adjustment expenses	299,246	(148,394)	150,851	235,664	(148,142)	87,522
Claims incurred but not reported	1,291,405	(480,879)	810,526	974,299	(394,056)	580,243
Claims provisions	1,590,651	(629,273)	961,377	1,209,963	(542,198)	667,765
Provision for unearned premium	371,294	(109,213)	262,081	343,500	(104,394)	239,106
Total	1,961,945	(738,486)	1,223,458	1,553,463	(646,592)	906,871
Bonding						
Claims reported and loss adjustment expenses	202,783	(60,797)	141,986	211,950	(66,483)	145,467
Claims incurred but not reported	145,325	(25,113)	120,212	123,892	(20,133)	103,759
Claims provisions	348,108	(85,910)	262,198	335,842	(86,616)	249,226
Provision for unearned premium	255,516	(75,644)	179,872	245,129	(77,165)	167,964
Total	603,624	(161,554)	442,070	580,971	(163,781)	417,190
Total insurance contracts	2,565,569	(900,040)	1,665,528	2,134,434	(810,372)	1,324,061
Current	1,778,529	(623,979)	1,154,549	1,448,802	(550,034)	898,767
Non-current	787,040	(276,061)	510,979	685,632	(260,338)	425,294

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

18.1 Claims development tables

The claims development tables provide an overview of how Atradius' recognised claims costs for underwriting years 2013-2022 have changed at successive financial year-ends. This overview also provides a breakdown of the claims provisions (claims reported and loss adjustment expenses and claims incurred but not reported) that are held against each underwriting year as at 31 December 2022. Underwriting year here means the year in which the risks were accepted; for reinsurance business it is the treaty year.



Credit Insurance – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	682.1	753.0	829.6	755.7	770.4	833.8	858.5	992.3	968.0	1302.9	
one year later	586.0	734.6	780.7	669.6	735.3	890.7	876.6	568.2	592.0	-	
two years later	554.6	734.9	744.5	638.5	679.9	826.7	823.5	502.6	-	-	
three years later	543.8	732.4	715.0	627.4	675.0	815.8	801.2	-	-	-	
four years later	540.9	724.5	701.7	623.7	677.7	808.7	-	-	-	-	
five years later	533.2	713.3	706.4	635.5	669.6	-	-	-	-	-	
six years later	522.2	707.6	706.4	630.9	-	-	-	-	-	-	
seven years later	524.0	703.5	703.1	-	-	-	-	-	-	-	
eight years later	523.6	700.2	-	-	-	-	-	-	-	-	
nine years later	524.7	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	524.7	700.2	703.1	630.9	669.6	808.7	801.2	502.6	592.0	1,302.9	7,235.9
Cumulative payments to date	522.9	688.6	697.2	641.5	667.7	793.1	772.4	410.3	307.3	167.8	5,668.8
Claims provision at 31 December 2021 in respect of 2012 - 2021	1.8	11.6	5.9	(10.6)	1.9	15.6	28.8	92.3	284.7	1,135.1	1,567.1
In respect of prior years (before 2012)											23.6
Total											1,590.7

The table contains recognised claims costs only. It excludes the impact of losses from risks that have been accepted for which the premium has yet to be earned. The consequence of this is that the claims expense for a particular underwriting year can increase in future financial years as both the premium and losses are recognised in the profit and loss statement. This is relevant for the credit insurance business written by the local business in Spain and Portugal, the reinsurance business and instalment credit protection. The premium earned for underwriting years 2019-2021 in the current financial year for these blocks of business was EUR 134.6 million (2021: EUR 117.9 million).

Results for underwriting year 2020 and 2021 show a significant favourable development on claim cost resulting from the low entry of claims compared to much higher expectations at year end, which did not materialize. For further details see Note 4.2.6.2.

The claims development table is presented on a gross basis. The effect of risk mitigation is in line with our reinsurance treaties, quota share and government schemes, as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 39.6%. Risk mitigation for gross claims incurred as shown in this table varies between 37% and 42% (2021: 42% and 51%). These differ from the quota share treaties due to the private instalment credit protection which are not ceded, the inward reinsurance business which is covered by Excess of loss treaties and the Government Schemes.



Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	21.7	19.0	21.0	16.8	13.6	10.6	31.7	29.9	36.1	26.9	
one year later	32.6	34.6	26.8	22.8	32.0	36.1	38.3	32.9	42.5	-	
two years later	39.1	43.6	31.5	32.9	36.6	46.8	56.7	44.1	-	-	
three years later	42.0	45.8	38.2	37.4	40.0	49.7	72.9	-	-	-	
four years later	41.0	41.6	44.0	36.8	40.6	58.1	-	-	-	-	
five years later	40.2	39.3	41.0	43.9	47.0	-	-	-	-	-	
six years later	45.7	41.9	43.9	43.8	-	-	-	-	-	-	
seven years later	48.6	39.7	39.4	-	-	-	-	-	-	-	
eight years later	46.8	39.3	-	-	-	-	-	-	-	-	
nine years later	46.8	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	46.8	39.3	39.4	43.8	47.0	58.1	72.9	44.1	42.5	26.9	460.8
Cumulative payments to date	30.9	25.4	18.5	25.8	22.2	35.1	38.3	11.2	10.5	0.8	218.7
Claims provision at 31 December 2021 in respect of 2012 - 2021	15.9	13.9	20.9	18.0	24.8	23.0	34.6	32.9	32.0	26.1	242.1
In respect of prior years (before 2012)											106.0
Total											348.1

The claims costs do not include an estimate for future claim payments on cases where Atradius does not yet have adverse information. This explains the increase in claims costs over time. For bonding, Atradius typically earns premium in proportion tenor of the bond, meaning that while an increase in the claims incurred can be seen, premium will also be recognised and this cannot be seen in the table above. The premium earned for underwriting years 2019-2021 in the current financial year was EUR 81.1 million (2021: EUR 71.7 million).

The claims development table is presented on a gross basis. The effect of risk mitigation is in line with our reinsurance treaties, quota share and government schemes, as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 24.7%. Risk mitigation for gross claims incurred as shown in this table varies between 14% and 25% (2021: 11% and 23%).



18.2 Insurance liabilities and reinsurance assets

18.2.1 Changes in insurance liabilities and reinsurance assets

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2022			2021	
Balance at 1 January	1,209,963	(542,198)	667,765	1,067,448	(562,426)	505,022
Claims paid in the year	(417,938)	192,998	(224,940)	(320,965)	172,707	(148,259)
Increase/(decrease) in liabilities arising from claims	800,339	(277,014)	523,326	441,411	(142,199)	299,211
Foreign exchange rate and other movements	(1,713)	(3,060)	(4,774)	22,069	(10,278)	11,791
Balance at 31 December	1,590,651	(629,275)	961,377	1,209,963	(542,198)	667,765
Claims reported and loss adjustment expenses	299,246	(148,395)	150,851	235,664	(148,143)	87,522
Claims incurred but not reported	1,291,405	(480,880)	810,525	974,300	(394,056)	580,244
Total	1,590,651	(629,275)	961,376	1,209,963	(542,198)	667,765
Bonding						
Balance at 1 January	335,842	(86,616)	249,226	305,292	(84,080)	221,212
Claims paid in the year	(56,789)	15,402	(41,388)	(46,565)	15,040	(31,525)
Increase/(decrease) in liabilities arising from claims	67,351	(14,493)	52,858	78,417	(17,714)	60,703
Foreign exchange rate and other movements	1,705	(203)	1,502	(1,303)	138	(1,165)
Balance at 31 December	348,109	(85,910)	262,199	335,842	(86,616)	249,226
Claims reported and loss adjustment expenses	202,784	(60,797)	141,987	211,950	(66,483)	145,467
Claims incurred but not reported	145,325	(25,113)	120,212	123,892	(20,134)	103,758
Total	348,109	(85,910)	262,199	335,842	(86,616)	249,226
Claims provisions	1,938,760	(715,185)	1,223,575	1,545,805	(628,814)	916,991



18.2.2 Provision for unearned premium

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2022			2021	
Balance at 1 January	343,501	(104,395)	239,106	309,116	(133,139)	175,977
Movement in the period	23,197	(2,508)	20,687	24,876	31,957	56,833
Foreign exchange rate and other movements	4,597	(2,310)	2,287	9,508	(3,213)	6,295
Balance at 31 December	371,295	(109,213)	262,080	343,501	(104,395)	239,106
Bonding						
Balance at 1 January	245,129	(77,164)	167,965	220,871	(70,860)	150,011
Movement in the period	10,679	929	11,607	19,432	(6,104)	13,328
Foreign exchange rate and other movements	(293)	592	301	4,826	(200)	4,626
Balance at 31 December	255,515	(75,644)	179,873	245,129	(77,164)	167,965
Provision for unearned premium	626,810	(184,857)	441,953	588,630	(181,559)	407,071

19 Other provisions

2022	Restructuring	Litigation	Total
Balance at 1 January	1,584	3,442	5,026
Additional provisions	-	645	645
Unused amounts reversed	(589)	-	(589)
Utilised	(995)	-	(995)
Effect of movements in foreign exchange rates	-	-	-
Balance at 31 December	-	4,087	4,087
Current	-	-	-
Non-current	-	4,087	4,087
2021	Restructuring	Litigation	Total
Balance at 1 January	1,823	3,673	5,496
Additional provisions	-	112	112
Unused amounts reversed	(198)	-	(198)
Utilised	(40)	(343)	(383)
Effect of movements in foreign exchange rates	-	-	-
Balance at 31 December	1,584	3,442	5,026
Current	-	-	-
Non-current	1,584	3,442	5,026

Litigation

The litigation provision is related to disputes with third parties that are not related to the insurance business of Atradius. Insurance business related litigation provisions are included in the provisions for outstanding claims. The provision relates to the estimated cost including the costs of legal proceedings of any non-insurance claims against



Atradius. These provisions have not been discounted to reflect present value since the effect of discounting is not material.

20 Deferred and current income tax

Current income tax

	2022	2021
Current income tax assets	83,035	36,284
Current income tax liabilities	73,194	40,699
Net	9,841	(4,415)

The current income tax assets consist mainly of advances paid for local income tax. The current income tax liabilities consist mainly of income and other local taxes payable.

Deferred income tax

	2022	2021
Deferred income tax assets before set-off	233,315	216,494
Set-off of deferred tax positions	(147,502)	(176,559)
Net deferred tax assets as presented in the statement of financial position	85,813	39,935
Deferred income tax liabilities before set-off	248,485	277,536
Set-off of deferred tax positions	(147,502)	(176,559)
Net deferred tax liabilities as presented in the statement of financial position	100,983	100,977

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

	2022	2021
Balance at 1 January	(61,042)	(31,857)
Credit (charge) to other comprehensive income for the year	34,803	(17,087)
Charge to the profit and loss statement for the year	6,597	14,550
Movements with no impact on OCI nor P&L	1,503	(26,649)
Effect of movements in foreign exchange rates	2,969	1
Balance at 31 December	(15,170)	(61,042)

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



2022	Balance at 1 January	Recognised in other comprehensive income for the year	Recognised in the profit and loss statement for the year	Movements with no impact on OCI nor P&L	Effect of movements in foreign exchange	Balance at 31 December
Tax losses carried forward	42,862	-	(8,066)	-	45	34,841
Technical balances	72,358	-	28,456	(2,348)	(378)	98,087
Pensions	10,496	(11,388)	(1,218)	-	1,125	(985)
Fiscal goodwill	1,926	-	(237)	-	(30)	1,659
Financial investments	(30,608)	46,191	487	112	(205)	15,977
Equalisation provisions	(145,107)	-	(17,741)	3,512	(150)	(159,485)
Property, plant and equipment	(9,793)	-	57	2	(68)	(9,802)
Other	(3,176)	-	4,858	226	2,631	4,539
Total	(61,042)	34,803	6,597	1,503	2,969	(15,170)

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

Deferred income tax assets are recognised for tax losses carried forward, unused tax credits, and deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the unused tax losses carried forward, unused tax credits, and deductible temporary differences can be utilised. In 2022, EUR 0.3 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2021: EUR 0.4 million). This is offset by the reversals of the impairments, prior year adjustments and foreign exchange, resulting in a net reversal of impairment of these deferred tax assets of EUR 1.0 million.

The DTL related to the financial investments changed to a DTA due to the rise in interest rates, which negatively impacted the value of our bond portfolio, in addition to the negative results of the equity markets.

Deferred tax assets on pensions decrease due to the update of the actuarial assumptions. Discount and inflation rates have significantly increased for all plans compared to year-end 2021.

Atradius has unrecognised tax losses carried forward balances amounting to EUR 47.0 million (2021: EUR 53.8 million). The expiration of these unrecognised tax losses carried forward is included in the following table:



Expiration unrecognised tax losses carried forward	2022	2021
1 - 3 years	324	560
4 - 9 years	618	1,650
Indefinite	46,002	51,581
Total	46,945	53,791

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

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

	Deferred tax	Current tax	Deferred tax	Current tax
	2022		2021	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	46,191	28	(8,494)	(264)
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	(11,388)	-	(8,593)	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	134	-	(761)
Total	34,803	162	(17,087)	(1,025)



21 Payables

	2022	2021
Accounts payable on insurance and reinsurance business	184,339	347,983
Payables arising out of reinsurance operations	119,786	287,360
Amounts due to policyholders	41,521	40,970
Amounts due to intermediaries and current account Dutch State	23,031	19,653
Trade and other accounts payable	144,186	173,985
Accounts payable	111,216	125,740
Other accounts payable	32,970	48,245
Total	328,525	521,968

The payables are substantially all current.

The significant decrease during 2022 is explained by the settlements with the Governments in ACyC UK, ACyC Germany and ACyC Spain, the sale of Graydon and the liability cancellation with GCO related to the corporate tax payments.

22 Other liabilities

	2022	2021
Ceded pipeline premium ¹ and return premium ²	275,595	242,288
Deposits received from reinsurers	9,263	10,014
Unearned reinsurance commission	65,195	64,438
Payroll and bonus accruals	62,869	60,574
Reinsurance accruals	42,426	39,894
Other accruals	101,867	100,043
Other taxes	27,658	25,791
Lease liabilities	82,336	80,911
Total	667,209	623,953

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

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

Lease liability maturity analysis

Lease liability maturity analysis (undiscounted cash flows)	2022	2021
Less than one year	24,062	24,472
Between one and five years	63,582	63,587
More than five years	38,445	22,747
Total	126,089	110,806



23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	2022			2021		
Written premium	2,048,379	(811,776)	1,236,603	1,739,266	(866,690)	872,576
Change in provision for unearned premium	(23,196)	2,509	(20,687)	(24,876)	(31,957)	(56,833)
Other movements	(2,363)	889	(1,474)	(1,297)	434	(863)
Total	2,022,820	(808,378)	1,214,442	1,713,093	(898,213)	814,880
Bonding						
Written premium	213,287	(49,612)	163,675	206,600	(53,321)	153,279
Change in provision for unearned premium	(10,679)	(929)	(11,607)	(19,432)	6,104	(13,328)
Other movements	(89)	(20)	(109)	58	(31)	27
Total	202,519	(50,560)	151,959	187,226	(47,248)	139,978
Total premium earned	2,225,340	(858,939)	1,366,401	1,900,319	(945,461)	954,857

24 Service and other income

	2022	2021
Debt collection services	46,275	46,887
Credit information services	141,922	135,591
Business information and other service income	37,510	68,171
Total	225,707	250,649

Credit information services are part of the insurance segment. All other services are part of the service segment.

Business information and other service income impacted by Graydon's sale.

Characteristics of service contracts and income:

- The contracts of credit information, collections and business information services mostly have a duration of one year. The contract period of credit information contracts is linked to the insurance policies, which can be up to two years. But the credit limits are renewed on an annual basis, which requires additional credit information that is separately invoiced to the customer. The cooperation agreement of Atradius Dutch State Business with the Dutch state has an undetermined period.
- The agreed performance obligations and transaction prices, included in the contracts, are clear and contain no judgements that significantly affect the determination of the amount and timing of revenue.
- The contracts contain no financing elements, warranties or obligations for returns or refunds.
- In the cases that service income relates to variable consideration, the conditions are explicitly stated in the contract.
- All costs for obtaining and fulfilling contracts are recognised as expenses. Atradius does not incur costs that meet the criteria to create assets for obtaining or fulfilling specific contracts
- Applying the practical expedient in paragraph 121 of IFRS 15 Atradius does not separately disclose the remaining performance obligations for service contracts at year end, since the contracts either have a duration of one year or Atradius is allowed to recognise revenue in an amount to which it has a right to invoice.



25 Net income from investments

Net investment income by type of investment	2022	2021
Income		
Debt securities available-for-sale	13,462	13,005
Loans	11	143
Equity securities available-for-sale	44,993	14,146
Other investments	900	146
Total income from financial investments	59,366	27,148
Investment property	673	148
Total investment income	60,039	28,149
Expenses		
Debt securities available-for-sale	(21,997)	(149)
Equity securities available-for-sale	(6,506)	(2,150)
Handling expenses	(5,231)	(5,150)
Other investments	(49)	()
Total expenses from financial investments	(33,783)	(8,204)
Investment property	(1,668)	(528)
Total investment expenses	(35,451)	(8,732)
Net income from investments	24,588	19,613
Share of income/ (losses) of associated companies	17,755	15,963
Net income from investments including associated companies	42,343	35,576
Net investment income by nature of income/(expense)	2022	2021
Income		
Interest	13,960	7,425
Dividends	11,759	13,582
Realised gains	33,647	6,937
Rental income from investment property	673	401
Total	60,039	28,345
Expenses		
Handling expenses	(5,231)	(5,081)
Realised losses	(28,729)	(1,494)
Impairment loss	(760)	(1,606)
Depreciation of investment property	(413)	(344)
Other	(318)	(207)
Total	(35,451)	(8,732)
Net income from investments	24,588	19,613
Share of income of associated companies	17,755	15,963
Total	17,755	15,963
Net income from investments including associated companies	42,343	35,576

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 13.0 million (2021: EUR 7.4 million); this is derived from government and corporate bonds.



Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2022		2021	
Investment property	-	(937)	22	111
Financial assets classified as available-for-sale	(760)	5,855	(1,628)	5,332
Total	(760)	4,918	(1,606)	5,443

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	2022			2021		
Claims paid in the year	417,938	(192,998)	224,940	320,965	(172,707)	148,259
Change in claims provisions	382,402	(84,016)	298,386	120,446	30,507	150,953
Claims handling expenses	42,771	-	42,771	41,535	-	41,535
Total	843,111	(277,014)	566,097	482,946	(142,200)	340,747
Bonding						
Claims paid in the year	56,789	(15,402)	41,388	46,565	(15,040)	31,525
Change in claims provisions	10,561	909	11,470	31,852	(2,674)	29,178
Claims handling expenses	1,849	-	1,849	2,115	-	2,115
Total	69,199	(14,493)	54,707	80,532	(17,714)	62,818
Total insurance claims	912,309	(291,506)	620,804	563,478	(159,914)	403,565

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

27 Net operating expenses

	2022	2021
Total administrative expenses	581,394	618,928
Acquisition costs	306,334	251,154
Change in deferred acquisition costs	(8,660)	(4,848)
Gross operating expenses	879,068	865,234
Commissions received for business ceded to reinsurers	(322,605)	(365,794)
Total net operating expenses	556,463	499,440

Administrative expenses by type of business	2022	2021
Insurance and information expenses	544,025	546,619
Recoveries and collections expenses	48,177	47,642
Other service expenses (*)	18,498	56,237
Group costs	15,314	12,079
Total gross administrative expenses	626,014	662,578
Claims handling expenses allocated to insurance claims	(44,619)	(43,650)
Total administrative expenses	581,395	618,928

Other service expenses are impacted by the sale of Graydon (2021: EUR 40 million)



In the gross administrative expenses are included:

- Depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 41.2 million (2021: EUR 100.8 million).
- Short term and low value leases amount to EUR 0.4 million (2021: EUR 0.5 million)

Employee benefit expenses	2022	2021
Salaries and wages (including social security costs)	342,108	335,498
Restructuring costs and termination benefits	(1,278)	(198)
Pension costs - defined contribution plans	19,299	13,197
Pension costs - defined benefit plans	6,711	16,718
Total employee benefit expenses	366,840	365,215

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

28 Finance expenses

	2022	2021
Impairment of goodwill	170	-
Interest and fees on the subordinated debt	13,352	16,141
Net interest on the net defined benefit liability	(868)	132
Other interest expense	3,903	1,442
Foreign exchange (income)/expense	(10,970)	(8,928)
Interest expense on Right of use	1,668	2,221
Total	7,255	11,008

The subordinated debt costs include the periodic interest expenses of EUR 13.1 million (2021: EUR 15.9 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2021: EUR 0.2 million).

29 Income tax

	2022	2021
Current tax	110,816	102,316
Deferred tax	(6,597)	(14,550)
Income tax expense/(income) for the year	104,220	87,766

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

	2022	2021
Result before tax	458,065	328,015
Tax calculated at domestic tax rates applicable to results in the respective countries	99,613	72,637
Tax exempt (income)/loss	(5,111)	(3,372)
Write down/(reversal) of deferred tax assets	2,831	(722)
Reassessment of prior year local tax positions	(4,145)	4,966
Impact of change in tax rate	239	4,666
Regional taxes	3,155	974
Other	7,638	8,616
Income tax expense/(income) for the year	104,220	87,766

The weighted average applicable tax rate was 21.7% (2021: 22.1%).



Deferred tax assets relating to losses carried forward in certain entities have been impaired. This is included in 'write down (reversal) of deferred tax assets'. On balance, the reversal exceeded the impairment.

The impact of the change in tax rate in 2022 mainly reflects the effect of changes in income tax rate in Austria, UK and Turkey.

The category "Other" includes non-deductible expenses and withholding taxes.

30 Dividends per share

The dividends paid in 2022 and 2021 were EUR 165 million (EUR 2.1 per share) and EUR 91 million (EUR 1.15 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2022 are EUR 329.3 million (2021: EUR 336.4 million). Assets that are not freely disposable consist of financial investments, properties and cash that have been held mainly for local regulatory purposes and can be used to cover technical provisions. The amount of pledged assets not covering technical provisions is EUR 79.5 million (2021: EUR 92.5 million).

32 Capital commitments and contingencies

Capital commitments of EUR 24.1 million (2021: EUR 11.1 million) are related to contracted obligations for future payments for outsourcing, networking, imaging and licences. The increase is coming from a new multi-year master contract for the network.

The Group has contingent liabilities in respect of matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees to third parties amounting to EUR 2.2 million (2021: EUR 2.1 million).

33 Held for sale

As part of the analysis about strategic options for our presence in Russia, the assets and liabilities related to Atradius Rus Credit Insurance LLC have been presented as held for sale and its results are presented separately on the income statement as "Result related Held for sale business".

The net result of the held for sale operations reported in the consolidated profit and loss statement includes the result of the year of the HFS entity plus the estimated loss on a potential sale.



Assets	2022
Intangible assets	22
Property plant and equipment	648
Financial investments	22,502
Reinsurance contracts	37,124
Current income tax assets	2,493
Receivables	77
Other assets	3,872
Cash and cash equivalents	34,592
Estimated loss on a potential sale	(26,703)
Total Assets	74,626
Liabilities	2022
Insurance contracts	53,672
Deferred income tax liabilities	1,503
Current income tax liabilities	1,135
Payables	5,845
Other liabilities	5,289
Total Liabilities	67,444
Profit and loss	2022
Net premiums earned	4,723
Net income from investments	1,394
Net insurance claims	(5,360)
Non technical result	5,469
Result for the year before tax	6,227
Income tax expense	(1,156)
Result for the year after tax	5,071

As part of this held for sale reclassification, intercompany positions within the Company - mainly at Atradius Re for the internal reinsurance - remain in the balance sheet and profit and loss statement of the Company. The impact of those amounts can be seen in the tables below.

IC Transactions	2022
Premiums	(15,901)
Claims	11,727
Commissions	6,528

34 Personnel

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

	2022	2021
Total average number of employees (full-time equivalent)	3,404	3,500
Total year end number of employees (full-time equivalent)	3,310	3,497
Total year end number of employees (headcount) ^{(1) (2)}	3,426	3,639

1) Excluding management board members.

2) Of which 2987 employees work outside the Netherlands (2021: 3080 employees).



35 Related party transactions

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

	Associated companies	Parent ⁽¹⁾	Associated companies	Parent ⁽¹⁾
	2022		2021	
Sales to related parties ⁽²⁾	20,617	79	16,505	88
Purchases from related parties ⁽²⁾	104	2,315	49	1,915
Amounts owed by related parties	191	6,511	8	6,754
Amounts owed to related parties	-	(282)	283	11,640
Total	20,912	8,623	16,845	20,397

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

2) 2021 restated, (claims and commissions were reported as purchases instead of lower sales).

Sales to related parties consist of the net effect of Reinsurance business (premiums, claims, recoveries and commission) and for information services provided to Atradius. Purchases from related parties consist of the net effect of (retro-) ceded insurance (premiums, claims, recoveries and commission). The amounts owed by related Atradius companies consist of the fair value of insurance policies as calculated under the requirements of IAS 19 and advance payments of the corporate tax.

In 2021 amounts owed to related parties was due to the pending liquidation payment of the Corporate Tax (EUR 11 million), which has been paid during 2022.

The increase on sales to related parties is mainly due to the significant decrease in payments to CGIC (2021: EUR 8 million vs 2022: EUR 1 million).

Terms and conditions of transactions with related parties

No guarantees have been provided or received for any related party for 2022 or 2021. For the years ending 31 December 2022 and 2021, Atradius has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

Subordinated debt

Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, Seguros Catalana Occidente S.A. de Seguros y Reaseguros and Bilbao Compañía Anónima de Seguros y Reaseguros; subsidiaries of the ultimate parent of the Group purchased EUR 60.0 million (24.0%) of the guaranteed subordinated notes issued by Atradius Finance B.V. In 2022 the interest expense relating to this portion was EUR 3.0 million (2021: EUR 3.0 million).

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

Lenders	Nominal value	Interest expense	Nominal value	Interest expense
	2022		2021	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,112	40,000	2,112
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	17,041	752	13,291	1,581
Bilbao Compañía Anónima de Seguros y Reaseguros	3,000	163	3,000	1,648
Nortehispana, de Seguros y Reaseguros S.A.	-	-	-	223
Total	60,041	3,027	56,291	5,564

On 28 September 2021 Atradius Reinsurance DAC, Ireland redeemed 100% of its outstanding subordinated loan with a principal amount of EUR 75 million.

Compensation of key current and former management personnel of Atradius



The following table provides details on the remuneration for members of the Management Board and Supervisory Board.

Remuneration	2022	2021
Management Board		
Short-term employee benefits ⁽¹⁾	2,331	2,169
Long-term employee benefits	1,362	1,305
Post-employment benefits	327	301
Total compensation paid to Management Board members	4,020	3,775
Number of members	5	5
Remuneration	2022	2021
Supervisory Board		
Short-term employee benefits ⁽¹⁾	630	585
Total compensation paid to Supervisory Board members	630	585

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

From the total compensation for Management Board members, EUR 2.7 million (2021: EUR 2.5 million) has been paid at the end of the reporting period. The remaining balance payable is subject to meeting the variable pay conditions. The Management Board and Supervisory Board members also participate in the Boards of some of the Company's subsidiaries. Apart from this, they do not have other relationships with the Company or its subsidiaries.

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



36 Auditor fees

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

2022 Including VAT	PwC Accountants N.V.	Other PwC Network organisations	Total PwC Network
Audit services	883	3,142	4,025
Other services required by law and regulation	-	390	390
Other assurance related services	-	18	18
Fiscal advisory services	-	-	-
Other non-audit services	-	63	63
Total	883	3,613	4,496
2021 Including VAT	PwC Accountants N.V.	Other PwC Network organisations	Total PwC Network
Audit services	780	2,324	3,104
Other services required by law and regulation	-	534	534
Other assurance related services	-	10	10
Fiscal advisory services	-	-	-
Other non-audit services	-	6	6
Total	780	2,874	3,654

*Restated (2020 reporting was in accrual basis).

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

37 Events after the reporting period

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



Company financial statements 2022

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Company statement of financial position

Company statement of financial position as at December 31, 2022

(before profit appropriation)

Assets	Note	31.12.2022	31.12.2021
Fixed assets		2,198,159	2,127,190
Property, plant and equipment		5	5
Investments in group companies	3	2,198,154	2,127,185
Current assets		46,121	54,810
Receivables from group companies		30,096	36,451
Deferred income tax assets		1,320	7,683
Current income tax assets		12,132	1,312
Cash and cash equivalents		2,573	9,364
Total		2,244,280	2,182,000
Equity			
Capital and reserves attributable to the owners of the Company	4		
Share capital		79,122	79,122
Share premium reserve		862,883	862,883
Legal reserve		(56,512)	73,257
- Reserve intangibles assets		66,095	61,300
- Revaluation reserve		(57,436)	110,854
- Pension reserve		(28,999)	(55,082)
- Currency translation reserve		(36,172)	(43,815)
Retained earnings		957,744	886,811
Result for the year (unappropriated)		332,212	240,249
Total		2,175,450	2,142,323
Liabilities			
Current liabilities		68,830	39,677
Payables to group companies		63,584	34,525
Other liabilities	5	5,246	5,152
Total		68,830	39,677
Total equity and liabilities		2,244,280	2,182,000



Company profit and loss statement for the year ended December 31, 2022

	2022	2021
Income after tax from group companies	338,752	246,026
Other results after tax	(6,540)	(5,777)
Result for the year	332,212	240,249



Company statement of changes in equity for the year ended December 31, 2022

	Share capital	Share premium reserve	Legal reserves				Retained earnings	Result for the year	Total
			Reserve intangibles assets	Revaluation reserve	Pension reserve	Currency translation reserve			
Balance at 1 January 2021	79,122	862,883	76,575	80,811	(166,607)	(61,845)	998,186	44,167	1,913,294
Change in reserves	-	-	-	30,043	111,525	18,030	(79,826)	-	79,771
Net income recognised directly in equity	-	-	-	30,043	111,525	18,030	(79,826)	-	79,771
Acquisitions	-	-	-	-	-	-	-	-	-
Appropriation of prior year result	-	-	-	-	-	-	44,167	(44,167)	-
Result for the year	-	-	-	-	-	-	-	240,249	240,249
Change in reserves	-	-	(15,275)	-	-	-	15,275	-	-
Dividends	-	-	-	-	-	-	(90,991)	-	(90,991)
Balance at 31 December 2021	79,122	862,883	61,300	110,854	(55,082)	(43,815)	886,811	240,249	2,142,323
Balance at 1 January 2022	79,122	862,883	61,300	110,854	(55,082)	(43,815)	886,811	240,249	2,142,323
Change in reserves	-	-	-	(168,290)	26,083	7,643	55	-	(134,509)
Net income recognised directly in equity	-	-	-	(168,290)	26,083	7,643	55	-	(134,509)
Acquisitions	-	-	-	-	-	-	-	-	-
Appropriation of prior year result	-	-	-	-	-	-	240,249	(240,249)	-
Result for the year	-	-	-	-	-	-	-	332,212	332,212
Change in reserves	-	-	4,795	-	-	-	(4,795)	-	-
Dividends	-	-	-	-	-	-	(164,574)	-	(164,574)
Balance at 31 December 2022	79,122	862,883	66,095	(57,436)	(28,999)	(36,172)	957,746	332,212	2,175,450



Notes to the Company financial statements

1 General information

Atradius N.V. (referred to as the “Company”) is based in Amsterdam (The Netherlands) and registered at the Dutch Chamber of Commerce under number 34196963.

The Company financial statements are part of the 2022 consolidated financial statements, which are also included in the annual report. The Company profit and loss statement is presented in abbreviated form in accordance with Article 402 of Book 2 of the Dutch Civil Code.

The Company has applied the provisions of Article 379, Subsection 5 of Book 2 of the Dutch Civil Code. The list referred to in this article has been included in the appendix.

The Company has issued a statement of liability in accordance with Article 403, Book 2 of the Dutch Civil Code for the following Atradius companies: Atradius Collections B.V., Atradius Collections Holding B.V., Atradius Credit Management Services B.V, Atradius Dutch State Business N.V, Atradius Insurance Holding N.V. and Atradius Information Services B.V.

The Company financial statements have been authorised for issue by the Management Board on 1 March 2023.

2 Summary of significant accounting policies

2.1 Basis of presentation

The Company annual financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In the preparation of the Company annual financial statements, the provisions of Article 362, Subsection 8 of Book 2 of the Dutch Civil Code have been applied.

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

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

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated.

2.2 Investments in group companies

Atradius companies are valued using the equity method in accordance with the accounting principles applied in the consolidated financial statements.

2.3 Legal reserve

The legal reserve has to be created under Dutch legislation for the reserves established by subsidiaries that cannot be distributed and relates to:

- Reserve intangible assets;
- Revaluation reserve;
- Pension reserve;
- Currency translation reserve.



3 Investments in group companies

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

	2022	2021
Balance at 1 January	2,127,186	1,892,379
Investments in group companies	6,000	-
Share of profit/(loss)	338,752	246,026
Dividends received	(139,275)	(90,991)
Change in revaluation reserve, pension reserve and NL pension plan de-risking	(142,152)	61,742
Foreign exchange reserve movements	7,643	18,030
Balance at 31 December	2,198,154	2,127,186

4 Capital and reserves

4.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (equal to 2021) of which 79,122,142 ordinary shares were issued and fully paid (equal to 2021). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2022	2021
Balance at 1 January	862,883	862,883
Balance at 31 December	862,883	862,883

4.3 Legal reserve

The total amount of equity in the Company financial statements equals shareholders' equity in the consolidated financial statements. Certain components within equity are different in the Company financial statements due to legal reserves, established by subsidiaries of the Company, which in accordance with Book 2, Part 9 of the Dutch Civil Code, Article 389, Subsection 6, cannot be distributed. In particular:

- costs for research and development to the extent they are capitalised
- changes in revaluation of group companies, which consists of unrealised revaluations within consolidated group companies presented in the revaluation reserve in the consolidated financial statements, and actuarial gains and losses
- effect of asset ceilings within consolidated group companies presented in the pension reserve in the consolidated financial statements and
- foreign currency translations on consolidated group companies, presented in the currency translation reserve in the consolidated financial statements

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

In addition to the legal and regulatory restrictions on distributing dividends from subsidiaries to the Company, there are various other considerations and limitations that are taken into account in determining the appropriate levels of equity in the Group's subsidiaries. These considerations and limitations include, but are not restricted to, local regulatory regulations and rating agency requirements, that can change over time. It is not possible to disclose a reliable quantification of these limitations. (See 4.5)



4.4 Retained earnings

	2022	2021
Balance at 1 January	886,811	998,186
Appropriation of prior year result	240,249	44,167
Transfer between legal reserve and retained earnings	(4,795)	15,275
Dividends	(164,574)	(90,991)
Pension plan de-risking	-	(79,826)
Other comprehensive income	55	-
Balance at 31 December	957,746	886,811

5 Other liabilities

	2022	2021
Other taxes	171	179
Long-term employee benefits	1,162	1,418
Other liabilities	3,913	3,555
Total	5,246	5,152

6 Contingencies

The Company has contingent liabilities in respect of guarantees arising in the ordinary course of business. It was not anticipated that any material liabilities will arise from the contingent liabilities. The Company gave guarantees to third parties in the ordinary course of business amounting to EUR 0.6 million (2021: EUR 0.6 million).

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

The Company is subject to litigation in the normal course of business. The Company believes that such litigation will not have a material effect on its profit or loss and financial condition.

The Company acts as the guarantor for the guaranteed subordinated loan, EUR 250 million, (2022: EUR 250 million) issued by Atradius Finance B.V. (see Note 16 of the consolidated financial statements).

7 Personnel

The number of employees working for the Company:

	2022	2021
Total average number of employees (headcount)	5	5
Total year end number of employees (headcount)	5	5



8 Remuneration of Management Board and Supervisory Board

For information on remuneration of the members of the Management Board and the Supervisory Board: see Note 35 of the consolidated financial statements.

9 Proposed profit appropriation

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



Other information



Statutory appropriation of result

In accordance with article 24 of the Articles of Association the result for the year is at the disposal of the General Meeting.



Annual Report Atradius N.V.

1 March 2023

The Supervisory Board

Xavier Freixes, Chair
Bernd H. Meyer
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer
Juan Ignacio Guerrero
Joaquín Guallar

The Management Board

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



Independent auditor's report



Independent auditor's report

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

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of Atradius N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Atradius N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of Atradius N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated profit and loss statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2022;
- the company profit and loss statement for the year ended 31 December 2022, the company statement of changes in equity for the year ended 31 December 2022; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

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

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The basis for our opinion

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

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

Independence

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

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach on fraud risk and the audit approach on going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Atradius N.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section *Risk and Capital – managing and adapting to changes – Operational risk of the management report for management's fraud risk assessment* and section 4.4.1 *Operational risk management* of the Notes to the consolidated financial statements.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistleblower procedures, incident registration and investigation protocols, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board as well as the internal audit department, legal affairs and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.



We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

The risk of management override of control

The management board is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:

- The appropriateness of journal entries and other adjustments made in the preparation of the financial statements.
- Management estimates.
- Significant transactions, if any, outside the normal course of business for the entity.

We pay particular attention to tendencies due to possible interests of the management board.

Our audit work and observations

We evaluated the design and implementation of the internal control system for the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of segregation of duties.

We performed our audit procedures in a mix of controls and substantive procedures.

We have addressed the risk of management override of controls by:

- Journal entries and other adjustments: we have selected journal entries based on risk criteria and performed specific audit procedures on these. These procedures include, amongst others, inspection of the entries to source documentation. We have assessed all other adjustments made in the preparation of the financial statements and noted no irregularities.
- Management estimates: we have evaluated management estimates. We also specifically paid attention to the inherent risk of (unintentional or intentional) bias of management with respect to assumptions made. We assessed the sensitivity calculation for the estimates performed by management and established that it fell within a reasonable range of outcomes.
- Significant transactions outside the normal course of business: we did not identify any significant transactions outside the normal course of business.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Risk of fraud in revenue recognition

As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated each type of revenue. For so-called assumed business, we determined the risk of fraud in revenue recognition to be predominantly on accuracy and cut-off, whereas for the so-called credit insurance pipeline, premium accuracy and valuation are seen as the specific assertions at risk.

We evaluated the design and implementation of the internal control measures and assessed the effectiveness of relevant controls in the process related to revenue reporting.

We performed our audit procedures in a mix of controls and substantive procedures.



For credit insurance (including special products and ICP) we assessed the estimates used in the pipeline premium calculation. We audited the integrity and accuracy of the data that serve as the basis for the calculation of the pipeline premium. We reviewed the run-off of pipeline premium estimates of prior year.

For the assumed business revenue, we tested revenue transactions on a sample basis to ensure that they are recorded in line with the relevant treaty and/or cedent statements and booked in the correct period. We assessed the appropriateness of earning patterns applied in the allocations to periods.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to fraud in revenue recognition.

We incorporated an element of unpredictability in our audit. We reviewed lawyers' letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether the management board's going-concern assessment includes all relevant information of which we are aware as a result of our audit by inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment;
- evaluating the management board's current budget, including cash flows for at least twelve months from the date of preparation of the financial statements, taking into account current developments in the industry, such as the macroeconomic outlook affecting global chances of insolvency, and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.



We concluded that the management board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Report on the other information included in the annual report

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

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

The management board is responsible for:

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

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

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



Our responsibilities for the audit of the financial statements

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

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

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

Amsterdam, 1 March 2023
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.D. Jansen RA



Appendix to our auditor's report on the financial statements 2022 of Atradius N.V.

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

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

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

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

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

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



Glossary

Atradius Atrium

Credit management portal giving customers and brokers access to all the information they need to manage their policies and apply for credit limits in one place, in real time.

Bonding (product)

The activity of providing guarantees that protect the beneficiary if the supplier fails to meet the agreed performance level. Bonding is also known as surety.

Buyer

A customer of our insured customer (i.e. the holder of the credit insurance policy). Buyers carry a credit risk such as protracted default, insolvency and bankruptcy. This could lead to a financial loss for our customer and/or policyholder. Buyer underwriting is related to the assessment of this credit risk.

Buyer underwriting

The activity related to the risk acceptance of credit risk of buyers. Buyer underwriting determines the credit limits that are attached to the credit insurance policy and determines the amount for which shipments are insured. Buyers are assessed on financial and non-financial criteria, including financial status, profitability, liquidity, size, region, trade sector and payment experience.

Claim

An application by an insured customer for indemnification of a loss under the policy.

Claims ratio

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

Combined ratio

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

Credit Insurance (product)

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

Credit limit

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

Debt collection

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



Economic capital

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

Eurozone

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

Expense ratio

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

Exposure

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

Financial year

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

Global

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

Atradius Insights

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

Insolvency

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

Instalment credit protection

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

Insurance revenue

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

Medium-term business

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

Policyholder

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

Policy underwriting

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

Political risk

The risk that a government or a country prevents the fulfilment of a transaction, or fails to meet its payment obligations, or the risk that is beyond the scope of an individual buyer or falls outside the individual buyer's responsibility.



Premium

Amount paid by an insured customer to the insurer in return for risk coverage.

Reinsurance

A risk-sharing operation, whereby the insurer obtains cover from a third party (the reinsurer) for part of the credit risks that it has guaranteed, in exchange for the payment of a premium.

Reinsurance business

The activity whereby Atradius acts as a reinsurance company for credit insurance and bonding business of primary insurers. This activity is performed by a dedicated team of underwriters at Atradius Reinsurance DAC.

SME

Small and medium-sized enterprises.

Solvency II

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

Underwriter

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

Underwriting year

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

UN Global Compact

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



Disclaimer

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

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