Atradius
Managing risk, enabling trade

Leading the future

Annual Report 2016 Atradius N.V.

Contents

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

This is Atradius

Our aim is to lead our customers into the future by strengthening their credit and cash management, supporting them in growing their business.

Everyone at Atradius, no matter what their role, lives and breathes 'service'. Certainly, our business is built on our credit insurance and the wide range of credit management products and services we can deliver - such as credit insurance, bonding, collections and reinsurance – but it is our people, working in unison, who through their ingenuity and dedication deliver exceptional credit management solutions. Our people come to work every day committed to providing the best service, and all of them play their part in helping our partners achieve their goals. Through this commitment we can lead credit management through the 21st Century.

Our information services are designed to guide our customers to well-informed trade decisions. And this year our constantly updated company and financial information on over 240 million companies worldwide has been strengthened further by the acquisitions of Graydon Holding N.V. (Graydon) in the Netherlands and IGNIOS Gestão Integrada de Risco S.A. (Ignios) in Portugal.

In order to lead one must anticipate. That's why we not only support our customers 'on the ground' in the markets where they currently do business, but also identify and help them take advantage of future opportunities in new markets. For example, in 2016 we expanded our coverage in South Korea and we are committed to acquiring a stake in Credit Guarantee Insurance Corporation of Africa Ltd., the African trade credit insurance leader. We plan to continue improving our customers' access to new markets around the world in 2017. We are now present in over 50 countries with more than 3,000 employees and numerous partners all focused on leading our customers to profitable business - while of course supporting them when their buyers don't pay.

But leading also requires innovation. From our modular credit management approach to Atradius Insights we are leading through our investments in new technology. This enables us to provide our customers with consistent products and services, tailored to their needs everywhere and in every language that we do business. For our customers, innovation is the freedom to discover growth opportunities by having the ability to analyse their buyer information at their fingertips.

We lead by being close to our customers' businesses: geographically in their home markets and those of their buyers, intellectually by taking the time to get to know their businesses and what they need to succeed, and emotionally by building real relationships and partnerships. In this way, we do everything possible to help them succeed. Our aim is to be the preferred partner in growing business.

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Everyone at Atradius lives and breathes service.

The evolution of Atradius

1925 – NCM (Nederlandsche Credietverzekering Maatschappij) is founded in the Netherlands, with the aim of improving trading conditions for Dutch companies.

1929 – In Spain, Crédito y Caución is founded. Since then it has grown organically to become the dominant credit insurance and surety company on the Iberian Peninsula.

1932 – NCM partners with the Dutch government to provide export credit services to Dutch companies on behalf of the Dutch State. This relationship continues to be successful.

1954 – In Germany, Gerling Kreditversicherung (Gerling Credit) is established as the credit insurance arm of the Gerling Group.

1962 – Gerling Credit opens its first international branch office in Switzerland, and is the first private credit insurer to offer export credit protection.

1991 – NCM acquires the short-term export credit arm of the UK's Export Credit Guarantee Department (ECGD), itself a longstanding credit insurer.

2001 – The paths of NCM and Gerling Credit meet and Gerling NCM is formed.

2004 – Gerling NCM rebrands to Atradius.

2008 – Grupo Catalana Occidente S.A. becomes the major shareholder of Atradius. Crédito y Caución becomes a key part of the Atradius Group.

2011 – Atradius launches its Roadmap for Success; a strategy to enable its regional teams across the globe to be even more responsive to their customers' needs.

2013 – Atradius redefines its corporate guiding principles with a clear focus on delivering tailor-made solutions in each of its markets.

2014 – Grupo Catalana Occidente S.A. celebrates its 150th anniversary, and the 10th anniversary of the Atradius brand.

2016 – Atradius N.V. strengthen it's information services by acquisitions of Graydon Holding N.V. (Graydon) in the Netherlands and IGNIOS Gestão Integrada de Risco S.A. in Portugal.

Our 2016 performance at a glance

Continued strong contributions across the Group.

- Total income increased by 3.0% (3.3% at constant foreign exchange rates), supported by growth in our core market in Europe.
- Total revenue increased by 2.5% including service result (3.4% at constant foreign exchange rates), supported by growth in our core market in Europe.
- The investment return contributed positively to the bottom line driven by the positive performance of the investment portfolio.
- Our risk acceptance remained high in 2016 delivering a solid 41.6% claims ratio by successfully managing claims costs in a deteriorating risk environment.
- The combined ratio ended at 78.0% (1).
- The result for the year was EUR 211.8 million.
- Our shareholder's equity and subordinated debt position was further strengthened by 8.4%, resulting from profit generation and an additional subordinated loan of EUR 75 million provided by the shareholders of Atradius N.V.

Management Board

Isidoro Unda (Chairman)
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

The Supervisory Board

Ignacio Álvarez (Chairman)
Francisco Arregui (Vice-Chairman)
Bernd Meyer
Dick Sluimers
Xavier Freixes
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José María Sunyer

Supervisory Board Committees

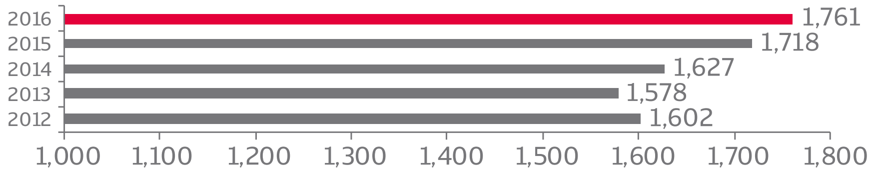
Audit Committee
Remuneration, Selection and Appointment Committee

(1) The combined ratio is calculated using the insurance industry standard; the sum of claims and expenses divided by insurance revenue

Our 2016 performance at a glance

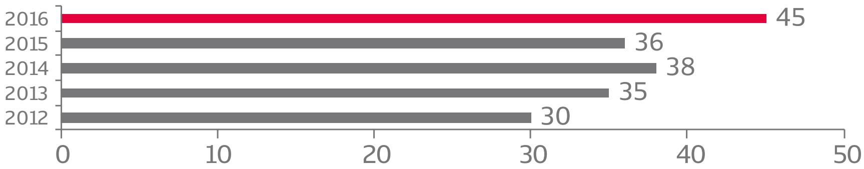
Total revenue

In EUR million



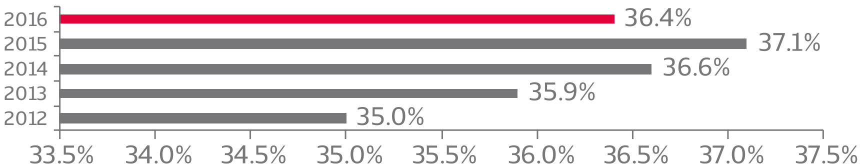
Net investment result

In EUR million



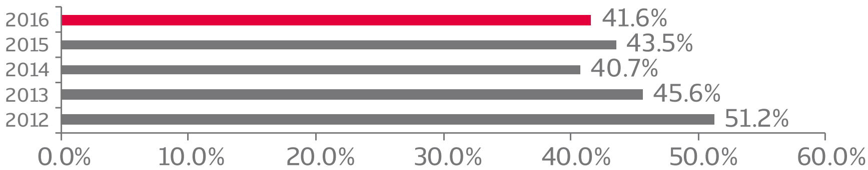
Expense Ratio

In %



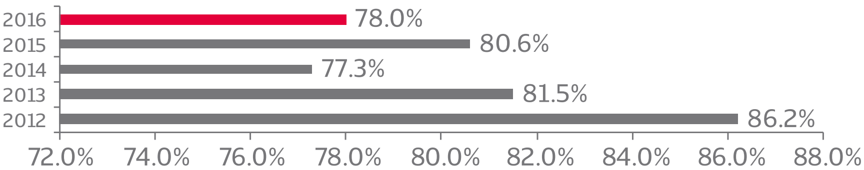
Claims ratio

In %



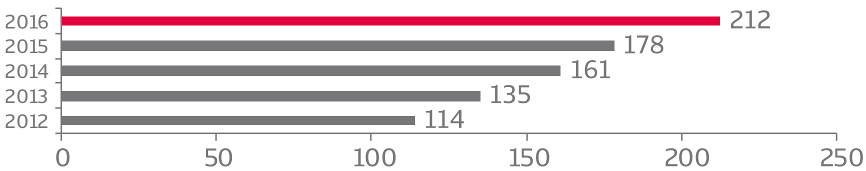
Combined Ratio

In %



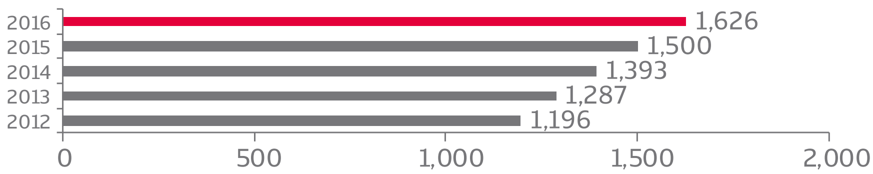
Result for the year

In EUR million



Equity

In EUR million



Ten years in figures

Financial information (in EUR million)	2016	2015	2014	2013	2012	2011	2010	2009	2008[1]	2007
Insurance premium revenue	1,557.6	1,537.0	1,458.2	1,412.1	1,439.8	1,403.4	1,345.6	1,468.6	1,616.4	1,148.6
Service and other income	203.1	180.8	169.0	166.4	161.8	150.5	155.1	197.8	225.4	166.9
Total revenue	1,760.7	1,717.8	1,627.2	1,578.4	1,601.6	1,553.8	1,500.7	1,666.4	1,841.8	1,315.5
Net investment result [2]	45.0	36.0	37.8	35.1	30.3	31.1	22.7	68.3	47.8	79.7
Total income	1,805.6	1,753.8	1,665.0	1,613.5	1,632.0	1,584.9	1,523.4	1,734.7	1,889.6	1,395.2
Result for the year	211.8	178.2	161.2	134.5	113.6	129.8	124.9	(113.3)	(193.4)	164.2
Balance sheet information (in EUR million)										
Equity	1,625.5	1,500.2	1,393.0	1,286.9	1,196.3	1,129.8	1,035.2	905.0	1,005.5	854.0
Total assets	4,391.5	4,250.2	4,130.9	3,697.8	3,737.2	3,580.1	3,285.2	3,389.7	4,021.0	2,840.3
Insurance contracts	1,561.2	1,648.8	1,572.2	1,486.3	1,592.8	1,549.3	1,311.8	1,508.1	2,166.9	1,232.1
Shareholders information										
Return on equity [3]	13.6%	12.3%	12.0%	10.8%	9.8%	12.0%	12.9%	(12.0%)	(17.0%)	21.4%
Outstanding ordinary shares (at year-end)	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	56.6
Dividend paid	71.2	64.9	53.8	43.5	43.5	25.3	-	-	25.3	-
Technical ratios										
Gross claims ratio	41.6%	43.5%	40.7%	45.6%	51.2%	49.7%	38.6%	85.2%	98.3%	39.4%
Gross expense ratio	36.4%	37.1%	36.6%	35.9%	35.0%	35.2%	35.4%	36.6%	34.1%	38.4%
Gross combined ratio	78.0%	80.6%	77.3%	81.5%	86.2%	84.9%	74.0%	121.8%	132.4%	77.8%
Net claims ratio	42.0%	42.0%	42.6%	46.4%	49.1%	50.3%	44.6%	76.6%	96.9%	41.4%
Net expense ratio	35.4%	35.9%	35.8%	37.4%	37.5%	34.2%	39.3%	46.2%	32.3%	37.7%
Net combined ratio	77.4%	77.9%	78.3%	83.8%	86.7%	84.5%	83.9%	122.9%	129.2%	79.1%
Employees										
Full-time equivalents (FTE), at year-end [4]	3,169	3,161	3,139	3,107	3,143	3,149	3,171	3,488	3,863	3,366
Credit ratings										
A.M. Best	A outlook stable									
Moody's	A3 outlook stable									

1) Including Crédito y Caución since January 2008
2) Consists of net income from investments and share of income of associated companies
3) Return on equity is defined as the result for the year divided by the time weighted average shareholders' equity
4) Exclude FTEs from Graydon, Ignios and Gestifatura

Leading the future

All businesses operate in the 'here and now', but lasting success comes from leading the future. So, while it's vital that we provide our customers with credit insurance, reinsurance, bonding, collections and information solutions today, our constant pursuit of improvement in how we interact with customers, brokers, agents and the market in the years to come will guarantee that we continue leading the market by building new ways of working together.

The world in which we do business is constantly evolving, which is why we develop new tools to help our customers stay ahead of the curve: creating new solutions to meet their needs and thus increasing the value of the information and services we deliver. Moreover, our expansion and new partnerships in world markets that promise valuable future opportunities also ensure that we are meeting those customers' needs and giving them support to grow their business.

Our commitment to simplifying and improving our customers' credit management and helping them focus on genuine opportunities is evident from our continued innovation in and enhancements to our products and services.

Put simply, our success is determined only by that of our customers. By helping lead their success we ensure ours.

Leading the future through innovation

Every day, more data is recorded than was logged in the entire 20th century, and harnessing that data is essential to our customers' future success. Business management tasks that only a few years ago were handled manually can now be automated, creating more efficient and effective operations. How business adapts to this information-driven world will increasingly determine success and failure. At Atradius we are constantly finding ways of advancing how we access, use and share information and technology to make our customers' credit management programmes more effective. Through these innovations, we can not only improve our customers' risk protection but also help them grow their businesses.

Digitalisation is a trend that is gathering pace and impacting the dynamics of global trade as we move towards a future state where almost all information is readable by computers, where computers in separate organisations are connected where businesses interact via digital flows. There has also been an explosion in the volume and variety of data available and a rise in sophisticated analytical techniques to drill into and draw insight out of the data. These trends are enabling new business models far greater efficiency and new ways of producing value.

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We are committed to improving our customers' credit management and helping them focus on genuine opportunities.

Leading the future through expansion

Opportunities come in many forms, and every new opportunity is accompanied by new risks. So, while filling a void with a new product or an innovation to an existing product can take business to new levels, entering new markets potentially opens a business up to new hazards. Access to information about buyers, their payment behaviour and protection against payment defaults can make the difference between success and failure, which is why every year we enter new agreements to improve our customers' safe access to new and up-and-coming markets across the world. In this way, we can help lead our customers to safer trade.

Leading the future through commitment

Atradius is a strong community in which everyone, through their actions – and their interactions - strives to have a positive influence on his or her colleagues.

But this community also embraces our customers, brokers and agents and has a genuine desire to help our customers and other business partners achieve their goals. That means travelling alongside them on their journey: experiencing their milestones, celebrating their triumphs, standing alongside them through their challenges and offering advice and support when plans go off course.

It is the closeness of these relationships that helps us anticipate our customers' future needs so that we can help them achieve their aspirations by covering their risks.

The strength of Atradius' dedication is reflected in the loyalty of our customers, and so it's no surprise that we continue to lead the market in customer retention. The positive energy we get from our customers, brokers, agents and the market helps us to lead the future through innovation, expansion and commitment.

Thank you for your trust.

A message from the Management Board

Left to right: Christian van Lint, Andreas Tesch, Claus Gramlich-Eicher, Isidoro Unda, and Marc Henstridge

Dear stakeholder,

2016 has been a successful year in which we have undertaken exciting projects that position Atradius to continue leading the future in credit management. Our 'customer-first' mind-set keeps us at the forefront of the industry. This is evident from our financial results with a combined ratio of 78%, an 8.4% increase in shareholder's equity to EUR 1,625 million, as well as excellent customer retention levels of 93%.

As globalisation and digitalisation persist in transforming the face of world trade, we continue to expand our business to make us even more responsive to our customers' needs and trading opportunities. One such tool focused on achieving this is Atradius Insights. An advanced online business intelligence tool which can help our customers to manage their credit risk and portfolio.

The merger of the legal entities Crédito y Caución and Atradius Credit Insurance into a single European Carrier is an important step in reducing complexity within our organisation so that we can respond to our customers' needs as a single streamlined organisation. This merger strengthens our efficiency and the service we deliver as we operate as one legal entity within a simplified regulatory environment.

Our 'customer-first' mind-set keeps us at the forefront of the industry.

To boost our Credit Insurance business we opened an office in South Korea in 2016, increasing our Asian footprint to 14 countries and enabling us to support even more local and multinational businesses trading on this continent. We also committed to acquire a 25% strategic equity stake in the Credit Guarantee Insurance Corporation of Africa Ltd. (CGIC). CGIC is the African trade credit insurance leader with whom we have partnered with for years to service our Global customers. This transaction will provide an exciting opportunity to extend the market reach in South Africa and beyond for both ourselves and CGIC.

Our Bonding business expanded operations into Belgium, Luxembourg and the Netherlands, while our Collections business created a local presence in both China and India. These expansions reinforce our strategy of being close to our customers and delivering our service in the locations where they are doing business.

Within a broader Credit Management context Atradius has made two important acquisitions. We have increased our shareholding in Graydon taking 100% control of the leading business information services provider in the Netherlands, Belgium and the UK. We have also purchased an 80% stake in Ignios – the Portuguese information company. Both acquisitions will benefit our customers and Atradius through synergies that improve our credit management and collections services and strengthen our underwriting capabilities. This move also provides opportunities for innovation in the area of business analytics and insight.

With our eye on the future, we continue to harness digitalisation to improve our customer experience. Digitalisation is a trend that is gathering pace and impacting the dynamics of global trade, as digital data flows enable the movement of goods and services. We are now doing business in a hyper-connected world where computers in separate organisations are connected and businesses interact via digital flows. The digital age has also brought with it new types and vast quantities of data and given rise to the next level of analytics and artificial intelligence. Digitalisation offers many opportunities to produce value, including greater efficiency, reduced costs, reduced errors, new insight, innovation potential and new business models. We improved our ability to do this through Atradius Insights, an advanced online business intelligence tool that we developed together with our customers that can help them manage their buyer portfolio and credit risks.

At Atradius, innovation has played a prominent role in our strategic agenda in 2016 resulting in the design, development and pilot test of our new Customer Portal – 'Atrium'. This innovative platform will replace our current on-line tool - Serv@Net - and transform the way that our customers and brokers interact with us. 'Atrium' is based on streamlined, simplified and intuitive processes designed from the customer's point of view. It will be a single entry point for all services that integrates key functionality such as credit limit and overdue notification with analytics, insight, alerts and information. Feedback from the market has already been extremely positive and we look forward to the roll out of Atrium in 2017.

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We continue to harness digitalisation to improve our customer experience.

People are our most important asset and during 2016 we continued to invest in strengthening our corporate culture to foster a feeling of pride in what we do throughout the organisation. The ‘I am Atradius’ campaign invited Atradius staff from across the Group to say how they embody our Corporate Values, while the ‘Do you know?’ campaign shared information and quotes from key customers about why they value our service. This approach is crucial to further cultivating our ‘customer-first’ mind-set ensuring that we always deliver top-class customer experiences so that our customers see us as a true business partner.

Our sound financial position is reflected in the strong credit ratings assigned to the Atradius Group by A.M. Best (‘A-excellent, outlook stable) and Moody’s (‘A3’, outlook stable), an indication of our strong competitive position within the global credit insurance market, very good financial performance, robust capitalisation and low financial leverage.

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Global economic development will increase but below historical averages.

Outlook

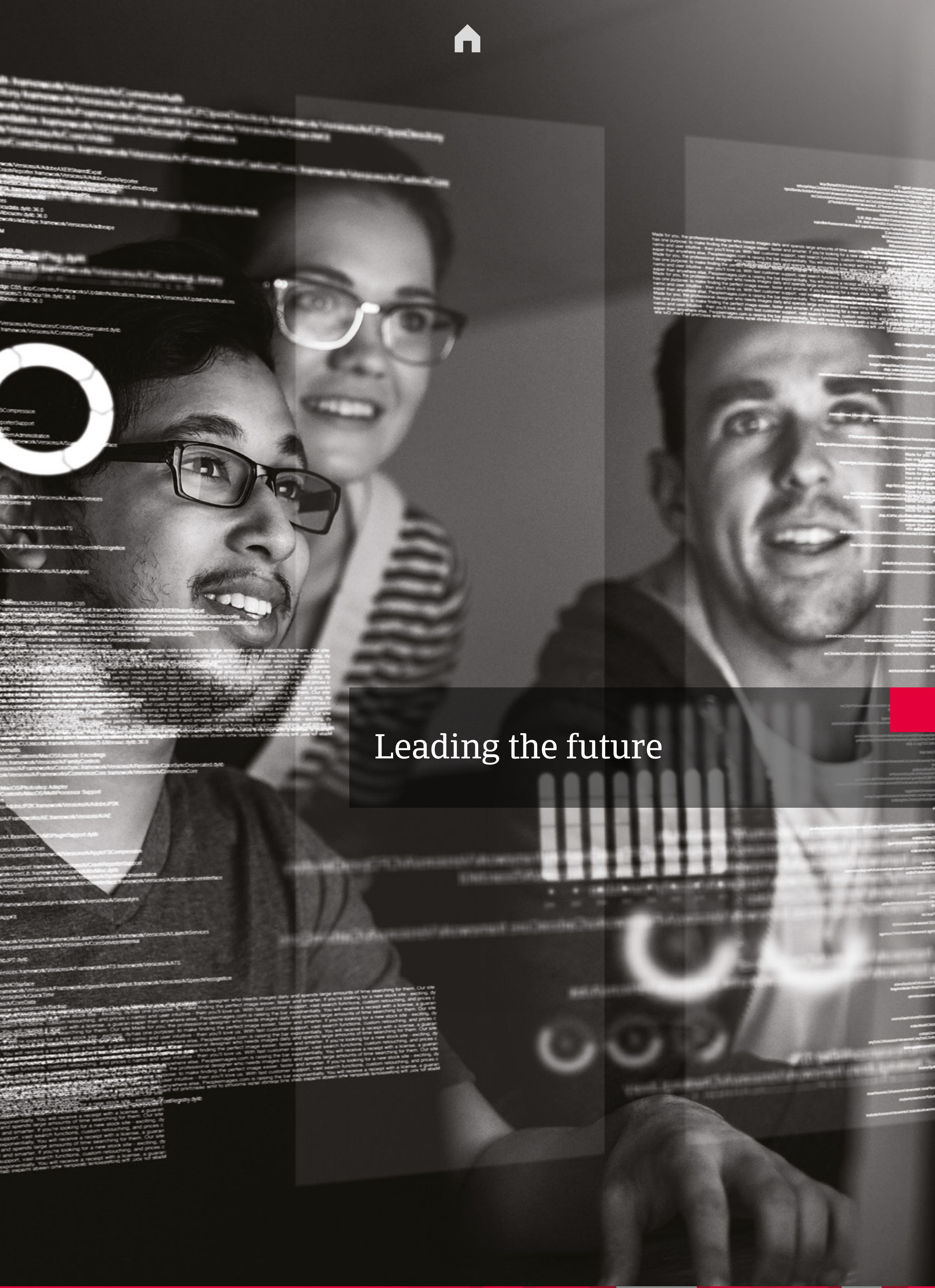
The outlook for 2017 is that the rate of global economic development will increase but growth figures are still below historical averages. Economic conditions will remain challenging as a result of political uncertainties and insolvency forecasts remain subdued, especially in the context of rising uncertainty surrounding Brexit. Balancing these factors to manage risk will be demanding and at Atradius we will use our wealth of expertise to guide our customers toward profitable trade and business growth.

As well as guiding our customers we will continue to focus on our own business to ensure we maintain our strong capital position and well capitalised operating entities so that we can withstand financial stress, meet our financial obligations and ultimately deliver shareholder value. We will continue on our journey to transform and ensure our business is future-proof as we invest in projects that will take our global IT systems to the next level and we will – as always – dedicate thought, time and effort to providing the best service for our customers.

The Management Board would like to thank our customers, brokers, agents, reinsurers, business partners, and employees for contributing to our strong results in 2016 and we look forward to working with you, helping you grow your business and leading the future for years to come.

The Atradius Management Board

Isidoro Unda (Chairman)
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge



Leading the future

Products, services and brand

At Atradius we understand that every business is unique. That's why we design our products in a flexible modular format, being tailored to meet each customer's specific needs and mirror the way they do business.

Expanding our credit insurance offering with responsible underwriting

Our product - credit insurance - provides cover for financial losses arising when a customer's buyer can't or won't pay for goods and services bought on credit.

Our strategy is to focus on a range of business segments: offering credit insurance tailored to the needs of small and medium-sized enterprises (SMEs), medium-sized and large local companies, and multinational corporations.

For multinationals we offer a sophisticated and tailored credit management solution in the form of our Global policy. As a market leader and pioneer with 20 years of experience in this segment, Atradius Global has developed an excellent understanding of the needs of multinationals.

Customers can choose between a credit insurance policy with standard terms and conditions, serving both the parent company and all its subsidiaries, stand-alone policies that accommodate varying performance levels and country conditions, or a combination of both.

Our dedicated global account teams are situated across the world, providing extensive cross-border customer service. Dedicated underwriters ensure consistent high quality decision making on the buyer portfolio of our global customers.

For our large and medium-size customers we offer a flexible modular credit insurance policy that gives protection against non-payment and allows the terms of cover to be adapted to each customer's needs. In this way, cover can be adapted to fit all kinds of businesses, large and small, doing business domestically or across the world.

"Our strategy is to focus on a range of business segments: offering credit insurance tailored to the needs of our customers.

To meet the many different demands of SMEs we have created a range of SME products, all of which are characterised by their simplicity.

We realise that traditional credit insurance cover, on a 'whole turnover' basis, may not be the right solution for every company. That is why we offer a range of structured credit risk solutions for specific large and complex transactions. These solutions address a range of circumstances, from enhanced credit protection for single contracts or buyers to pre-export finance, and can be combined to meet multiple needs.

Insuring the insurers

Atradius Reinsurance DAC (Atradius Re) is the leading specialised credit and bonding reinsurer in the market, offering reinsurance solutions for the credit insurance and bonding business of primary insurers around the world, through its dedicated team of underwriters. The combination of the skills of a reinsurer with the experience of a leader in credit insurance and bonding reinforces Atradius Re's most developed proposition to the market. The reinsurance business is underwritten by a dedicated team of specialist underwriters based in Dublin at Atradius Re.

An extensive range of bonding products

A bond protects a beneficiary if the supplier - our customer - fails to meet its contractual obligations. Our range of bonding products puts customers in a stronger financial position when dealing with their business partners. We are currently offering administrative (i.e. excise, customs and authorisation bonds) and market bonds (i.e. bid, performance and maintenance bonds) in traditional sectors like construction, engineering and travel. There is also a growing demand for bonds in new sectors such as environmental services and Atradius is innovating in the issuing of electronic bonds. Atradius Bonding has business units active in Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain and Sweden and is also issuing bonds from a variety of other countries.

Covering the risks of multiple instalment agreements

Atradius Instalment Credit Protection (ICP) covers short and medium-term risks involved in multiple instalment agreements with private individuals and businesses. Consumer credit, leasing and renting have always been part of our product offering, while more recently we have added residential real estate insurance products for co-ownerships and for rental guarantees. Since 2014 we have seen rapid growth in the market for private car leasing while our new product - B2C Protect - will be offered to customers in the construction sector to protect against payment default by home owners. These services are offered to financial and corporate policyholders in Belgium and Luxembourg.

“Atradius is innovating in the issuing of electronic bonds.

Skilled and sensitive debt collections

Atradius Collections helps businesses - both insured and uninsured - to collect domestic and international trade debts while maintaining sound business relationships with their clients. It has built a strong reputation as a dedicated business-to-business specialist, leveraging the strength of Atradius Credit Insurance, combined with its own integrated international network of collectors, lawyers and insolvency practitioners as well as its online capabilities.

Since 2015 Atradius Collections has also offered a first party collections service, so that customers can outsource their reminder process immediately after due date. A range of services has been created 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 and/or invoices from their client are acknowledged by the buyer and that the buyer intends to pay. Clients benefit from Atradius Collections' worldwide expertise, with local staff in 25 countries.

Working with the Dutch State

Atradius Dutch State Business (ADSB) is the Export Credit Agency of The Netherlands. ADSB provides credit insurance and guarantees to Dutch exporters and to banks financing Dutch exports. On behalf and for the account of the Dutch State, ADSB provides cover for risks related to infrastructure projects and the export of capital goods that are not covered by the private market ADSB is aware of and welcomes the initiative of the Dutch State to improve the coordination of the Dutch Export activities.

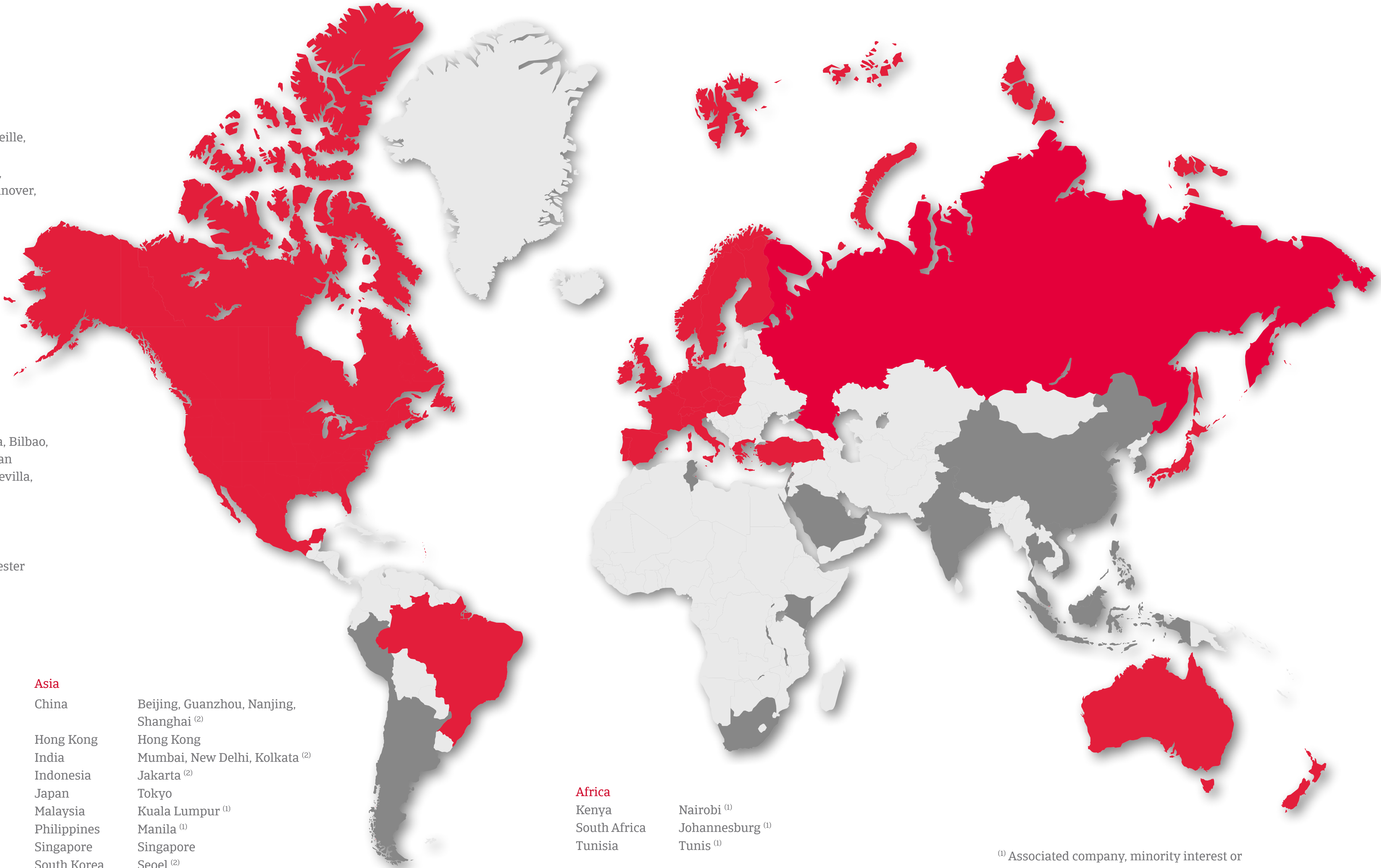
Business Intelligence

Atradius offers business intelligence services through several companies including: Iberinform in Spain, Graydon in the Netherlands, Belgium and UK, Informes in Mexico and Ignios in Portugal. The strategies of these companies is closely aligned with Atradius in that they collect and manage large volumes of data, add value through sophisticated analytics and expertise and use this to help customers to enable trade, manage risk and grow their business.

Through these companies we are able to offer our customers a range of business information solutions which can help them to make smart business decisions in several areas of their business including: credit management, risk and compliance and marketing.

We are able to offer our customers business information solutions which can help them make smart business decisions.

Global footprint



Europe

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

Middle East

Israel	Tel Aviv (1)
Lebanon	Beirut (1)
Saudi Arabia	Riyadh (1)
United Arab Emirates	Dubai (1)

Americas

Argentina	Buenos Aires (1)
Brazil	São Paulo
Canada	Almonte (Ontario), Mississauga (Ontario), Pointe Claire (Quebec)
Chile	Santiago de Chile (1)
Mexico	Mexico City, Guadalajara, Monterrey
Peru	Lima (1)
USA	Baltimore (Maryland), Chicago (Illinois), Dallas (Texas), Los Angeles (California), Morristown (New Jersey), New York (New York)

Asia

China	Beijing, Guanzhou, Nanjing, Shanghai (2)
Hong Kong	Hong Kong
India	Mumbai, New Delhi, Kolkata (2)
Indonesia	Jakarta (2)
Japan	Tokyo
Malaysia	Kuala Lumpur (1)
Philippines	Manila (1)
Singapore	Singapore
South Korea	Seoel (2)
Taiwan	Taipei (1)
Thailand	Bangkok (2)
Vietnam	Hanoi (1)

Africa

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

Oceania

Australia	Sydney, Brisbane, Melbourne, Perth
New Zealand	Wellington

(1) Associated company, minority interest or co-operation agreement with local partner

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

Atradius Group organisation

General overview as at 31 December 2016

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

Leading the future through innovation

Report of the Supervisory Board

The global economy in 2016 did not pick up the pace as expected in 2015 with difficult economic conditions in particular in emerging markets and stagnating growth among advanced markets. Compared to 2015, the Eurozone growth slowed slightly, although all member states except Greece were growing in 2016. Growth in emerging markets also weakened further in 2016. This was mainly driven by a slowdown in the Chinese economy and difficulties in the economic situation in Brazil and some other Latin American countries. The lower growth rates in advanced markets resulted in more or less the same level of insolvencies in 2016 as in 2015 although a strong improvement could be seen in the Eurozone including Spain and the Netherlands. Other advanced markets showed stable or worsening conditions.

For 2017, however an improvement of global growth is expected but compared to historical averages still remains low. As commodity prices are slightly picking up, so will the emerging markets growth. For advanced markets in general the business environment is expected to improve slightly and no significant changes to insolvencies are expected.

Atradius in 2016 achieved an excellent profit of EUR 211.8 million: 18.8% more than in 2015, with a notable contribution from the Spanish market, our main region. Total Revenue grew by 2.5%, strengthening our presence both in Western Europe as well as in the new markets. Also our risk acceptance rose resulting in a 4.3% increase of the total potential exposure allowing us to support our customers' growth. Atradius also managed to further strengthen its shareholders' equity to EUR 1,625.5 million, growing by EUR 125.3 million.

These good figures are the result of the activities developed by Atradius. This year Atradius further progressed in projects focusing on growth and customer service, such as the "Trade Finance Project", that aims to enable financing, particularly of SMEs. Furthermore, Atradius focused on supporting and monitoring the new agent models and other alternative distribution channels and "WEBond", which is a multi-year project to deliver a single IT platform for the bonding business. With an eye for the future Atradius, also in 2016, was focused on innovation and digitalisation; in that regard it has designed and implemented an innovative Customer Portal, providing a state of the art way for customer interaction incorporating our customers' demands.

In 2016 Atradius took a major step in streamlining its organisation by effectuating the cross border merger of its two European credit insurance entities, Atradius Credit Insurance N.V. (ACI) and Compañia Española de Seguros y Reaseguros de Crédito y Caución, S.A. (CyC) into one: Atradius Crédito y Caución S.A. de Seguros y Reaseguros (ACyC). This merger will strengthen the efficiency and service to our customers, working as one entity within a simplified regulatory environment, without impacting the successful existing business model.

"Our risk acceptance rose resulting in a 4.3% increase of the total potential exposure.

Atradius enhanced its Asian credit insurance footprint to 14 countries by setting up a South Korean office to further support local and multinational business demand. Atradius also committed to acquire a 25% stake in Credit Guarantee Insurance Corporation of Africa Ltd., based in South Africa, to fortify and expand its presence on the African continent. Furthermore Atradius has taken full control over Graydon Holding N.V., the leading business information service provider in the Netherlands, Belgium and the UK and acquired an 80% stake in Ignios Gestão Integrada de Risco S.A. and Gestifatura Ltda., respectively, a Portuguese information and collections company. These acquisitions will further enhance Atradius' credit management, information services and collections offerings to our customers.

With regards to the Solvency II regulation, Grupo Catalana Occidente (GCO), as parent company of Atradius, has formally submitted the partial internal model for credit and suretyship line of business for approval to the College of Supervisors, and following the merger between ACI and CyC an amended partial internal model for credit and suretyship line of business has been submitted for approval to the College of Supervisors at the beginning of 2017.

The full Supervisory Board convened five times during 2016 and the Audit Committee 4 times, while the Remuneration, Selection and Appointment Committee convened 3 times.

As in previous years, both the Management Board and the Supervisory Board participated in Atradius' annual Permanent Education Programme. In 2016 this programme covered, amongst other topics: Bonding, Spanish Corporate Governance Framework, IFRS Status 4 including comparison of current IFRS and Solvency II and Atradius' Global unit.

The Supervisory Board and in particular the Audit Committee was closely involved with and was regularly updated on all developments within Atradius in order to meet the Solvency II requirements. As in previous years, the Supervisory Board was also involved in the review of the Remuneration Policy.

As per 1 January 2017, Marc Henstridge has been appointed as Chief Insurance Operations Officer to take over the position of Dominique Charpentier who retired after a successful career stretching over 15 years with Atradius. Furthermore as per 1 January 2017, José Ruiz, resigned as member of the Supervisory Board to enjoy his retirement after being a member of the Supervisory Board for many years. The Supervisory Board wishes to thank Messrs. Charpentier and Ruiz for their valuable contributions and commitment to Atradius. Moreover the Supervisory Board welcomes Messrs. John Hourican, José María Sunyer and Carlos Halpern as new members of the Supervisory Board and wishes them all the success in their new positions.

Atradius N.V.'s Annual Report contains the financial statements for the financial year 2016, audited by Deloitte Accountants B.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 2016.

The Supervisory Board

Ignacio Álvarez
Chairman

The Supervisory Board would like to thank the Management Board and all Atradius employees for the excellent results achieved in 2016 as well as all customers for continuing to trust their business to us. Finally, the Supervisory Board is confident that the Atradius management team and employees will contribute to another successful year in 2017.

Shareholder structure

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

Shareholder structure of Atradius N.V., since 2011:

Shareholder 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, SA 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 Compañia 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, 38% of its capital is floating and the main shareholder is INOC, S.A., holding 62% 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)	2016	2015	% change 2015/2016
Long-term capital market value	**3,508.5**	**3,262.5**	**7.5%**
Equity	2,629.8	2,585.9	1.7%
Subordinated debt	204.9	211.8	-3.3%
Return on long-term capital	**12.6%**	**12.1%**	
Funds under management	**11,672.1**	**11,055.8**	**5.6%**
Total revenue	**4,235.8**	**3,826.1**	**10.7%**
Consolidated result	**324.5**	**296.1**	**9.6%**

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 20,000 insurance brokers

More than 1,500 branches

Presence in more than 50 countries

More than 6,500 employees

More than €4,000 million turnover

Strategic goal

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

Growth

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

Profitability

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

Solvency

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

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

Fundación Jesus Serra

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

Delivering structure and accountability

Atradius endorses the importance of sound corporate governance.

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

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

The Management Board

Composition

The Management Board of Atradius N.V. currently consists of five members.
Isidoro Unda - Chairman and Chief Executive Officer
Andreas Tesch - Chief Market Officer
Christian van Lint - Chief Risk Officer
Claus Gramlich-Eicher - Chief Financial Officer
Marc Henstridge - Chief Insurance Operations Officer

CVs of each of the Management Board members and our former Management Board member, showing their roles, background and experience are available on our *website.*

Role and procedures

The Management Board as a whole is responsible for the management and the general affairs of Atradius and is supervised by the Supervisory Board. The Management Board determines Atradius' operational and financial objectives, and the strategy designed to achieve these objectives, and ensures that Atradius has in place an effective risk management system, internal control system and internal audit function. The annual business plan and budget of Atradius are submitted 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. Information regarding the amount of remuneration received by Management Board members can be found in the explanatory notes to the consolidated financial statements of the Annual Report 2016.

Conflict of interest

A member of the Management Board with a potential conflict of interest with the Company will immediately report this to the Chairman of the Management Board who will determine whether the reported case qualifies as a conflict of interest. A member of the Management Board will not participate in any deliberations or decision-making process of the Management Board if such member of the Management Board has a direct or indirect personal interest which conflicts with the interest of the Company or its business. In such 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 ten members.

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

CVs of each of the Supervisory Board members and our former Supervisory Board members, showing their background and experience are available on our *website.*

Role and procedures

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

The General Meeting has the authority to appoint the members of the Supervisory Board on the recommendation of the Remuneration, Selection and Appointment Committee of the Supervisory Board. A Supervisory Board member may be suspended or dismissed by the General Meeting at any time. The Supervisory Board shall consist of at least five members. Supervisory Board members shall resign according to a rotation scheme determined by the Supervisory Board pursuant to which each Supervisory Board member shall resign after a maximum period of four years, after the date of appointment. A resigning Supervisory Board member may be reappointed. A Supervisory Board member will resign early in the event of inadequate performance or in other circumstances in which resignation is deemed necessary by the other members of the Supervisory Board.

The composition of the Supervisory Board

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

Role of the Chairman and the Company Secretary

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

Committees of the Supervisory Board

The committees of the Supervisory Board are set up to reflect both the Dutch corporate standards and the specific interests of the business of Atradius. As risk management is considered to be a key area for attention, the Supervisory Board considers it important that this subject is discussed by the full Supervisory Board, rather than in a specific risk committee. All risk subjects dealt with in meetings of the Supervisory Board are chaired by Mr. B. Meyer.

Audit Committee

The Audit Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties with respect to the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The Audit Committee monitors, independently and objectively, the financial reporting process within Atradius and the system of internal controls. The Audit Committee also facilitates the ongoing communication between the external auditor, the Management Board, the internal audit department and the Supervisory Board on issues concerning the Company's financial position and financial affairs. In 2016, the Audit Committee met four times. The Audit Committee currently consists of Xavier Freixes (Chairman), Francisco Arregui and Dick Sluimers.

Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties with respect to 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 2016, the Remuneration, Selection and Appointment Committee met three times. The Remuneration, Selection and Appointment Committee currently consists of Francisco Arregui (Chairman), Ignacio Álvarez and Hugo Serra.

Remuneration

The General Meeting determines the remuneration of the members of the Supervisory Board based on the recommendation of the Remuneration, Selection and Appointment Committee and in accordance with the remuneration policy adopted by the General Meeting. Members of the Supervisory Board are reimbursed for their expenses. Information regarding the amount of remuneration received by Supervisory Board members can be found in the explanatory notes to the consolidated financial statements of the Annual Report 2016.

Conflict of interest

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

General Meeting

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

The internal and external auditor

Internal auditor

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

External auditor

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

The General Meeting appointed Deloitte Accountants B.V. as the Company's external auditor for the financial year 2016 on 8 June 2016.

Leading the future through expansion

The global economic environment in 2016

Global growth bottoming out.

Global growth remained sluggish in 2016, with difficult economic conditions in many emerging markets and stagnant growth in advanced markets. As a result global growth fell to 2.5%, down from 2.9% in 2015, but is expected to pick up again slightly to rise slowly to circa 2.8% in 2017.

Advanced markets

Growth in advanced markets weakened in 2016. Eurozone growth slowed somewhat compared to 2015 due to lower external demand and weakened investment growth. However, consumer spending kept its momentum on the back of employment growth and low inflation. The unemployment rate fell slightly to 9.8% in November compared to 10.4% at the beginning of the year.

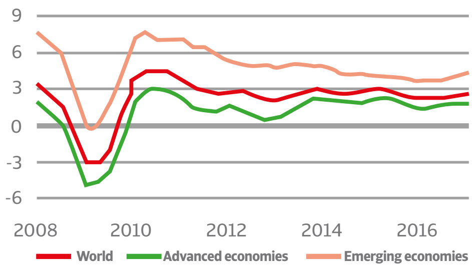
All member states economies, except that of Greece, grew last year. However, Eurozone growth is still unevenly distributed, with Southern European member states lagging behind their Northern European counterparts. Spain is the clear exception in southern Europe: it showed robust growth of 3.2% in 2016, although economic activity is recovering from a low level.

New ECB monetary policy stimulus caused a further decline in interest rates and a loosening of financial conditions in 2016. This reduced funding costs for companies and made it cheaper for consumers to borrow. As a result, borrowing in the Eurozone gradually increased, while banks also slowly started to relax their credit conditions, making it easier to obtain loans. Bank lending recovery was relatively weak in southern Europe, reflecting high levels of non-performing loans and weak balance sheets.

Economic growth in the United States is among the most robust across developed markets. The economic recovery was weaker than expected, however, causing growth to ease to 1.6%, compared to 2.6% in 2015. Inventory declines, muted investment growth and weak trade were behind this. Private consumption, which accounts for more than two-thirds of the US economy, remained strong. Unemployment is closing in on its pre-crisis level and the labour force participation rate is slowly increasing.

Regional real GDP growth

Percent change p.a.



Source: IHS

> Global growth is expected to pick up again to 2.8% in 2017.

Emerging markets

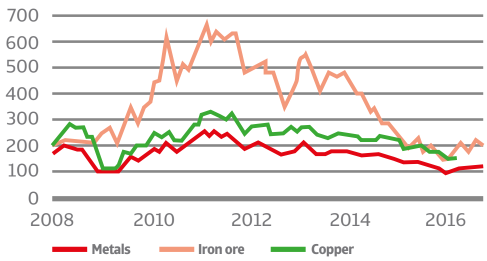
Growth in emerging markets weakened further in 2016. The Chinese slowdown and the difficult economic situation in Brazil and a few other Latin American countries in particular pushed the emerging market growth rate towards that of advanced economies.

International trade showed muted growth, as China rebalances from investment-driven growth toward a more inward-looking consumption-led growth. Trade growth was very low in Asia, slowed considerably in Latin America and even shrank in Eastern Europe. Countries that rely heavily on commodity exports faced economic headwinds as a result of the drop in commodity prices, while falling external demand and low commodity prices restrained economic growth in many emerging markets.

The easing of US GDP growth has spilled over to its trading partners, in particular Mexico and Central America.

But there was also some positive news. Financial pressures caused by the withdrawal of capital from emerging markets alleviated somewhat following the Brexit vote. Investors became convinced that loose monetary policy in advanced markets would not end soon. Net importers of commodities such as oil, steel and coal benefitted from yet another year of record-low prices, providing stimulus to domestic demand. Among these net importers are many Latin American countries. Economic growth in Central and Eastern Europe remained high due to the Eurozone recovery, which translated into higher exports and more inward investment, as well as reduced the pressure on Russia.

Global commodity prices
Price index, 2005=100



Source: IHS

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Emerging markets growth rate pushed towards that of advanced markets in 2016.

Another difficult year for insolvencies

Lower growth rates in advanced markets kept the level of insolvencies more or less flat in 2016 compared to 2015. The strongest improvement was seen in Eurozone countries, like Spain and Portugal, which are recovering from high insolvency rates. The Netherlands and Belgium, with their strong economic recoveries, also saw insolvency rates improve. Financial conditions for businesses generally improved across advanced markets. However, insolvency levels remained elevated in many Eurozone countries – especially in Southern Europe – and financial conditions were still far behind the benign environment before 2008.

Other advanced markets faced stable or worsening conditions. Insolvencies in the US rose due largely to the strong US dollar and weak oil prices, which lowered investment. Despite the Brexit referendum, the UK has continued to experience a relatively stable business environment and insolvencies rose only slightly. Other advanced markets, especially Norway and in the Asia-Pacific region, faced less comforting economic conditions as they still suffer from the combined impact of low commodity prices and China's gradually decreasing growth.

Emerging markets faced another difficult year with insolvencies up in Russia, Brazil and China. In addition to these large markets, the business environment in many smaller countries worsened in line with the poorer economic conditions. One notable exception to this trend is India, which saw an improvement in insolvency conditions as the economy grew robustly.

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No significant changes to insolvencies expected in advanced markets.

Outlook for 2017

Global growth is expected to pick up slightly in 2017 to 2.8%. Across emerging markets, growth is expected to recover as commodity prices recover to some extent. In Latin America, Brazil is forecast to improve significantly. Mexico and other Central American countries are vulnerable to protectionist and anti-immigration measures by the US Administration. In Eastern Europe, Russia is expected to return to growth and this will help to push up Eastern European figures. Asia, supported by India and China, will continue to constitute the engine of global growth.

Emerging markets may endure some financial pressure from US monetary policy tightening. Advanced markets are expected to maintain their growth rate. Eurozone growth is expected to cool slightly, resulting largely from a negative spillover from the Brexit referendum, which is also likely to suppress UK growth. US growth is forecast to accelerate on the back of higher domestic demand and investment.

For advanced markets as a whole, the business environment will remain more or less stable with no significant changes to insolvencies expected. The UK is likely to see the strongest rise in insolvencies, as uncertainty surrounding the negotiations with the EU and the adverse effects of the weak pound really kick in. This will also have moderate negative knock-on effects on other EU countries.

Overall, the picture for 2017 is that global growth will pick up slightly, but also remain low compared to historical averages. Economic conditions therefore remain challenging.

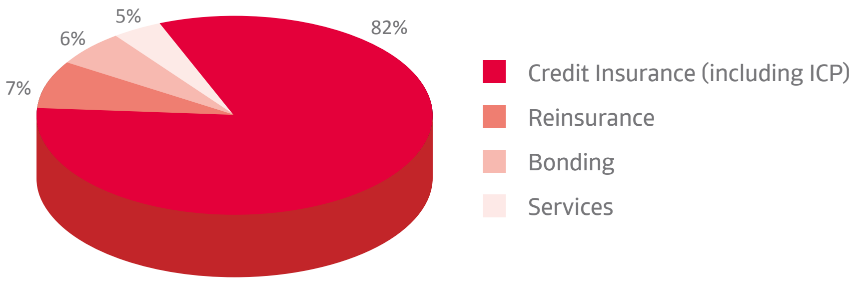
Stable growth in an unstable business environment

(EUR thousands)	2016	2015	
Insurance revenue	1,684,984	1,658,459	1.6%
Gross insurance claims and loss adjustment expenses*	(701,147)	(721,731)	2.9%
Gross insurance operating expenses*	(613,391)	(616,082)	0.4%
Reinsurance result	(140,062)	(102,957)	(36.0%)
Insurance result	**230,384**	**217,689**	**5.8%**
Service income*	79,102	63,261	25.0%
Service expenses	(70,471)	(55,307)	(27.4%)
Service result	**8,631**	**7,954**	**8.5%**
Net investment result**	44,968	36,016	24.9%
Operating result before finance costs	**283,983**	**261,659**	**8.5%**
Result for the year (after tax)	**211,772**	**178,221**	**18.8%**

* *Overview includes inter-segment revenue and (claims) expenses*
** *Consists of net income from investments and share of income of associated companies*

	Gross		Net	
	2016	2015	2016	2015
Claims ratio	41.6%	43.5%	42.0%	42.0%
Expense ratio	36.4%	37.1%	35.4%	35.9%
Combined ratio	78.0%	80.6%	77.4%	77.9%

Revenue by business segment



In 2016 Atradius once again achieved strong results despite the challenges posed by the economic slowdown, anaemic growth and overall uncertainty. The profit for the year was EUR 211.8 million which was supported by a 1.6% increase in insurance revenue compared to 2015. Gross claims ended at EUR 701.1 million, down 2.9% on 2015 along with gross insurance expenses which decreased 0.4% to EUR 613.4 million. The gross combined ratio, as a result, ended at an excellent 78.0%.

Our credit insurance business performed well in 2016, with ongoing strong performance in Southern Europe. Spain, which is our largest credit insurance market, continues to show stable performance despite price pressure driven by the competitive environment.

The markets in Northern Europe, Asia and Oceania showed encouraging revenue growth, in line with our ambition to expand in these regions despite negative foreign exchange developments. Claims costs in 2016 saw a steady inflow of medium sized claims, influenced by a weakened insolvency outlook in many markets such as Brazil and deteriorating payment practices in the Middle East.

The Global unit performed well with an increase in revenue whilst Special Products experienced a slight decline, both of which however experienced deterioration in claims. Finally, the other Atradius insurance products such as Bonding grew and while Reinsurance revenues saw a slight decrease compared to 2015, they also showed notable improvement in the claims ratio.

The Atradius gross insurance operating expenses in 2016 amounted to EUR 613.4 million with the cost ratio improved compared to 2015. The direct operating expenses include costs related to changes in the company's legal entity structure. Brokerage fees increased 1.0%, in line with the overall growth in insurance revenue.

The reinsurance of the Group remains primarily under a single quota share contract with the retention remaining at 57.5%. The cost of reinsurance was EUR 140.1 million, an increase of EUR 37.1 million compared to 2015, largely explained by lower claims recovered in line with lower claims expenses in 2016.

Services achieved a positive result of EUR 8.6 million this year, an increase from 2015 driven by strong performance in Service income. Our Collections unit saw positive growth in service income as a result of growth in market share of our non-insured collections products and in part due to deterioration in the solvency environment.

The net investment result, including the share of income of associated companies, ended at EUR 45.0 million, an increase of 24.9% compared to 2015. The persistent low yield environment and less realised gains, were partially offset by increased dividend income and the revaluation of our existing 45% stake in Graydon after the acquisition of the remaining 55%. In addition the steady cash inflow from the Group's insurance business contributed positively to the growth of our investment portfolio.

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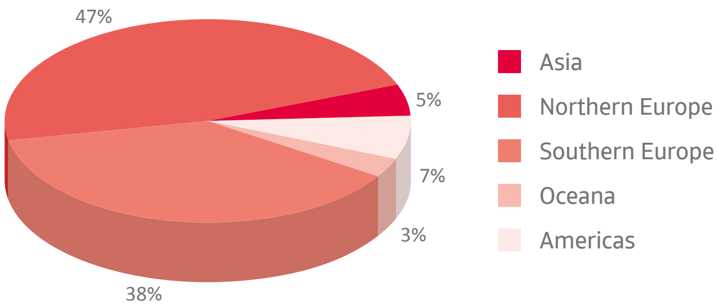
Strong results despite the economic slowdown, anaemic growth and overall uncertainty.

Credit insurance including Instalment Credit Protection (ICP)

(EUR thousands)	2016	2015	
Insurance premium revenue	1,316,365	1,300,484	1.2%
Information income	127,396	121,454	4.9%
Insurance revenue	**1,443,761**	**1,421,938**	**1.5%**
Gross insurance claims and loss adjustment expenses*	(600,704)	(622,395)	3.5%
Gross insurance operating expenses*	(510,594)	(507,846)	(0.5%)
Result before reinsurance	**332,463**	**291,697**	**14.0%**
Reinsurance result	(113,342)	(68,786)	(64.8%)
Result after reinsurance	**219,121**	**222,911**	**(1.7%)**
Total credit insurance and ICP gross claims ratio	**41.6%**	**43.8%**	**4.9%**

**Overview includes inter-segment (claims) expenses*

Credit Insurance & ICP Revenue by Region



Credit insurance is Atradius' core product by premium, comprising traditional credit insurance for both domestic and export trade and the structured credit and political risk business of our Special Products team.

Global economic growth was weak in 2016, weighted down by low commodity prices, emerging market weakness, subdued demand in advanced markets and increasing uncertainty. Spain however has shown robust growth of 3.2% in 2016, although economic activity is recovering from a low level. Although the modest Eurozone recovery is expected to continue to show moderate growth, the outlook is increasingly uncertain. The UK growth outlook in 2016-17 has been slashed due to fears of the impact of the Brexit decision. Business sentiment in the US is also expected to restrain domestic growth. The effects of low oil prices, the slowdown in China and tighter financing conditions continue to weigh on prospects for many emerging markets this year.

Atradius' credit insurance business showed consistent performance in 2016, with a result before reinsurance of EUR 332.5 million, 14.0% higher than 2015. Insurance revenues reported a 1.5% increase coming from 2015 (2.6% at constant foreign exchange rates). Claims improved slightly despite pressure from a steady inflow of medium-sized claims. This improvement in claims however resulted in lower recoveries from reinsurers. While credit conditions are loosening further in most advanced economies, the insolvency outlook has also weakened for some of these. Lastly, the operating expenses increased marginally by 0.5%, largely due to the non-recurrent costs related to changes in the company's legal entity structure.

The global economy suffered from heightened uncertainties in 2016. Against this background, we continued to provide cover to our customers around the world. Our total potential exposure (TPE) in 2016 increased by 4.3% to EUR 587 billion. The top three regions for exposure concentration did not change compared to last year.

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While credit conditions are loosening further in most advanced economies, the insolvency outlook has also weakened for some of these.

In relative terms, we saw the highest concentration increase in the Americas and Europe. All our buyer regions in Europe contributed to the increase in exposure, except for Turkey following the deteriorating economic environment and geopolitical headwinds, and for the UK due to the depreciation of the GBP after the Brexit vote. Our exposure in Africa remained stable compared to last year, whereas in the Middle East it contracted given the mounting political and economic uncertainties and concerns about oil price volatility. In China, our exposure increased moderately, responding to the slow but steady domestic economic rebalancing.

The concentration of exposure by trade sector remained fairly stable. Around 72% of the Group's TPE is in seven trade sectors: chemicals, construction, consumer durables, electronics, food, metals and transport. In 2016 our exposure in agriculture and consumer durables rose due to increased business levels of existing and new customers whilst exposure in metals decreased.

Our initiatives to meet customers' needs were rewarded with improved customer retention. Overall our credit insurance portfolio reported healthy growth.

Germany, one of our largest markets within Europe delivered revenues in line with 2015. The other markets in Northern Europe showed a more diversified pattern. The United Kingdom maintained consistent performance with 2016 revenues in line with 2015 at constant foreign exchange rates. Reported revenues were however impacted by the British pound's performance in 2016. Netherlands, Belgium and Luxembourg all showed growth compared to 2015 despite difficult market conditions. In Southern Europe, investments in the sales network paid off well and revenues grew in Italy. We also saw satisfying revenue growth in Oceania. The revenue in the Asian region also ended higher than in 2015, in spite of the restructuring of the Chinese local customer portfolio in 2014 and the ongoing uncertainty in the region, with foreign exchange rate gains contributing to the result. Dubai, Japan and India in particular delivered good revenue growth.

Gross claims expenses of local credit insurance ended at EUR 373.3 million, showing a slight improvement in the overall claims ratio from the previous year. Local credit insurance in Southern Europe reported continued good claims results in 2016 with a healthy claims ratio reflecting the success of the risk mitigating actions taken in previous years as well as greater regional stability. The Asian claims ratio showed continuous improvement in 2016 (following the already significant improvement in 2015) in spite of the ongoing uncertain market conditions in this region. In Northern Europe, The Netherlands also continued its good claims performance in 2016 while other local credit insurance regions varied.

Our Global unit represents a significant part of our total credit insurance revenue and is the acknowledged market leader in the multinational customer segment of the credit insurance industry. 2016 was a challenging but rewarding year for this unit. Global remains fully geared up to provide the best service to our multinational customers.

Our Special Products Unit (SPU) offers solutions for our customers outside the framework of our whole turnover policies, to cover trade but also to support trade financing. Our Special Products Unit faced a challenging environment and while experiencing only a small decrease in revenue during 2016, claims increased compared to 2015.

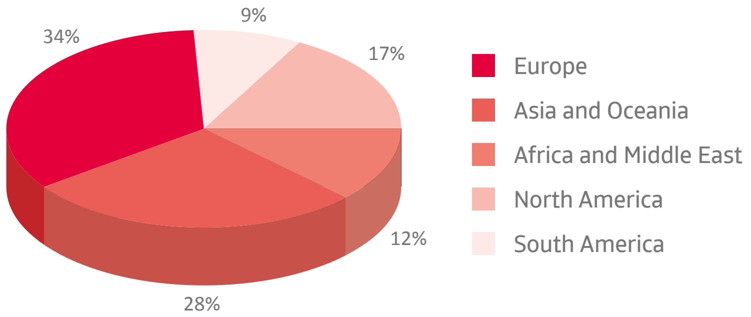
Instalment Credit Protection (ICP) covers the medium- and long-term risks that financial and corporate policyholders face in their multiple instalment agreements with private individuals and businesses. In 2016 insurance revenue increased in almost all markets in which ICP is active. Following the favourable economic cycle, the claims were lower than expected and the recoveries were almost on target giving way towards an improved gross claims result. ICP contributed positively to the overall Credit Insurance results.

Our initiatives to meet customers' needs were rewarded with improved customer retention.

Reinsurance

(EUR thousands)	2016	2015	
Insurance revenue	**132,024**	**134,744**	**(2.0%)**
Gross insurance claims and loss adjustment expenses	(92,542)	(118,420)	21.9%
Gross insurance operating expenses	(54,927)	(56,776)	3.3%
Result before reinsurance	**(15,445)**	**(40,452)**	**61.8%**
Reinsurance result	2,865	10,597	(73.0%)
Result after reinsurance	**(12,580)**	**(29,855)**	**57.9%**
Gross claims ratio	**70.1%**	**87.9%**	**20.2%**

Reinsurance revenue by region of cedent



Atradius Re provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding markets and assumes business from over 60 countries on all continents. The underlying business consists of around 58% credit insurance and 42% bonding, based on premium volume. The business is underwritten by an international team of underwriters based in our offices in Dublin, Ireland.

Atradius Re has long-standing relationships with its clients and leads more than one third of its treaties, in addition it maintains close contact with specialist brokers. The quality of these client relationships is underscored by the company's unique offering: combining the Atradius Group's skills in the primary underwriting of credit insurance and bonding risks with its own distinctive approach and expertise in structuring reinsurance solutions. In this way, Atradius Re can anticipate and respond to our clients' specific and changing needs. Its strategy is to diversify and evolve its portfolio by region, country and business type, with a focus on Asia, the Middle East, Africa and Latin America.

The total reinsurance revenue for 2016 of EUR 132.0 million has fallen slightly from EUR 134.7 million in 2015, following the decision to take targeted cycle management actions earlier in the year. The success of these measures is reflected in the significant decrease in claims expenses (21.9%) compared to last year. That said, the low oil price and demand crisis in the commodity markets continue to result in uncertainty of economic conditions, especially in emerging markets that have a higher dependency on commodity trade and oil revenue.

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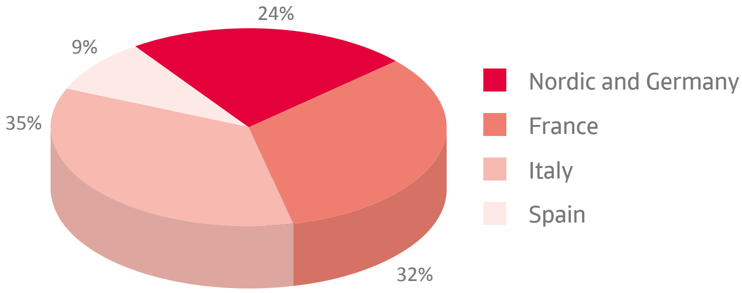
Atradius Re assumes business from over 60 countries on all continents.

Bonding

(EUR thousands)	2016	2015	
Insurance revenue	**109,199**	**101,777**	**7.3%**
Gross insurance claims and loss adjustment expenses	(7,901)	19,084	(141.4%)
Gross insurance operating expenses	(40,884)	(35,955)	(13.7%)
Result before reinsurance	**60,414**	**84,906**	**(28.8%)**
Reinsurance result	(29,585)	(44,768)	33.9%
Result after reinsurance	**30,829**	**40,138**	**(23.2%)**
Gross claims ratio	**7.2%**	**(18.8%)**	**(138.6%)**

Bonding insurance revenue by region



Atradius is a multinational provider of bonds with local service orientation. Atradius Bonding currently has business units active in Belgium, France, Germany, Italy, Luxembourg, the Netherlands, the Nordic region and Spain.

Atradius Bonding works with different industries and maintains a relationship with a large range of companies. In addition to the traditional sectors, such as construction, engineering, capital goods and travel, demand for bonds is growing in new sectors such as environmental services. Bonding customers are also showing an increasing need for both domestic services and international surety bonds support.

To meet customer expectations, we have grown our capacity so that we can also address the foreign requirements of our domestic customers. Moreover, in active response to the evolution of the insurance sector and in particular to the Bonding market, we provide a web solution to help our customers handle their surety bonds efficiently while at the same time maintaining a pioneering catalogue of products. During the year we have further enhanced the French and Nordic web portal tuned with customer needs. In Italy the new web portal enables users to request, issue and pay new bonds by using digital technology, and it's adoption will gradually improve information management.

Our expanded presence throughout Europe allows us to support our customers' multinational activities, combined with a wider spread network of fronting companies across the world. In line with our pan-European strategy, Bonding is developing a common IT platform aimed at facilitating the geographical expansion into new European countries, boosting efficiency and safeguarding quality and risks.

Insurance revenue in 2016 increased by 7.3% compared to 2015 with each country contributing to the positive performance. In Nordic countries, performance in 2016 returned to a healthy trend with a 6.7% increase in revenue compared to 2015. The business developed well in Italy and in France growing 6% and 5% respectively. German revenue development is also showing strong performance. Spain displayed 6% revenue growth despite significantly lower public expenditure.

The claims ratio evolution in each country has improved not only only due to a limited number of claims with lower amounts claimed, but also heavily supported by some sizeable one-off positive settlements of claims cases from 2015.

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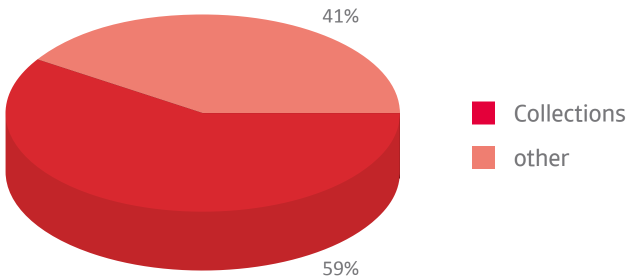
We have grown our capacity so that we can also address the foreign requirements of our domestic customers.

Services

(EUR thousands)	2016	2015	
Service income*	79,102	63,261	25.0%
Service expenses	(70,471)	(55,307)	(27.4%)
Service result	**8,631**	**7,954**	**8.5%**

** includes intersegment revenues*

Service income



Debt collection

2016's economic climate followed the same path of consolidation and stabilisation as 2015. The challenges remained linked to scarce availability of liquidity and low cash flow levels.

In Western Europe we see indeed that the insolvency environment is improving. Emerging markets however experienced another difficult year, notably Russia, Brazil and China which saw an increase in insolvencies. We see local and global companies with a presence in these regions increasingly asking us to support them there, also for first party collections services.

Atradius Collections' service income increased 2.3% in 2016, while debt placement increased 4.4%, mainly as a result of higher claims and growing market share of our non-insured collections product. The positive development of debt placements and the underlying increase in our customer base are providing a positive outlook for further business development and collections service income generation. Atradius Collections has expanded its reach in 2016 further by establishing services in Dubai, Slovakia, Greece and Sweden.

In 2016 Atradius acquired an 80% stake in Gestifatura who specialise in the recovery of domestic and international corporate debt, and has over 20 years of experience in the Portuguese market.

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Atradius Collections expanded its reach in 2016 further by establishing service in Dubai, Slovakia, Greece and Sweden.

Atradius Dutch State Business

Atradius Dutch State Business issues credit insurance policies and guarantees to Dutch companies and banks financing Dutch exports on behalf of and for the account of the Dutch State. It provides cover for risks related to infrastructure projects and the export of capital goods – often on medium or long-term credit – and for services to buyers in countries outside the Netherlands that are not covered by the private market. It also provides cover for political risks related to investments in other countries. Atradius acting on behalf of Dutch State Business provides the necessary infrastructure and credit information knowledge to support Dutch exporters. The technical results for the account of the Dutch State were positive throughout 2016.

In 2016, the Dutch ministry of foreign affairs introduced a new facility, the Dutch Trade and Investment Fund. This fund enables Atradius Dutch State Business to provide cover on investments and export contracts up to EUR 5 million for which finance support by commercial banks is not available.

Atradius Dutch State Business also provides cover on development relevant investments and export contracts in medium and lower income countries which benefit (local) SMEs. This service is provided under the Dutch Good Growth Fund from the Dutch ministry of foreign affairs and was introduced in July 2014.

In addition, Atradius Dutch State Business provides debt management services, under an agreement with the Dutch State, including those relating to international debt agreements concluded by the Paris Club. It also manages the loan portfolio of the 'Nederlandsche Investeringsbank voor Ontwikkelingslanden'. This portfolio is in run-off and consists of concessional loans to developing countries on behalf of the Dutch State. Lastly, Atradius Dutch State Business also supports countries such as Vietnam, Macedonia and South Africa in improving their Export Credit Agency businesses with subsidies from the Dutch State.

Information services

Through the Group's companies Iberinform, Informes, Graydon and Ignios, Atradius offers a wide range of business information services. Iberinform supports business decision making with the assistance of business intelligence tools designed to analyse customers, suppliers and competitors. Their credit scoring models and business reports help companies to assess customer credit risk, assign credit limits and, ultimately, improve their cash flow.

In 2016 Atradius became the sole shareholder of Graydon, one of the world's leading business information providers, after acquiring the remaining 55% stake in the company. The Dutch leading business information provider provides business information solutions for Credit Management & Collections, Marketing Intelligence and Risk & Compliance. By converting data into innovative business insights, Graydon helps companies to identify commercial opportunities and reduce risks. Graydon has offices in the Netherlands, Belgium and the UK and uses a network of 130 international databases around the world with information on more than 90 million companies.

After years of partnership in October 2016 Iberinform acquired an 80% share in Ignios allowing Iberinform and Ignios to consolidate a powerful range of products and services in the Iberian market and strengthen their technical capabilities.

Business information services are also offered in Mexico via our company Informes Mexico S.A., supported by a newly developed IT platform.

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The Dutch Trade and Investment Fund enables Atradius Dutch State Business to provide cover on investments and export contracts up to EUR 5 million for which finance support by commercial banks is not available.

Building through people who can make a difference

If we are to help our customers grow and protect their businesses we must ensure that our people are continuously developing their competencies: their knowledge and skills.

To this end, we offer a wide choice of training opportunities through the Atradius Academy for staff at all levels.

For instance, we organise permanent education sessions for our Management Board and Supervisory Board. For many years, the Atradius Academy has actively supported the development of leadership skills. In 2016 three Management Development Programmes were organised by the Atradius Academy: Stepping Forward 1 & 2 and On the Move. Each programme is designed for a specific audience within Atradius and is constantly adapted to the changing needs of the participants.

To ensure that all Atradius' employees maintain an up-to-date knowledge of compliance and governance rules and regulations, we run the annual Atradius Learning Carousel. The 2016 version of the Carousel addressed IT security and all aspects of fraud prevention. Participation in these e-learning courses is mandatory for all employees.

The Atradius Academy offers a wide range of e-learning courses for Atradius staff: combining our own productions and those purchased from external suppliers. Every half year the external offer is reviewed and renewed on the basis of changing internal needs and demands.

As well as Atradius Academy's blended learning approach, we have over time created a company culture that focuses on customer needs.

To assure a future proof Human Resources system, Oracle Human Capital Management (HCM) was implemented in Atradius in 2015. In 2016 we added the modules for Talent management and compensation to the core application. HCM supports the annual performance review and target setting across the Group. This enables us to have a consistent global approach to manage the HR processes through HCM and support local operations going forward. HCM helps us to align competencies and job levels worldwide and to report and analyse relevant management information.

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Atradius actively supports the development of leadership skills.

The Evolve initiative started in 2012, has as its objective increasing our external focus and stimulating creativity in meeting customer needs. We developed a web based application to run a virtual credit insurance company called the Atradius Experience. This application was launched in 2016 and was played by Atradius staff across the globe in multifunctional teams. The aim of the game was to exchange knowledge about Credit Insurance within the teams and to introduce and share expertise amongst team members. More than 750 employees from 32 countries forming more than 150 teams participated voluntarily in this teambuilding and learning exercise. The feedback of the participants on this gamification was very positive.

Another initiative was launched, supported by Evolve focused on increasing competiveness of Atradius, by outlining strategies and developing channels to win new clients. This initiative was internally promoted by sharing group wide success stories and best practices.

Indicators	**2016(2)**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008(1)**	**2007**
Headcount	3,339	3,333	3,298	3,257	3,315	3,304	3,318	3,627	4,106	3,604
Full-time equivalent	3,169	3,161	3,139	3,107	3,143	3,149	3,171	3,488	3,863	3,366
Full-time equivalent, average	3,168	3,153	3,132	3,132	3,139	3,159	3,318	3,662	3,851	3,335
Retention rate	92.3%	92.0%	94.9%	91.4%	92.6%	91.1%	85.8%	88.6%	88.8%	82.9%
Sick leave	2.9%	3.1%	2.8%	3.0%	3.1%	3.4%	3.6%	3.4%	3.0%	2.4%
Development and training										
Expenses as % of salaries	1.7%	1.6%	1.5%	1.2%	1.4%	1.3%	1.3%	1.4%	2.5%	2.6%
Number of participants	7,680	6,366	5,646	5,283	1,656	1,952	1,236	1,943	4,455	n/a

1) Including Crédito y Caución since January 2008
2) excluding FTEs from Graydon (309 FTEs), Ignios (63 FTEs) and Gestifatura (23 FTEs).

Securing future financial stability

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

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

Risk management

The Management Board is ultimately responsible for risk management and internal control within the Group; it delegates authority to take decisions in this context to the Risk Strategy Management Board (RSMB) and to various risk committees with responsibilities for specific risk-related areas such as underwriting of buyer exposures, country risk, provisioning, asset composition and investment policy, reinsurance, risk, capital and pricing modelling, and approval of new products. In addition, all employees have well-defined authorities specifying the level of risk they can accept. This framework ensures that risks are assumed and managed in a controlled way and in line with the risk appetite of the company. For the description of the main risk and uncertainties and how these are managed please refer to Note 4 Risk and Capital management of the consolidated financial statements.

Atradius compliance framework

Compliance practices support our business, our reputation and our integrity. Complying with relevant laws, rules and regulations and maintaining a high standard in terms of ethics and integrity leads to lower operational risk and more stable business processes. The Group's Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all employees of the Group and that govern the Group's operations and its employees' business conduct and actions. Individual Compliance Codes address specific compliance areas in more detail and set out detailed compliance requirements that must be followed across the Group and which must be included in existing business procedures. For example, the Customer Due Diligence Code addresses potential risks in areas such as sanction regulations and money laundering. The Compliance Function within Atradius consists of the Group Compliance Function and the Local Compliance Function and consists of employees who (partially) perform compliance activities. The Compliance Function supports the management of Atradius in meeting its objective of being compliant with applicable laws, rules and external and internal regulations.

Capital management

Atradius seeks to maintain a strong capital position and well capitalised operating entities. This helps us to support the evolution of our insurance business, withstand financial stress in adverse business and financial markets, meet our financial obligations and ultimately deliver shareholder value.

In 2016 all Atradius' entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

Shareholders' funds and Subordinated debt

Shareholders' funds at the end of 2016: EUR 1,625.5 million increased by 8.4% from EUR 1,500.2 million at year end 2015, due mainly to positive results after tax.

Subordinated debt of EUR 325 million at the end of 2016 consisting of subordinated notes of EUR 250 million issued via Atradius Finance B.V., a wholly owned subsidiary of Atradius N.V., on 23 September 2014 and a subordinated loan of EUR 75 million provided by the shareholders of Atradius N.V. to Atradius Reinsurance DAC with effect from 20 April 2016. Both the subordinated notes (EUR 250 million) and the subordinated loan (EUR 75 million) qualify as Tier 2 basic own funds for Solvency II. Please see Note 16 of the consolidated financial statements of the Annual Report 2016.

Regulatory capital

The solvency position of Atradius' regulated entities is strong. In 2016 all Atradius' entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

Under Solvency II, Atradius is comfortably capitalised. We apply both the standard formula and our internal capital model, subject to regulatory approval.

For further details on the main regulatory capital requirements please see Note 4.5 of the consolidated financial statements of the Annual Report 2016.

Helping stabilise the future

Atradius pursues a high standard of corporate responsibility, from how we support and empower our people, to how we work with our customers, to how we govern the organisation and connect to communities.

For more than 90 years, we have been delivering value to stakeholders, demonstrating the sustainability of our business practices and our ability to remain relevant to customers while markets and industries around us change. We have more than 3,000 employees and do business in more than 50 countries and our definition of corporate responsibility reflects that extensive footprint, focusing on environmental responsibility, social responsibility to our colleagues, customers and partners, and last but not least, our economic responsibility. In our business context, we consider the economic responsibility to be our biggest priority.

In its recent report on Trade Finance and SME's, the World Trade Organisation also acknowledges that we have an important role in the world economy, helping small businesses grow and supporting the development of emerging economies. We are here to enable trade and to help support sustainable growth for our customers, our organisations and in our communities. This is guided by a corporate governance system that promotes transparency in all our offices.

Our operations involve a vast ecosystem of stakeholders, including shareholders, employees, suppliers, regulators and NGO's. Their satisfaction is integral to our business strategy and success. All of our stakeholders are equally important and should benefit from our daily operations. That is why we work closely with our stakeholders to define our purpose and to decide the areas on which to focus. Since there are many areas that can be covered by corporate responsibility, in 2015 we developed a materiality matrix to help us prioritise which areas are of material importance and to determine how to allocate our time, resources and investment effectively. Our annual report reflects these material topics, summarising our greatest efforts to make the world a better place while creating value. We encourage feedback from stakeholders, and we use this report to respond to those with whom we have engaged throughout the year. Our focus for the coming years will be to produce an even more elaborate materiality matrix. We will take into account changes in the external and business context and engage with a broad set of stakeholders to understand their views and expectations of our business.

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Atradius' commitment to behave ethically incorporates social, environmental and financial prosperity. The contribution we make is meant to help strengthen social welfare and build a better environment.

Isidoro Unda,
Chief Executive Officer of Atradius

In 2016, the main focus for the corporate responsibility strategy team was on improving internal processes. We have made significant progress in this, but are aware that much improvement can still be realised. Therefore, we have begun to work with an external sustainability consultant who helps us improve procedures structurally, and this in turn can help improve our strategy. Moreover, we have started our roadmap to assurance, by working on externally auditable CSR data, and plan to have completed this roadmap in 2020 for use in our reporting of 2019.

Another focus of 2016 was on increasing internal awareness of our corporate responsibility activities and strategies among internal stakeholders. Several presentations and meetings have taken place with different groups of these stakeholders to align viewpoints about a range of corporate responsibility topics.

Our customers

Bringing value to our customers is embedded in our daily operations. With company and credit information on over 240 million companies worldwide, we can help customers make informed trading decisions and also enhance the insurance cover that we provide. In this way, we aim to support customers to grow healthily, creating jobs and stimulating the economy. We have earned the reputation as the credit insurer that goes the extra mile for its customers, and we are very proud of that. It also explains why 97% of our surveyed customers would recommend Atradius to other organisations.

> Bringing value to our customers is embedded in our daily operations.

Our people

Our people genuinely are our greatest asset and therefore we strive to improve their satisfaction as well as their sustainable employability. In addition, we work on improving our reputation within the labour market. Through our Employee Engagement Survey, we measure the perception of our staff and wherever possible improve how we act as an employer.

For more information about our employees and diversity matters, please read the Human Resources chapter of this report.

Here are just a few examples of our focus on employee satisfaction and sustainable employability:

- On a global level, an internal project allows employees to work together with colleagues from different departments. The project is designed to stimulate interaction among colleagues, enabling knowledge sharing and collaboration in finding ways to serve our customers even better;
- In the Netherlands, a vitality programme was set up in 2015 to increase awareness of factors that play a role in sustainable employability and motivates our people to work on their mental and physical health. Employees are invited to participate in workshops to learn about topics such as healthy food and sports, and also mindfulness and energy management;
- Actualidad Económica has recognised Atradius Crédito y Caución S.A. de Seguros y Reaseguros as the sixth best company to work for in Spain. We have been in the top ten of this table in five of the last six years and this emphasises the effectiveness of our corporate strategies attracting and developing people who manage the business risks of thousands of companies.

Our suppliers

Sustainable purchasing is crucial to our supply chain management. In 2016, we took our Sustainable Procurement strategy further, encouraging our suppliers to provide more sustainable solutions. To improve alignment between our organisation and our suppliers, several breakfast sessions took place in our Amsterdam office, with discussions on alignment and many other sustainability topics.

Our communities

In 2016, many people engaged in volunteer work in our communities. We took part in many projects around the world, such as AlimentaLaCadena.es, the Amsterdam City Swim, SOS Kinderdorf, Warszawa Business Run and Race for Breast Cancer as well as organised many volunteering events ourselves that have added value to those communities, whether financially, personally or socially.

Our environment

As a financial services firm, our environmental impact is small compared to many other industries. However, our customers and other stakeholders still expect us to minimise our impact, and as a responsible business whose operations ultimately rely on natural resources, we are constantly looking at opportunities to make efficient and sustainable use of natural resources. To promote greater environmental responsibility, initiatives have been introduced in respect of energy use, recycling and waste disposal, transportation and procurement.

Our compliance to the UN Global Compact

We are a member of the United Nations Global Compact. The Global Compact's 10 principles resonate highly with our values. The Global Compact focuses on four core areas, to which we respond in different ways. To learn more about our commitment to the UNGC's 10 principles, please see our Communication on Progress Report.

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Gispen is branch leader in the field of circular economy. [...] As a supplier to Atradius, we contribute to the objectives of Atradius to reduce pollution, social inequality and other negative side-effects of the linear economy

Maurits van Berckel,
Commercial Director of Gispen

Environmental KPIs	*2016	2015	2016/2015
KPI	**Total**	**Total**	**Change**
Number of reporting countries	32	31	increase
Number of offices	99	100	decrease
Total office space (m^2)	106,142	105,875	increase
Total personnel (FTE)	3,169	3,154	increase
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	7,868,831	8,766,020	decrease
Electricity from renewable source (kWh)	2,966,516	2,170,970	increase
% of renewable electricity	27.4%	19.8%	increase
Total electricity (kWh)	10,835,347	10,936,990	decrease
Gas (m^3)	411,521	406,557	increase
Total energy	**14,466,843**	**14,521,196**	**decrease**
Travel			
Employee air travel (km)	13,738,292	13,820,150	decrease
Employee rail travel (km)	2,615,557	2,598,529	increase
Company lease car travel (km)	10,670,533	10,857,769	decrease
Total travel (km)	**27,024,382**	**27,276,448**	**decrease**
CO^2 footprint (tonnes of CO^2)			
Energy CO^2	7,159	7,531	decrease
Travel CO^2	7,151	7,217	decrease
Total CO^2	**14,310**	**14,748**	**decrease**
Paper used			
Non-recycled paper (sheets A4)	16,341,548	15,856,663	increase
Recycled paper (sheets A4)	5,173,324	6,891,267	decrease
% recycled paper	24.0%	30.3%	decrease
Total paper	**21,514,872**	**22,747,930**	**decrease**
Water usage (m^3)	**38,202**	**42,911**	**decrease**
Waste – per type			
Hazardous waste (tonnes)	7.1	7.8	decrease
Non-hazardous waste (tonnes)**	558.0	515.0	increase
Total waste	**565.1**	**522.8**	**increase**

** This table does not include information from Graydon and Ignios*

*** The non-hazardous waste increased due to moving offices in Belgium*

Leading the future through commitment

Consolidated financial statements 2016

Contents

Atradius | All amounts in thousands of Euro, unless otherwise stated

Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2016	31.12.2015
Intangible assets	6	**226,005**	**173,500**
Property, plant and equipment	7	**125,968**	**121,253**
Investment property	7	**9,908**	**10,098**
Investments in associated companies	9	**39,586**	**35,396**
Financial investments	10	**2,280,293**	**2,212,264**
Reinsurance contracts	18	**632,262**	**689,849**
Deferred income tax assets	20	**45,315**	**52,965**
Current income tax assets	20	**50,613**	**21,288**
Receivables	11	**201,287**	**204,575**
Accounts receivable on insurance and reinsurance business		153,405	175,373
Other accounts receivable		47,882	29,202
Other assets		**493,185**	**498,263**
Deferred acquisition costs	12	73,124	73,919
Miscellaneous assets and accruals	13	420,061	424,344
Cash and cash equivalents	14	**287,080**	**230,707**
Total		**4,391,502**	**4,250,158**
Equity			
Capital and reserves attributable to the owners of the Company		1,625,470	1,500,249
Non-controlling interests		55	-
Total		**1,625,525**	**1,500,249**
Liabilities			
Subordinated debt	16	**323,437**	**248,289**
Employee benefit liabilities	17	**109,451**	**93,935**
Insurance contracts	18	**1,561,155**	**1,648,791**
Provisions	19	**6,027**	**6,588**
Deferred income tax liabilities	20	**115,179**	**112,154**
Current income tax liabilities	20	**23,960**	**31,641**
Payables	21	**232,746**	**195,207**
Accounts payable on insurance and reinsurance business		183,407	161,835
Trade and other accounts payable		49,339	33,372
Other liabilities	22	**393,411**	**411,973**
Borrowings	14	**611**	**1,331**
Total		**2,765,977**	**2,749,909**
Total equity and liabilities		**4,391,502**	**4,250,158**

Consolidated income statement

	Note	2016	2015
Insurance premium revenue	23	1,557,588	1,537,005
Insurance premium ceded to reinsurers	23	(663,831)	(674,608)
Net premium earned		**893,757**	**862,397**
Service and other income	24	203,079	180,754
Share of income of associated companies	25	26,689	782
Net income from investments	25	18,279	35,234
Total income after reinsurance		**1,141,804**	**1,079,167**
Insurance claims and loss adjustment expenses	26	(698,392)	(718,522)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	271,896	308,888
Net insurance claims		**(426,496)**	**(409,634)**
Net operating expenses	27	(431,325)	(407,874)
Total expenses after reinsurance		**(857,821)**	**(817,508)**
Operating result before finance costs		**283,983**	**261,659**
Finance income		3,325	4,108
Finance expenses	28	(12,744)	(17,597)
Result for the year before tax		**274,564**	**248,170**
Income tax expense	29	(62,792)	(69,949)
Result for the year		**211,772**	**178,221**
Attributable to:			
Owners of the Company		211,795	178,221
Non-controlling interests		(23)	-
Total result for the year		**211,772**	**178,221**

Atradius | All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of comprehensive income

	Note	2016	2015
Result for the year		211,772	178,221
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Actuarial gains/(losses) on defined benefit pension plans	15.5	(40,045)	2,795
Income tax relating to items that will not be reclassified		7,925	(1,399)
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	20,324	(12,574)
Share of other comprehensive income of associated companies		-	-
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	(1,869)	3,782
Income tax relating to items that may be reclassified		(1,699)	1,265
Other comprehensive income for the year, net of tax		**(15,364)**	**(6,131)**
Total comprehensive income for the year		**196,408**	**172,090**
Attributable to:			
The owners of the Company		196,431	172,090
Non-controlling interests		(23)	-
Total comprehensive income for the year		**196,408**	**172,090**

Consolidated statement of changes in equity

	Attributable to the owners of the Company								
	Share capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	**79,122**	**704,108**	**48,085**	**(35,115)**	**(139,586)**	**736,425**	**1,393,039**	**-**	**1,393,039**
Dividends	-	(64,880)	-	-	-	-	(64,880)	-	(64,880)
Total comprehensive income for the year	**-**	**-**	**(10,909)**	**3,382**	**1,396**	**178,221**	**172,090**	**-**	**172,090**
Result for the year	-	-	-	-	-	178,221	178,221	-	178,221
Other comprehensive income	-	-	(10,909)	3,382	1,396	-	(6,131)	-	(6,131)
Balance at 31 December 2015	**79,122**	**639,228**	**37,176**	**(31,733)**	**(138,190)**	**914,646**	**1,500,249**	**-**	**1,500,249**
Balance at 1 January 2016	**79,122**	**639,228**	**37,176**	**(31,733)**	**(138,190)**	**914,646**	**1,500,249**	**-**	**1,500,249**
Acquisitions	-	-	-	-	-	-	-	78	78
Dividends	-	-	-	-	-	(71,210)	(71,210)	-	(71,210)
Total comprehensive income for the year	**-**	**-**	**17,581**	**(825)**	**(32,120)**	**211,795**	**196,431**	**(23)**	**196,408**
Result for the year	-	-	-	-	-	211,795	211,795	(23)	211,772
Other comprehensive income	-	-	17,581	(825)	(32,120)	-	(15,364)	-	(15,364)
Balance at 31 December 2016	**79,122**	**639,228**	**54,757**	**(32,558)**	**(170,310)**	**1,055,231**	**1,625,470**	**55**	**1,625,525**

Atradius | All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of cash flows

	2016	2015
I. Cash flows from operating activities		
Result for the year before tax	274,564	248,170
Adjustments for:		
Realised capital (gains)/losses on investments	(23,296)	(19,593)
Dividends received from financial investments	(9,762)	(7,034)
Share of income of associated companies	(4,975)	(782)
Depreciation, impairment and amortisation	59,712	52,891
Interest expense on subordinated debt	15,894	13,333
Net interest income	(38,154)	(12,504)
Other non-cash items	(1,452)	20,483
Changes in operational assets and liabilities:		
Insurance contracts	(87,636)	76,640
Reinsurance contracts	57,587	(20,887)
Deferred acquisition costs	795	(1,649)
Accounts receivable and payable on insurance and reinsurance business	43,540	(27,265)
Changes in other assets and liabilities	(74,973)	(64,837)
Pensions and other long-term employee benefit net contributions	(28,434)	(26,341)
Cash generated from operations	**183,410**	**230,625**
Income tax paid	(47,955)	(32,412)
Interest paid	(2,102)	(2,856)
Net cash (used in)/generated by operating activities	**133,353**	**195,357**
II. Cash flows from investing activities		
Investments and acquisitions (cash outflows):		
Business Combination	(21,300)	-
Short-term investments	(88,408)	(194,558)
Financial investments available-for-sale	(966,407)	(1,036,158)
Property, plant and equipment and intangible assets	(46,035)	(27,747)
Divestments, redemptions and disposals (cash inflows):		
Investment property	-	61
Investments in associated companies	-	2,689
Short-term investments	158,005	288,321
Financial investments available-for-sale	823,271	800,453
Property, plant and equipment and intangible assets	1,616	144
Net cash acquired in a business combination	14,465	-
Dividends received from associated companies	-	1,829
Dividends received from financial investments	9,762	7,034
Interest received	45,070	38,875
Net cash (used in)/generated by investing activities	**(69,961)**	**(119,057)**
III. Cash flows from financing activities		
Dividend paid	(71,210)	(64,880)
Interest paid on subordinated debt	(13,125)	(13,125)
Subordinated debt - addition	75,000	-
Net cash (used in)/generated by financing activities	**(9,335)**	**(78,005)**
Changes in cash and cash equivalents (I + II + III)	54,057	(1,705)
Cash and cash equivalents at the beginning of the year	229,376	220,762
Effect of exchange rate changes on cash and cash equivalents	3,036	10,319
Cash and cash equivalents at the end of the year	**286,469**	**229,376**

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 3,736[1)] people as at 31 December 2016 (2015: 3,333). The parent is Grupo Compañía Española de Crédito y Caución, S.L., which owns 64.23% 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% (2015: 35.77%) 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.

These Atradius consolidated financial statements have been authorised for issue by the Management Board on 2 March 2017 and have been reviewed by the Supervisory Board. On 2 March 2017 the consolidated financial statements have been adopted at the Annual General Meeting of Atradius N.V.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

These 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. They have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial investments.

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

The income statement of Atradius N.V. for 2016 is incorporated in the consolidated financial statements, which allows for a presentation of a condensed company income statement in the company financial statements in compliance with Book 2, Article 402 of the Dutch Civil Code.

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

[1)] *Including FTE from Graydon, Ignios and Gestifatura.*

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 2016

The following relevant standards, amendments and interpretations have been adopted in 2016, but have had no material effect on the consolidated financial statements unless otherwise mentioned:

- Annual improvements to IFRS: 2012-2014 Cycle (effective 1 January 2016). The Cycle introduces limited amendments to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1), IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting;
- Amendments to IAS 1 Disclosure Initiative (effective 1 January 2016). The narrow-focus amendments clarify, rather than significantly change, existing IAS 1 requirements;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016). This amendment clarifies when revenue-based depreciation or amortisation methods are permitted.

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 2016 and have not been early adopted by Atradius:

- IFRS 9 Financial Instruments (effective 1 January 2018). This standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and the new general hedge accounting requirements. In September 2016 “Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts“ was issued. The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4:
    - an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach");
    - an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach").

  The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. Atradius will apply the temporary exemption from applying IFRS 9 and to adopt IFRS 9 in combination with the adoption of IFRS 17 Insurance contracts;
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018). The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The standard is not expected to have a material impact on the consolidated financial statements.

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

- IFRS 16 Leases (effective 1 January 2019). This standard replaces the existing guidance in IAS 17 Leases and several interpretations (IFRIC 14, SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is expected to have an impact on the consolidated financial statements;
- Amendments to IAS 7 Statement of Cash Flows. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments will only have an effect on the disclosures;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. See the comments above regarding the application of IFRS 9;

– Amendments to IAS 12 Income Taxes. The amendments, Recognition of Deferred Tax Assets for Unrealised Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments are not expected to have a material impact on the consolidated financial statements.

2.3 Changes in presentation

Certain comparative amounts have been reclassified to conform to the current period presentation. These are further detailed in the related notes.

2.4 Consolidation

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

2.4.1 Subsidiaries

Subsidiaries are all entities over which Atradius has control. Atradius controls an entity when Atradius 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 to exist.

Intra-Group transactions, balances and unrealised gains on intra-group 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 2.18).

2.4.2 Business combinations

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis 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 depend 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 the Atradius obtains control) and the resulting gain or loss, if any, is recognised in the income statement. Amounts arising from interests in the acquiree before the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

2.4.3 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. Associated companies are accounted for using the equity method and are initially recognised at cost. Atradius' investment in associated companies includes goodwill (net of any accumulated impairment loss).

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 the 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.

2.5 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.

2.6 Foreign currencies

2.6.1 Functional and presentation currency

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

2.6.2 Transactions and balances

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

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

2.6.3 Atradius companies

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

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

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

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

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

Currency	End rate			Average rate		
	GBP	USD	AUD	GBP	USD	AUD
At 31 December 2016	1.168	0.949	0.685	1.235	0.900	0.672
At 31 December 2015	1.362	0.919	0.671	1.375	0.898	0.675

2.7 Goodwill and other intangible assets

2.7.1 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 2.4.2) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the Atradius' relevant cash-generating units. 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.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

2.7.2 Software

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

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

Subsequent expenditure on capitalised intangible assets are capitalised only when they increase the future economic benefits embedded in the specific assets to which they relate. All other expenditure is expensed as incurred.

2.7.3 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.

2.8 Property, plant and equipment

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

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

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

The depreciation period is based on the estimated economic useful life of the asset. Leasehold improvements are amortised 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.

2.9 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.

2.10 Fair value measurements

For financial reporting purposes, fair value measurements are categorized 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 own use and investment property are determined by independent real estate valuators registered in the relevant countries and 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.

2.11 Recognition and derecognition of financial investments

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

2.12 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.

2.12.1 Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial investments that are either designated in this category or not classified in the categories 'loans and receivables' (Note 2.12.2) and 'fair value through profit or loss'.

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

2.12.2 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.

2.13 Impairment of assets

2.13.1 Financial assets - general

Atradius assesses, at the end of each reporting period, 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 collectively assesses them 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.

2.13.2 Financial investments - carried at amortised cost

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 other observable data relating to a group of assets such as adverse changes in the payment status of counterparties, or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, Atradius may measure impairment on the basis of an instrument's fair value using an observable market price.

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

2.13.3 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.

Where such evidence exists for available-for-sale financial investments, the cumulative net loss that has been previously recognised directly in other comprehensive income is recycled from other comprehensive income (the revaluation reserve) and recognised in the income statement. If, in a subsequent period, the fair value of debt securities classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement, but only to the amortised cost price. Subsequent increases above the amortised cost price are credited against the revaluation reserve as a component of other comprehensive income. Impairment losses recognised in the income statement on equity securities cannot be reversed in subsequent periods.

2.13.4 Impairment of other non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Investment properties are not allocated to cash-generating units; rather they are tested for impairment on an individual basis.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised in the income statement, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 prior years. The amount of the reversal is recognised in the income statement. However, impairment losses recognised for goodwill are not reversed in subsequent periods.

2.14 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.

2.15 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 which 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 which 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.

2.16 Capital and reserves

2.16.1 Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. 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.

2.16.2 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.

2.16.3 Revaluation reserve

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

2.16.4 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 of acquisition date and using the rate at the end of the current reporting period.

2.16.5 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 pensions vehicle due to solvency and/or control requirements.

2.16.6 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.

2.16.7 Non-controlling interests

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

2.17 Subordinated debt

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

2.18 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 a debt instrument; and
- Bonding contracts: contracts that provide compensation to the beneficiary of the contract if Atradius' bonding customer fails to perform a contractual obligation relative to the beneficiary.

The company applies IFRS 4.25 that allows that existing insurance accounting practices are continued. The main item is that the local business in Spain and Portugal 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 on ACyC in Note 4.2.6 and Note 18.

2.18.1 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.

2.18.2 Provision for unearned premium

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

2.18.3 Provision for outstanding claims

Claims and loss adjustment expenses are charged to the income statement as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from the risks Atradius has taken 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 Atradius' 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 on a treaty-by-treaty basis, 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.

2.18.4 Liability adequacy test

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

2.18.5 Reinsurance contracts

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

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

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

Atradius has profit commission arrangements with its reinsurance companies that are based on the loss ratio per underwriting year. Atradius accounts for these commissions based on detailed assessments of the expected ultimate loss ratios.

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

2.18.6 Receivables and payables related to insurance contracts

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

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

2.18.7 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 expected to be recovered.

2.19 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 which 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.

2.20 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.

2.21 Employee benefits

2.21.1 Post-employment benefits

Atradius has a number of post-employment benefit plans. The 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 prior 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 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), are recognised immediately in other comprehensive income. Atradius determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

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

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

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Administration expenses;
- Net interest expense or income;
- Remeasurement.

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

Defined contribution plans

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

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

2.21.2 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' net 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 net obligation is calculated annually by independent actuaries using actuarial techniques.

2.21.3 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 demonstrably 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.

2.21.4 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.

2.22 Taxation

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. 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.

2.23 Consolidated income statement

2.23.1 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 information services, collections and the income from activities carried out as an agent on behalf of the Dutch State. This income is recognised as the service is provided.

Share of income of associated companies

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

Net income from investments

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

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

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

2.23.2 Expenses

Net insurance claims

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

Net operating expenses

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

Finance income and expenses

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

Finance expenses includes interest, amortisation of discount on the subordinated debt, foreign exchange results and the net interest on the net defined benefit liability (asset) related to defined benefit plans (see also Note 2.21). 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.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

2.24.1 Atradius as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.24.2 Atradius as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.25 Consolidated statement of cash flows

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

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

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

3 Critical accounting estimates and judgements in applying accounting policies

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

3.1 Measurement of fair value

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

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

3.2 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts

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

Pipeline premium

Pipeline premium 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, the calculation does involve the use of management estimates.

Sliding scale reinsurance commission

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.

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 or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, Atradius evaluates among other factors, the normal volatility in share price, the financial health of the investment, industry and sector performance, changes in technology and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investment, industry and sector performance, changes in technology, and financing and operational cash flows.

Had all the declines in fair values below cost been considered significant or prolonged Atradius would have an additional EUR 5.9 million loss before tax (2015: EUR 8.1 million loss), being the transfer of the total revaluation reserve for unrealised losses on equity financial investments to the income statement.

3.4 Estimated impairment of goodwill

In accordance with its accounting policy, Atradius annually tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (see Note 6).

In order to test the value in use against the recognised goodwill, Atradius has stress-tested the main assumptions (discount rate and combined ratio of terminal value) which have been applied when determining the value in use for the related cash-generating units. Increasing both assumptions downward and upward by 1% respectively did not indicate any potential impairment of the goodwill under this scenario. The term ‘potential’ is used here since an indication of impairment does not always lead to an actual impairment charge to the income statement.

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

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 based on risk. These decisions are increasingly driven by the outcome of Atradius' economic capital model. This model contributes to a multitude of risk assessment activities, as well as risk profile measurement, and allows Atradius to better monitor and manage risk levels within the organisation through the allocation of risk-based capital. Moreover, risk management, risk profile measurement and implicitly the relationship between risk and capital play a central role in Solvency II, the regulatory regime that came into effect on 1 January 2016.

4.1.1 The risk landscape

The state of the global economy greatly influences the risks that Atradius faces. Economic deterioration may result in higher insolvencies causing more frequent and severe claims expenses. In addition, a deterioration may lower our revenues as they are strongly correlated to global trade. The return on our investment may also deteriorate and default on our holdings of debt instruments may occur. A severe deterioration of all the above mentioned may impact the credit rating of Atradius. A downgrade of our credit rating could have a potential negative impact on the number of policies within Atradius. This might further lower revenues.

4.1.2 The risk management and internal control framework

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

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

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

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

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 lines of sight into decision-making and risk-management processes.

4.1.3 Risk classification

Atradius classifies its risks 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 non-payment by a buyer covered by a policy (credit insurance) or the risk of non-performance by a customer (bonding). Financial risks include market risk, credit risk and liquidity risk. Operational risks are the risks of direct or indirect losses resulting from inadequate or failed internal processes, people, systems or external events.

4.2 Insurance risk

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

Atradius operates with two main direct insurance product lines: credit insurance and bonding. In addition, Atradius writes credit and surety 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 and that all risk acceptance must take place within the framework of the risk governance structure described in Note 4.1.2. The main elements of the risk governance structure currently in place are described below. Furthermore, Atradius' reinsurance structure imposes checks on the largest exposures. Exposures beyond a certain threshold are subject to special acceptance by our leading reinsurers.

Traditional credit insurance and special products

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

For traditional credit insurance, there are two underwriting processes: policy underwriting and buyer underwriting. Policy underwriting is the process by which Atradius decides which customers to accept as policyholders and the terms and conditions of cover that are offered. Buyer underwriting is the process by which Atradius sets risk limits for each buyer and issues credit limits, thus allowing us to manage risk on the portfolio of existing policies. Policy underwriting takes place in the Commercial units and buyer underwriting in the Risk Service units.

Policies are issued for a fixed period: usually no longer than three years. Normally, 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. Almost all policies stipulate our maximum liability. A customer is covered for the credit risk on a buyer only once a credit limit on the buyer has been established. Most policies allow customers to establish credit limits themselves for smaller amounts, under conditions specified in the policy. Larger credit limits must be issued by Atradius. Credit limits are an important risk management instrument for Atradius as they cap the amount that we would have to pay out to a customer in the event of a claim. Moreover, Atradius can, in principle, withdraw the credit limit on a buyer at any time if circumstances demand. Credit limits may be subject to specific conditions and Atradius can also set conditions for cover on a country or withdraw cover on a country altogether. These are important tools in managing our risk exposure.

Staff in Commercial units have well-defined authorities specifying who can underwrite which policies. Authorities typically require the approval of two people and conditions become stricter as policies become 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 and renewed, is also subject to governance and the methodologies used to establish a benchmark price require the approval of the Quantitative Model Committee.

Staff in Risk Services have well-defined authorities specifying who can set what capacity on a buyer and who can approve what credit limit. As credit amounts grow, decisions need authorisation from one or more cosignatories of increasing seniority. There is an authority structure in which decisions are escalated depending on the amounts involved. The last two steps in this authority structure are the Local credit committee and the Atradius credit committee. The Atradius credit committee underwrites the largest buyers in terms of exposure. Exposure includes Credit Insurance, Bonding, Special Products and Reinsurance.

Atradius' Special Products business offers a range of tailor-made policies to insure against a number of credit and political risks: including policies that cover single transactions, single trade relationships and asset confiscation. A distinguishing feature of our Special Products policies is that usually, unlike traditional credit insurance, credit limits cannot be readily withdrawn. However, the conditions of our Special Products policies tend to place a greater onus of risk monitoring and 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 have a separate and distinct reporting line to the Chief Risk Officer. In addition, a dedicated risk management team with a functional reporting line to the Director. 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 Italy, France, Spain and Portugal, the Nordic region, Germany and in the Benelux countries. Surety bonds insure beneficiaries against the risk of our customer not meeting contractual, legal, or tax obligations. Beneficiaries range from national, regional or local governments and tax authorities to companies.

While our customer may fail to meet its obligations either because it is unable to perform to the 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 plays an important part in the underwriting process. Unlike traditional credit insurance, exposure related to issued bonds cannot be unilaterally cancelled by Atradius.

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

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

All bonding facilities and individual bonds are underwritten by technical underwriters who are part of the Commercial units. Technical underwriters assess the risk of non-performance. Financial underwriters, who are not part of the Commercial units, must approve the acceptance of facilities and individual bonds over certain thresholds. There is an authority structure in which decisions are escalated depending on the amounts involved. The last two steps in this authority structure are the Local credit committee and the Atradius credit committee mentioned above.

Other products

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

Atradius Re provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding markets. It currently assumes business from over 50 countries worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of approximately 58% credit insurance and 42% bonding, based on premium volume.

Reinsurance underwriting guidelines and risk boundaries define the kind of business Atradius Re is authorised to write, with specific guidelines to 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 reviewed regularly in detail for past underwriting years performance, triangulation development, individual buyer exposure development, aggregate total potential exposure management and market and country exposure. Risk and policy limit setting is monitored to ensure credit quality and performance of the underlying insurance products to reinsurance terms agreed with third party clients.

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

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

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

4.2.2 Insurance risk management tools

Atradius monitors exposure by counterparty, sector and country across all sources of insurance risk. It holds records of all credit insurance policies, credit limits and buyers in various connected systems. These systems enable Atradius to set system specific limits by buyer or buyer group. For the largest exposures, which fall in the scope of the Atradius Credit Committee, Atradius sets limits at the aggregate level. Management information derived from these systems allows Atradius to monitor aggregate exposure by country, customer or buyer sector and in many other ways.

All buyers with significant exposure are reviewed at least annually. Atradius continually receives information on buyers through on-line connections with business information providers and from customers reporting negative payment experiences. Buyers are reviewed whenever pertinent new information is received. Atradius assigns an internal rating to buyers and the review process takes into account all sources of exposure on a buyer through direct business, including exposure for special products and bonding. The authority structure described in this note applies to buyer reviews.

The main system includes an integrated risk and cost-based pricing system. Most new policies and non-tacit renewals are priced starting from a price suggested by the pricing system.

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

For ICP, consumer credit risk underwriting relies on the databases of the relevant national authorities. In Belgium, the National Bank of Belgium maintains two databases: a negative database, listing every credit non-payment incident, and a positive database, listing every credit granted to any individual. In addition, ICP maintains and uses its own internal consumer credit database.

Both Bonding and ICP have their own pricing systems and guidelines, which are adapted to 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. Traditionally the reinsurance treaties are usually renewed annually, however at the end of 2015 it was decided to renew on a two year basis (comprising of two separate underwriting years). On renewal, Atradius assesses the optimal structure of the treaties for the forthcoming period, including the excess of loss treaties (the attachment points, spread of the layer and the number of reinstatements). A number of items are taken into consideration during this review, including the cost of the synthetic capital that reinsurance provides as measured by the economic capital model and also the impact on the Solvency II Capital charge under the standard formula of the various reinsurance proposals.

For the underwriting years 2016 and 2017 one quota share reinsurance treaty is in place covering the majority of Atradius' business. The own retention under this treaty is 57.5%.

In addition, there is a separate quota share treaty which covers a limited number of policies, where the retention percentage is 25%. In addition, there is a single excess of loss programme, covering the own retention under these quota share treaties, consisting of a series of excess of loss treaties (per buyer group) and an aggregate stop loss treaty. These excess of loss treaties also provide protection for the assumed business of Atradius Re. 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. Impacting 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 25 million for Atradius. Atradius Re has also purchased additional lower level protection.

With regard to the reinsurance panel, it is Atradius' policy to select only reinsurers that have a high quality standard of solvency/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.

4.2.4 Concentration risk

Atradius is exposed to concentration risk in a number of ways: by buyer, buyer's country or buyer's sector. The following tables illustrate the exposure at the end of 2016 and 2015 in terms of the sum of credit limits registered by Atradius on individual buyers. This is referred to as total potential exposure or TPE.

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

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

In the following tables, the TPE has been aggregated and shows the exposure for credit insurance (including special products and reinsurance). Germany, Spain and Portugal constitute more than 30% of the overall exposure.

Atradius | All amounts in thousands of Euro, unless otherwise stated

Buyer country	TPE 2016 (EUR million)	%	TPE 2015 (EUR million)	%
Spain, Portugal	93,437	15.9%	89,601	15.9%
Germany	82,783	14.1%	80,398	14.3%
Central and Eastern Europe	55,098	9.4%	50,805	9.0%
USA	48,956	8.3%	43,819	7.8%
France	43,323	7.4%	40,917	7.3%
United Kingdom	39,779	6.8%	42,031	7.5%
Italy	37,208	6.3%	32,735	5.8%
The Netherlands	25,268	4.3%	23,914	4.3%
Nordic	24,838	4.2%	24,023	4.3%
Other	136,414	23.3%	134,401	23.8%
Total	**587,104**	**100%**	**562,644**	**100%**

The following table shows the distribution of TPE over buyer industry sector. In terms of Industry Sectors the main buyer sectors we provide cover on are Chemicals, Electronics, Consumer durables and Metals, which constitute more than 46% of the exposure in 2016. The remaining exposure is distributed across Food, Transport, Construction, Machines, Agriculture, Construction materials, Services and other sectors.

Industry sector	TPE 2016 (EUR million)	TPE 2015 (EUR million)
Chemicals	78,593	74,538
Electronics	70,510	69,797
Consumer durables	65,324	60,940
Metals	58,855	59,888
Food	55,640	52,056
Transport	53,434	50,612
Construction	43,133	41,147
Machines	34,734	33,902
Agriculture	30,907	28,327
Construction materials	25,387	24,425
Services	25,276	24,113
Other	45,311	42,899
Total	**587,104**	**562,644**

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. For instance, assuming real outstanding exposure of 20% of TPE, then only buyers with TPE in excess of around EUR 125 million could give rise to a hit to an excess of loss treaty (2015: the same).

Value band (EUR million)	TPE 2016 (EUR million)	TPE 2015 (EUR million)
0 - 20	331,385	316,278
20 - 100	99,785	96,987
100 - 250	59,545	56,899
250 - 500	42,968	40,003
500 - 1000	23,760	24,572
1000 - and more	29,661	27,905
Total	**587,104**	**562,644**

Exposure for bonding and for instalment credit protection has different characteristics and therefore has not been included in these tables. The bonding exposure is EUR 22.7 billion (2015: EUR 23.0 billion). Exposure for instalment credit protection amounts to EUR 2.3 billion (2015: EUR 2.1 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 status 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.

The bonding business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries cannot be reclaimed from the bonding customer, or its guarantors. This is almost always 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.

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

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

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

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

Estimates for future claims payments for bonding have a greater uncertainty than estimates for future claims payments for credit insurance. Bonding is a 'longer tail' business; i.e., the time between issuance of the bond and receipt of the bond call tends to be much longer than that of traditional short-term credit insurance. For example, most credit insurance covers credit periods up to 180 days, while around half the number of bonds written has tenors of over two years. After receipt of a bond call, it will take 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.

4.2.6.2 Assumptions, change in assumptions and sensitivity

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

The most important assumption used in the main method for reserving for traditional credit insurance to set the estimate for the ultimate number of claims for the most recent months of shipment is that the claims inflow in early 2017 will be around 20% above the level of end 2016. An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 23 million, gross of reinsurance (2015: EUR 21 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.

By its nature, an estimate of the expected inflow of large cases is not easy to quantify. The order of magnitude of this sensitivity would, in the judgement of management, be similar to the sensitivity in the estimated number of claims for the most recent months, although, as is inevitable with severity risk, it has a longer tail.

Claims provisions are presented net of recoveries from salvage and subrogation. Realised recoveries can deviate from expected recoveries. Expected recoveries amount to EUR 478.8 million (2015: EUR 504.1 million). The largest two components of the expected recoveries are the recoveries for standard credit insurance of EUR 210.9 million (2015: EUR 228.2 million), and for instalment credit protection of EUR 128.8 million (2015: EUR 125.5 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, decrease or increase due to adverse movements in equity prices, interest rates or currency rates. Atradius exposes itself to these risks by holding assets and liabilities whose fair value are sensitive to movements in those prices. To measure these risks, Atradius uses several risk metrics. The most important ones being Value-at-Risk, capital models from the credit assessment institutions, interest rate duration and the mismatch between assets and liabilities whose fair value is denominated in foreign currency.

Atradius uses an Asset Liability Management (ALM) approach to analyse the impact of market risk on its assets and liabilities. The ALM is, amongst others, based on the review of commitments resulting from Atradius' insurance liabilities and aims to define the Strategic Asset Allocation (SAA) so that these commitments can be met while maximising the expected investment return.

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 value of the subordinated debt is disclosed in Note 16.

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

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

Debt and equity securities available-for-sale

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

Loans and short-term investments

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

Atradius | All amounts in thousands of Euro, unless otherwise stated

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 value of the subordinated debt is based on binding quotes from independent brokers (see Note 16 for further details).

Other financial liabilities and deposits received from reinsurers

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

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

Financial instruments measured at fair value Assets 2016	**Quoted prices in active markets - Level 1**	**Valuation techniques incorporating information other than observable market data - Level 3**	**Total**
Available-for-sale:			
Equity securities	290,904	-	290,904
Debt securities:			
Government bonds	558,988	-	558,988
Corporate bonds	1,218,200	-	1,218,200
Structured debt	-	3,953	3,953
Total	**2,068,092**	**3,953**	**2,072,045**

Financial instruments measured at fair value Assets 2015	**Quoted prices in active markets - Level 1**	**Valuation techniques incorporating information other than observable market data - Level 3**	**Total**
Available-for-sale:			
Equity securities	398,056	-	398,056
Debt securities:			
Government bonds	478,636	-	478,636
Corporate bonds	1,054,332	-	1,054,332
Structured debt	-	3,908	3,908
Total	**1,931,024**	**3,908**	**1,934,932**

There have been no transfers between Level 1 or 2 in 2016 or 2015.

Structured debt

All structured debt contains embedded derivatives which are used for interest related strategies and are considered as closely related to the debt instrument. One of the main risks on the structured debt is the default risk of the guarantor of the issuer of the instrument.

Reconciliation of Level 3 fair values

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

Financial investments Level 3	Debt securities	
	2016	2015
Balance at 1 January	**3,908**	**21,075**
Total gains or losses:		
In income statement (net income from investments)	-	41
In other comprehensive income	45	92
Sales	-	(17,300)
Balance at 31 December	**3,953**	**3,908**

There have been no transfers into or out of Level 3 of the fair value hierarchy during 2016 or 2015.

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 manage these risks.

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 risks 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 governed in the fund's prospectus. Atradius only selects investment funds that have similar investment restrictions stated in their prospectus as stated in the Atradius Group Investment Policy.

Equity instruments issued by investment funds

The portfolio of equity instruments issued by investment funds are shown in the following table:

	2016	Weight in %	2015	Weight in %
Active fixed income funds	-	0.0%	76	0.0%
Passive equities exchange traded funds	203,980	99.5%	180,823	56.4%
Active money market funds	1,122	0.5%	139,984	43.6%
Total	**205,102**	**100.0%**	**320,883**	**100.0%**

Atradius | All amounts in thousands of Euro, unless otherwise stated

Passive equities exchange traded funds

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

Active money market funds

The portfolio of active money market funds consists out of one money market fund denominated in Brazilian Real.

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. Atradius manages this risk by matching the duration of the subordinated debt and the insurance contracts with one of the debt instruments.

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	
	2016	**2015**	**2016**	**2015**
Financial assets (1) (3)	1,781,141	1,536,876	495,328	508,039
Financial liabilities (2) (4)	(323,437)	(248,289)	(46,146)	(48,336)
Total	**1,457,704**	**1,288,587**	**449,182**	**459,703**

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 and cash held for 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 1%. 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 Group Investment Policy. As the duration can be described as the percentage change of a bond's value when the underlying discount rate is parallel shifted by 1%, the average maturity is the weighted average of the time until a bond has paid its final interest and principal redemption. The duration for 2016 is 2.9 years (2015: 2.6 years) and the average maturity for 2016 is 3.2 years (2015: 3.1 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 them as main inputs. These volatilities and correlations are provided by financial information providers or financial institutions.

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

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

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

Value-at-Risk	**EUR million**	**% of the market value**	**EUR million**	**% of the market value**
	2016		**2015**	
Equity securities:				
Shares (including equity funds)	165.3	57.0%	155.5	60.3%
Debt securities:				
Government bonds (including government bond funds)	6.8	1.2%	6.4	1.3%
Corporate bonds (including corporate bond funds)	23.3	1.9%	27.1	2.5%
Structured debt	1.4	33.4%	0.9	30.4%
Total portfolio	174.8	7.7%	166.7	7.5%

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, corporate bonds and structured debt is maintained to capture the actual exposure to corporate bonds that carry additional credit risk above the risks that government bonds bring along. The asset class structured debt is added to debt securities in order to reflect the exposure to structured debt that has additional risks which are not present for government bonds and corporate bonds. 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 may not be equal to the sum of the VaR of the individual portfolio components because the correlation between these components may be less than one. The VaR percentage increased from 7.5% at the end of 2015 to 7.7% at the end of 2016 and the VaR value increased from EUR 166.7 million at the end of 2015 to EUR 174.8 million at the end of 2016. The increase in VaR percentage and VaR value is mainly driven by additional investments in equities throughout 2016.

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 2016, the Euro continued to weaken against some of the non-Euro functional currencies but strengthened against the GBP (see Note 2.6.3) resulting in a foreign currency loss in other comprehensive income of EUR 0.8 million, net of tax (2015: a gain of EUR 3.4 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 | All amounts in thousands of Euro, unless otherwise stated

Atradius' exposure to foreign currency exchange rate risk, arising from monetary financial assets and liabilities denominated in non-functional currencies as at 31 December 2016 and 31 December 2015, is presented in the following table:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2016			2015		
EUR	213,870	168,527	45,344	162,724	146,047	16,677
GBP	25,146	22,257	2,889	(2,890)	15,132	(18,022)
USD	202,303	311,150	(108,847)	215,384	292,086	(76,702)
AUD	14,321	11,637	2,684	15,277	14,657	620
Other	180,327	254,186	(73,859)	121,620	173,726	(52,106)
Total	**635,968**	**767,757**	**(131,789)**	**512,115**	**641,648**	**(129,533)**

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 2015. 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):

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	2016			2015		
EUR	3,343,755	1,886,344	1,457,411	3,156,381	1,882,196	1,274,185
GBP	120,950	108,884	12,066	109,738	103,710	6,028
USD	336,608	323,814	12,794	391,562	343,657	47,905
AUD	78,349	38,938	39,411	78,517	49,417	29,100
Other	511,840	407,997	103,843	513,960	370,929	143,031
Total	**4,391,502**	**2,765,977**	**1,625,525**	**4,250,158**	**2,749,909**	**1,500,249**

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 normal 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 and are therefore included in the table below.

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 overall fixed income portfolio is almost completely invested in investment grade debt securities which are rated 'A-' or higher. If a corporate bond in which Atradius has indirectly invested (through an investment fund) falls below the minimum credit rating or is not rated, it should be reviewed by the Group Investment Committee to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer (per legal entity and at Atradius level) is 5% of the market value of the financial investments of the legal entity or Atradius. 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 action is taken if a concentration limit is breached.

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 2016 and as at 31 December 2015, are presented in the following tables:

At 31 December 2016 (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	-	235	225	1	25	486
Deposits received from reinsurers	-	(21)	(20)	-	(5)	(46)
Debt securities:						
Government bonds	185	292	56	12	15	560
Corporate bonds	7	148	969	91	3	1,218
Structured debt	-	-	1	3	-	4
Short-term investments:						
Deposits withheld by ceding companies	-	8	13	1	7	29
Bank deposits under short-term investments	33	26	65	55	-	179
Cash and cash equivalents	-	40	142	93	12	287
Total	**225**	**728**	**1,451**	**256**	**57**	**2,717**

Atradius | All amounts in thousands of Euro, unless otherwise stated

At 31 December 2015 (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	-	259	285	3	29	576
Deposits received from reinsurers	-	(19)	(21)	(7)	-	(47)
Debt securities:						
Government bonds	165	284	13	12	5	479
Corporate bonds	6	100	837	104	7	1,054
Structured debt	-	-	1	3	-	4
Short-term investments:						
Deposits withheld by ceding companies	-	5	14	4	7	30
Bank deposits under short-term investments	23	12	72	140	-	247
Cash and cash equivalents	-	22	34	167	8	231
Total	**194**	**663**	**1,235**	**426**	**56**	**2,574**

The counterparty credit ratings and the credit rating of the debt instruments are predominantly based on Standard & Poor's rating. In the absence of a Standard & Poor's credit rating, Atradius uses Moody's or Bloomberg Composite Ratings.

4.3.3 Liquidity risk

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

Liquidity risk is managed at Atradius level, in close coordination with local operations. Atradius' policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The investment policy states that Atradius should only invest in financial instruments that can be liquidated in less than four 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 two uncommitted credit lines in excess of EUR 1 million. These are in the form of an overdraft facility for a total amount of EUR 53 million (2015: EUR 53 million). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting Atradius to reduce its cash balances and to benefit from a more substantial and stable investment portfolio. Finally, Atradius has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows Atradius to ask the reinsurers to anticipate the payment of a large claim upon Atradius' request instead of the usual payment terms agreed in the reinsurance treaties.

Liquidity and interest risk tables

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

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

At 31 December 2016		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	52,500	521,439	248,437
Subordinated loan	5.00%	-	3,750	15,000	92,740	75,000
Deposits received from reinsurers	0.27%	-	45,535	-	-	45,535
Total		**-**	**62,410**	**67,500**	**614,179**	**368,972**
Non-interest bearing liabilities						
Insurance contracts			988,354	442,280	1,283	1,561,155
Payables		-	232,746	-	-	232,746
Total		**-**	**1,221,100**	**442,280**	**1,283**	**1,793,901**

At 31 December 2015		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated note	5.35%	-	13,125	52,500	547,500	248,289
Deposits received from reinsurers	0.28%	-	47,005	-	-	47,005
Total		**-**	**60,130**	**52,500**	**547,500**	**295,294**
Non-interest bearing liabilities						
Insurance contracts		-	1,047,261	468,791	4,773	1,648,791
Payables		-	195,207	-	-	195,207
Total		**-**	**1,242,468**	**468,791**	**4,773**	**1,843,998**

Atradius | All amounts in thousands of Euro, unless otherwise stated

At 31 December 2016		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	(0.03%)	-	254,658	1,482,492	61,387	1,781,141
Investments: deposits and cash held for investments	0.00%-1.33%	80,025	127,893	127	417	208,223
Cash: Cash and bank deposits	0.00%	286,340	129	-	-	286,469
Total		**366,365**	**382,680**	**1,482,619**	**61,804**	**2,275,833**
Non-interest bearing assets						
Other financial assets		-	290,929	-	-	290,929
Reinsurance contracts		-	400,280	179,122	520	632,262
Receivables		-	201,287	-	-	201,287
Total		**-**	**892,496**	**179,122**	**520**	**1,124,478**

At 31 December 2015		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.58%	-	332,484	1,190,786	49,441	1,536,876
Investments: deposits and cash held for investments	0.00%-2.00%	164,085	72,959	34,127	6,059	277,230
Cash: Cash and bank deposits	0.10%	226,719	2,657	-	-	229,376
Total		**390,804**	**408,100**	**1,224,913**	**55,500**	**2,043,482**
Non-interest bearing assets						
Other financial assets		-	398,158	-	-	398,158
Reinsurance contracts		-	438,171	196,141	1,997	689,849
Receivables		-	204,575	-	-	204,575
Total		**-**	**1,040,904**	**196,141**	**1,997**	**1,292,582**

4.4 Operational risk

4.4.1 Operational risk management

Operational risks are the risks of direct or indirect loss from inadequate or failed internal processes, people, and systems or external events. This definition is in line with industry practice as well as with the European Union Solvency II Framework Directive.

The Operational Risk Management (ORM) unit is part of Atradius 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 ORM unit works closely with both Internal Audit and the Legal and Compliance unit. At the highest level, operational risk is overseen by the Operational Risk Committee, which has a reporting line through to the Chief Risk Officer.

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

In respect of external fraud, a specific department monitors the activity of customers and buyers to detect indications of fraud and Atradius provides fraud awareness training to employees to help identify fraudulent buyers. Internal fraud is addressed through manual and automated operational controls such as the segregation of duties, application of signing authorities and role-based system privileges and authorities.

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

4.4.1.1 Risk registers and risk / control self-assessments

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

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

On a quarterly basis, Atradius conducts specific assessments of processes and controls covering financial reporting risks; 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. Business continuity management at Atradius is based on the internationally recognised British Standard BS25999 and aligned with the International Standard ISO223019. The ORM unit co-ordinates the documentation, maintenance and continual testing of practical plans for recovering key business activities within acceptable timeframes.

4.4.1.3 Compliance

Compliance practices support our business, our reputation and our integrity. These elements are of importance to our customers, suppliers, staff and other stakeholders. Complying with relevant laws, rules and regulations and maintaining a high standard in terms 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 employees of Atradius and that govern Atradius' operations and its employees' business conduct and actions. Individual Compliance Codes address specific compliance areas in more detail and set out detailed compliance requirements that must be complied with across Atradius and which must be included in existing business procedures. For the monitoring and testing of effectiveness of these requirements, close alignment is sought with the activities of the ORM and Internal Audit units.

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
- minimising the overall cost of funding while preserving financial flexibility.

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

Available capital is measured and managed both from an accounting and economic perspective. Atradius considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies to actively manage capital to ensure capital adequacy. Atradius' policy is to maintain a sufficient excess above the minimum solvency capital required by the relevant regulatory authorities.

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:

- a process of regular assessment of solvency needs, taking into account the business strategy, resulting risk profile and applied risk limits;
- 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.

In order to ensure capital adequacy, a capital buffer above the regulatory 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.

4.5.3 Regulatory capital requirements

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

In 2016, the capital of Atradius has been managed according to the Atradius guidelines and in close cooperation with the units involved in managing the different factors related to capital. 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; it became effective on 1 January 2016. It replaced the former regulatory regime of 14 directives which were commonly known as "Solvency I".

Atradius Crédito y Caución, S.A. de Seguros y Reaseguros in Spain and Atradius Re 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.

The regulated entities within Atradius currently apply the Standard Formula for calculating their regulatory capital requirements; the ultimate parent has applied for supervisory approval to use a Partial Internal Model to calculate regulatory capital requirements for its credit insurance business. Approval is expected to be received in the course of 2017.

Atradius | All amounts in thousands of Euro, unless otherwise stated

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 insurance business is split into the segments Credit insurance which includes Instalment credit protection (ICP), Bonding and Reinsurance due to the different nature of the related products and the associated insurance liabilities. The segment Services includes Collection activities, Atradius Dutch State Business and other service related business. Group costs relate to corporate operations, after cost allocations to the other business segments.

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

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
2016								
Insurance premium revenue	1,316,365	109,199	132,024	1,557,588	-	-	-	1,557,588
Service and other income	127,396	-	-	127,396	75,683	-	-	203,079
Inter-segment revenue	-	-	-	-	3,419	(3,419)	-	-
Total revenue	**1,443,761**	**109,199**	**132,024**	**1,684,984**	**79,102**	**(3,419)**	**-**	**1,760,667**
Insurance premium ceded to reinsurers	(593,495)	(48,635)	(21,701)	(663,831)	-	-	-	(663,831)
Total segment income after reinsurance	**850,266**	**60,564**	**110,323**	**1,021,153**	**79,102**	**(3,419)**	**-**	**1,096,836**
Insurance claims and loss adjustment expenses	(600,704)	(7,901)	(92,542)	(701,147)	-	2,755	-	(698,392)
Insurance claims and loss adjustment expenses recovered from reinsurers	252,416	948	18,532	271,896	-	-	-	271,896
Net insurance claims	**(348,288)**	**(6,953)**	**(74,010)**	**(429,251)**	**-**	**2,755**	**-**	**(426,496)**
Gross operating expenses	(510,594)	(40,884)	(54,927)	(606,405)	(70,471)	664	(6,986)	(683,198)
Commission received for business ceded to reinsurers	227,737	18,102	6,034	251,873	-	-	-	251,873
Net operating expenses	**(282,857)**	**(22,782)**	**(48,893)**	**(354,532)**	**(70,471)**	**664**	**(6,986)**	**(431,325)**
Operating segment result	**219,121**	**30,829**	**(12,580)**	**237,370**	**8,631**	**-**	**(6,986)**	**239,015**
Share of income of associated companies								26,689
Net income from investments								18,279
Finance income								3,325
Finance expenses								(12,744)
Result for the year before tax								**274,564**
Income tax expense								(62,792)
Result for the year								**211,772**

Business segment **2016**	**Credit insurance**	**Bonding**	**Reinsurance**	**Total insurance business**	**Services**	**Inter-segment elimination**	**Total**
Reinsurance contracts	426,959	158,514	46,789	632,262	-	-	632,262
Receivables	172,092	20,084	5,902	198,078	7,267	(4,058)	201,287
Unallocated assets	-	-	-	-	-	-	3,557,953
Total assets	**599,051**	**178,598**	**52,691**	**830,340**	**7,267**	**(4,058)**	**4,391,502**
Insurance contracts	882,289	281,977	396,889	1,561,155	-	-	1,561,155
Payables	146,048	84,946	887	231,881	12,530	(11,665)	232,746
Unallocated liabilities	-	-	-	-	-	-	972,076
Total liabilities	**1,028,337**	**366,923**	**397,776**	**1,793,036**	**12,530**	**(11,665)**	**2,765,977**
Total year end number of employees (full-time equivalent)	2,640	139	27	**2,806**	758	-	**3,564**

Atradius | All amounts in thousands of Euro, unless otherwise stated

Business segment	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
2015								
Insurance premium revenue	1,300,484	101,777	134,744	1,537,005	-	-	-	1,537,005
Service and other income	121,454	-	-	121,454	59,300	-	-	180,754
Inter-segment revenue	-	-	-	-	3,961	(3,961)	-	-
Total revenue	**1,421,938**	**101,777**	**134,744**	**1,658,459**	**63,261**	**(3,961)**	**-**	**1,717,759**
Insurance premium ceded to reinsurers	(609,502)	(46,753)	(18,353)	(674,608)	-	-	-	(674,608)
Total segment income after reinsurance	**812,436**	**55,024**	**116,391**	**983,851**	**63,261**	**(3,961)**	**-**	**1,043,151**
Insurance claims and loss adjustment expenses	(622,395)	19,084	(118,420)	(721,731)	-	3,209	-	(718,522)
Insurance claims and loss adjustment expenses recovered from reinsurers	300,954	(15,259)	23,193	308,888	-	-	-	308,888
Net insurance claims	**(321,441)**	**3,825**	**(95,227)**	**(412,843)**	**-**	**3,209**	**-**	**(409,634)**
Gross operating expenses	(507,846)	(35,955)	(56,776)	(600,577)	(55,307)	752	(15,505)	(670,637)
Commission received for business ceded to reinsurers	239,762	17,244	5,757	262,763	-	-	-	262,763
Net operating expenses	**(268,084)**	**(18,711)**	**(51,019)**	**(337,814)**	**(55,307)**	**752**	**(15,505)**	**(407,874)**
Operating segment result	**222,911**	**40,138**	**(29,855)**	**233,194**	**7,954**	**-**	**(15,505)**	**225,643**
Share of income of associated companies								782
Net income from investments								35,234
Finance income								4,108
Finance expenses								(17,597)
Result for the year before tax								**248,170**
Income tax expense								(69,949)
Result for the year								**178,221**

Business segment 2015	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	482,361	166,203	41,285	689,849	-	-	689,849
Receivables	171,904	23,401	6,347	201,652	5,419	(2,496)	204,575
Unallocated assets	-	-	-	-	-	-	3,355,734
Total assets	**654,265**	**189,604**	**47,632**	**891,501**	**5,419**	**(2,496)**	**4,250,158**
Insurance contracts	998,756	285,181	364,854	1,648,791	-	-	1,648,791
Payables	173,414	20,529	63	194,006	10,902	(9,701)	195,207
Unallocated liabilities	-	-	-	-	-	-	905,911
Total liabilities	**1,172,170**	**305,710**	**364,917**	**1,842,797**	**10,902**	**(9,701)**	**2,749,909**
Total year end number of employees (full-time equivalent)	2,636	136	25	**2,797**	364	-	**3,161**

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 58% credit insurance contracts and approximately 42% bonding (2015: 60% and 40% respectively), based on premium volume.

Revenue from external customers allocated to the region in which the insurance contract is issued or services are rendered is presented in the following table:

	2016	**2015**
Spain and Portugal	394,254	399,709
France, Belgium, Italy and Luxembourg	326,056	313,995
Germany, Central and Eastern Europe	299,969	281,109
United Kingdom and Ireland	266,502	273,655
The Netherlands	147,527	132,437
Oceania and Asia	122,699	112,938
Americas	111,576	111,275
Nordic countries	92,084	92,641
Total	**1,760,667**	**1,717,759**

Revenue is derived from a large number of customers and no single customer (or group under common control) contributes more than 10% to Atradius' revenue.

Atradius | All amounts in thousands of Euro, unless otherwise stated

Total assets and capital expenditure allocated based on where the assets are located are presented in the following table:

	Assets		Non-current assets *		Additions to non-current assets *	
	2016	2015	2016	2015	2016	2015
Spain and Portugal	841,619	927,603	118,365	116,609	8,276	3,722
France, Belgium, Italy and Luxembourg	354,682	441,400	22,831	20,185	4,833	2,098
Germany, Central and Eastern Europe	277,862	334,189	5,681	4,683	2,791	1,646
United Kingdom and Ireland	1,431,163	1,345,145	27,792	26,934	14,106	10,183
The Netherlands	928,258	562,417	30,951	13,076	14,522	8,546
Nordic countries	140,349	240,360	1,326	1,400	405	398
Americas	230,086	201,243	2,501	2,527	533	197
Oceania and Asia	187,483	197,801	1,860	1,796	569	957
Total	**4,391,502**	**4,250,158**	**211,307**	**187,210**	**46,035**	**27,747**

** Non-current assets included in the above table comprise intangible assets (other than goodwill), property, plant and equipment and investment property.*

6 Intangible assets

2016	Goodwill	Software	Other *	Total
At cost at 1 January	**118,378**	**169,708**	**24,661**	**312,747**
Business combinations	32,943	7,944	5,800	46,687
Additions	-	28,242	1,739	29,981
Disposals	-	(2,097)	-	(2,097)
Effect of movements in foreign exchange rates	(9)	(10,373)	38	(10,344)
At cost at 31 December	**151,312**	**193,424**	**32,238**	**376,974**
Accumulated amortisation and impairments at 1 January	**(735)**	**(121,789)**	**(16,723)**	**(139,247)**
Amortisation charge for the year	-	(12,740)	(2,672)	(15,412)
Disposals	-	2,083	-	2,083
Impairment	-	(5,683)	-	(5,683)
Effect of movements in foreign exchange rates	(1)	7,327	(36)	7,290
Accumulated amortisation and impairments at 31 December	**(736)**	**(130,802)**	**(19,431)**	**(150,969)**
Balance at 1 January	**117,643**	**47,919**	**7,938**	**173,500**
Balance at 31 December	**150,576**	**62,622**	**12,805**	**226,005**

2015	Goodwill	Software	Other *	Total
At cost at 1 January	**118,377**	**164,980**	**24,537**	**307,894**
Additions	-	20,238	-	20,238
Disposals	-	(19,014)	-	(19,014)
Effect of movements in foreign exchange rates	1	3,504	124	3,629
At cost at 31 December	**118,378**	**169,708**	**24,661**	**312,747**
Accumulated amortisation and impairments at 1 January	**(735)**	**(122,966)**	**(15,432)**	**(139,133)**
Amortisation charge for the year	-	(12,610)	(1,187)	(13,797)
Disposals	-	19,014	-	19,014
Impairment	-	(2,778)	-	(2,778)
Effect of movements in foreign exchange rates	-	(2,449)	(104)	(2,553)
Accumulated amortisation and impairments at 31 December	**(735)**	**(121,789)**	**(16,723)**	**(139,247)**
Balance at 1 January	**117,642**	**42,014**	**9,105**	**168,761**
Balance at 31 December	**117,643**	**47,919**	**7,938**	**173,500**

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

Goodwill

If applicable, impairment of goodwill is recognised as a separate item in the income statement. During 2016 there was no impairment charge (2015: no impairment charge).

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

Atradius | All amounts in thousands of Euro, unless otherwise stated

Cash-Generating Units	2016	2015
ACyC [1]	98,797	98,797
Graydon Holding N.V.	30,931	-
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]	2,592	2,599
Other	4,313	2,304
Total	**150,576**	**117,643**

1) The CGU ACyC includes the local business in Spain and Portugal, Iberinform Internacional S.A. and Crédito y Caución Seguradora de Crédito e Garantias S.A..
2) The Nordic Bonding unit includes Atradius' bonding business in Denmark, Norway, Sweden and Finland.

The value in use of an individual CGU is determined using a discounted cash flow model. The cash flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the first 1-3 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. For the main portion of the goodwill, the discount rate (after tax) used is 8.62% (2015: 8.53%) and the terminal value is calculated based on the free cash flows in year 11, for which a normalised long-term annual cash flow is calculated and a long-term growth rate of 0.5% (2015: 0.5%). The discount rate used is close to cost of equity. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated based on the Solvency II standard formula and minimum shareholders equity required (non-distributable).

The goodwill of Graydon Holding N.V. is based on the fair value of EUR 57 million as per valuation date 1 November 2016. Cash flows are discounted at a cost of equity of 11.23%.

Software

Atradius assessed all capitalised software to determine if the criteria for capitalisation are being met. In 2016, Atradius decided EUR 5.7 million of the capitalised software should be impaired (2015: EUR 2.8 million), since the expected benefits of the developed software cannot be achieved.

7 Property, plant and equipment & investment property

2016	Land & buildings	Fixtures & fittings	IT hardware	Total property, plant & equipment	Investment property
At cost at 1 January	**108,582**	**51,891**	**48,087**	**208,560**	**14,615**
Business combinations	-	207	402	609	-
Additions	14	9,204	5,481	14,699	-
Disposals	-	(2,411)	(1,735)	(4,146)	-
Effect of movements in foreign exchange rates	(209)	(1,661)	(3,057)	(4,927)	(97)
At cost at 31 December	**108,387**	**57,230**	**49,178**	**214,795**	**14,518**
Accumulated depreciation and impairments at 1 January	**(9,422)**	**(40,109)**	**(37,776)**	**(87,307)**	**(4,517)**
Depreciation charge for the year	(1,032)	(3,628)	(4,572)	(9,232)	(113)
Disposals	-	2,197	1,702	3,899	-
Impairment loss	-	-	-	-	11
Effect of movements in foreign exchange rates	28	1,513	2,272	3,813	9
Accumulated depreciation and impairments at 31 December	**(10,426)**	**(40,027)**	**(38,374)**	**(88,827)**	**(4,610)**
Balance at 1 January	**99,160**	**11,782**	**10,311**	**121,253**	**10,098**
Balance at 31 December	**97,961**	**17,203**	**10,804**	**125,968**	**9,908**

Atradius | All amounts in thousands of Euro, unless otherwise stated

2015	Land & buildings	Fixtures & fittings	IT hardware	Total property, plant & equipment	Investment property
At cost at 1 January	**108,638**	**51,211**	**51,379**	**211,228**	**14,750**
Additions	45	3,196	4,268	7,509	-
Disposals	-	(3,246)	(8,914)	(12,160)	(100)
Effect of movements in foreign exchange rates	(101)	730	1,354	1,983	(35)
At cost at 31 December	**108,582**	**51,891**	**48,087**	**208,560**	**14,615**
Accumulated depreciation and impairments at 1 January	**(8,334)**	**(39,103)**	**(40,347)**	**(87,784)**	**(4,372)**
Depreciation charge for the year	(1,105)	(3,504)	(5,431)	(10,040)	(54)
Disposals	-	3,123	8,893	12,016	39
Impairment loss	-	-	-	-	(134)
Effect of movements in foreign exchange rates	17	(625)	(891)	(1,499)	4
Accumulated depreciation and impairments at 31 December	**(9,422)**	**(40,109)**	**(37,776)**	**(87,307)**	**(4,517)**
Balance at 1 January	**100,304**	**12,108**	**11,032**	**123,444**	**10,378**
Balance at 31 December	**99,160**	**11,782**	**10,311**	**121,253**	**10,098**

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	
	2016	**2015**	**2016**	**2015**
Spain and Portugal	83,205	79,822	8,267	8,607
Italy	20,620	20,620	745	745
Mexico	3,848	3,813	1,283	1,479
The Netherlands	-	-	460	906
Other	971	782	-	-
Total	**108,644**	**105,037**	**10,755**	**11,737**

Fair value measurement

Land and buildings are independently appraised by real estate valuators, 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 to three years.

All property is valued using valuation techniques. 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 2015). Valuation techniques used are: Market (comparison) approach, Income approach (discounted cash flow method) and Cost approach. The valuations for Spanish property are in accordance with the rules applicable to insurance companies in connection with the valuation of assets to cover technical provisions. Significant valuation inputs used to determine the fair value measurements based on techniques used are construction features, location (and/or conditions) and transport utilities.

The estimated fair value of the properties is directly dependant on the changes of the inputs used. There has been no change in the valuation techniques used compared to prior year.

Property own use

A property in Italy with a carrying value of EUR 14.8 million (2015: EUR 5.4 million) is no longer subject to a legal charge (2015: EUR 2.7 million).

Investment property

Investment properties in Italy with a carrying value of EUR 646 thousand (2015: EUR 346 thousand) are subject to a legal charge for the full amount.

The investment property can be classified as follows: 88% office (2015: 87%) and 12% retail (2015: 13%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 72 thousand (2015: EUR 101 thousand). During the year an amount of EUR 1 million (2015: EUR 0.6 million) 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 0.8 million of which EUR 0.8 million are for non-cancellable contracts.

Atradius | All amounts in thousands of Euro, unless otherwise stated

8 Subsidiaries

The following table sets forth, as at 31 December 2016 and 2015, the name and country of incorporation of the main subsidiaries of Atradius N.V.

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

	Country of incorporation	% interest held	Type of business
Atradius Collections B.V.	The Netherlands	100.00%	Collections
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	100.00%	Credit insurance
Atradius Finance B.V.	The Netherlands	100.00%	Finance
Atradius Information Services B.V.	The Netherlands	100.00%	Information services
Atradius Insurance Holding N.V.	The Netherlands	100.00%	Holding
Atradius Participations Holding B.V.	The Netherlands	100.00%	Holding
Atradius Reinsurance DAC	Ireland	100.00%	Reinsurance
Atradius Rus Credit Insurance LLC	Russia	100.00%	Credit insurance
Atradius Seguros de Crédito, S.A.	Mexico	100.00%	Credit insurance
Atradius Trade Credit Insurance, Inc.	USA	100.00%	Credit insurance
Crédito y Caución Seguradora de Crédito e Garantias SA	Brazil	100.00%	Credit insurance
Graydon Holding N.V. 1)	The Netherlands	100.00%	Information services

1) Atradius increased its shareholdings in Graydon Holding N.V. from 45% to 100% as per 15th September 2016.

On 2 February 2016, Atradius Insurance Holding N.V., as the sole shareholder, has approved the merger of Atradius Credit Insurance N.V. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.u. into one single legal entity by the means of the absorption of the former by the latter. Atradius N.V. will remain the Dutch holding company of a leading international network of credit insurance, bonding, reinsurance, debt collections, and information services companies.

The resulting legal structure ACyC (Atradius Crédito y Caución S.A. de Seguros y Reaseguros), that is effective as per 30 December 2016, reduces the complexity of working with two European insurance carriers, different regulatory environments and dual governance frameworks (particularly with the current Solvency II regulation) without any impact on the business model, financial statements and established brands. Grupo Catalana Occidente remains committed to keeping Atradius' entities well capitalised and with the same financial and operational independence.

9 Investments in associated companies

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

	2016	2015
Balance at 1 January	**35,396**	**39,392**
Share of income of associated companies[1)]	6,808	782
Dividends received	-	(1,829)
Disposals	(3,449)	(3,040)
Effect of movements in foreign exchange rates	831	91
Balance at 31 December	**39,586**	**35,396**

1) Excluding the result of sale of associates

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

	Country of incorporation	% interest held	Type of business
CLAL Credit Insurance Ltd., Tel Aviv	Israel	20.00%	Credit insurance
Al Mulla Atradius Insurance Consultancy & Brokerage L.L.C., Dubai	UAE	49.00%	Dormant
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	Chile	50.00% [2)]	Credit insurance
The Lebanese Credit Insurer s.a.l., Beirut	Lebanon	48.90%	Credit insurance

2) Minus one share

Atradius | All amounts in thousands of Euro, unless otherwise stated

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

2016	Graydon Holding N.V.	CLAL Credit Insurance Ltd.	Compañía de Seguros de Crédito Continental S.A.	The Lebanese Credit Insurer s.a.l.	Other	Total
Atradius' interest						
Goodwill	-	380	1,611	-	-	**1,991**
Net assets	-	9,573	26,176	1,846	-	**37,595**
Carrying amount	**-**	**9,953**	**27,787**	**1,846**	-	**39,586**
Share of income of associated companies	-	81	7,141	80	-	**7,302**
Result sale	-	-	-	-	-	**-**
Other income/(expense)	-	-	-	-	(494)	**(494)**
Dividends received	-	-	-	-	-	**-**
Associated companies						
Assets	-	77,886	106,502	14,723	-	**199,111**
Liabilities	-	30,020	54,150	10,951	-	**95,121**
Revenue	-	13,160	9,605	3,676	-	**26,441**
Net assets	-	47,867	52,352	3,772	-	**103,991**
Result for the year	-	405	14,282	163	-	**14,850**
2015						
Atradius' interest						
Goodwill	-	380	1,611	-	-	**1,991**
Net assets	5,769	8,850	17,079	1,707	-	**33,405**
Carrying amount	**5,769**	**9,230**	**18,690**	**1,707**	**-**	**35,396**
Share of income of associated companies	(1,726)	991	1,523	(599)	242	**431**
Result sale	-	-	-	-	(157)	**(157)**
Other income	-	-	-	-	508	**508**
Dividends received	-	-	1,829	-	-	**1,829**
Associated companies						
Assets	53,827	71,725	113,426	10,676	-	**249,654**
Liabilities	41,006	27,474	79,269	7,186	-	**154,935**
Revenue	52,702	12,966	8,241	2,520	-	**76,429**
Net assets	12,821	44,251	34,157	3,490	-	**94,719**
Result for the year	(3,835)	4,956	3,046	(1,225)	-	**2,942**

Excluding the revaluation of our existing 45% stake in Graydon Holding N.V. after the acquisition of the remaining 55% of the outstanding shares of Graydon Holding N.V. on 15 September 2016. For more details on the business combination, see Note 34.

Transactions with associated companies are disclosed in Note 36.

10 Financial investments

Financial investments classified by measurement category and nature	Available-for-sale		Loans and receivables		Total	
	2016	2015	2016	2015	2016	2015
Equity securities	290,904	398,056	-	-	290,904	398,056
Debt securities	1,781,141	1,536,876	-	-	1,781,141	1,536,876
Loans	-	-	25	102	25	102
Short-term investments	-	-	181,503	210,797	181,503	210,797
Cash held for investments	-	-	26,720	66,433	26,720	66,433
Total	**2,072,045**	**1,934,932**	**208,248**	**277,332**	**2,280,293**	**2,212,264**

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2016	2015	2016	2015	2016	2015
Balance at 1 January	**398,056**	**417,604**	**1,536,876**	**1,295,133**	**1,934,932**	**1,712,737**
Additions	45,567	309,566	920,840	726,592	966,407	1,036,158
Disposals	(152,729)	(337,470)	(670,542)	(462,983)	(823,271)	(800,453)
Amortisation charge for the year	-	-	(26,906)	(25,018)	(26,906)	(25,018)
Revaluations through other comprehensive income and income statement	(84)	10,155	19,090	(4,422)	19,006	5,733
Effect of movements in foreign exchange rates	94	(1,799)	1,783	7,574	1,877	5,775
Balance at 31 December	**290,904**	**398,056**	**1,781,141**	**1,536,876**	**2,072,045**	**1,934,932**

11 Receivables

	2016	2015
Accounts receivable on insurance and reinsurance business	**153,405**	**175,373**
Amounts owed by policyholders and direct insurance operations	129,983	122,902
Receivables arising out of reinsurance	23,422	52,471
Other accounts receivable	**47,882**	**29,202**
Total	**201,287**	**204,575**

The outstanding receivables are substantially all current and consequently their fair values do not materially differ from their carrying amounts.

There is no concentration of credit risk in respect of receivables as Atradius has a large number of internationally dispersed debtors (see Note 4.3.2).

An amount of EUR 84.6 million (2015: EUR 81.5 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 89.7% (2015: 93.2%) relates to receivables ageing less than three months.

All receivables are considered for impairment testing. As of 31 December 2016, receivables of EUR 30.2 million (2015: EUR 39.2 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 17.6 million (2015: EUR 22.9 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.

Atradius | All amounts in thousands of Euro, unless otherwise stated

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

	2016	2015
Balance at 1 January	**22,964**	**22,527**
Impairment of receivables	3,846	5,837
Receivables written off during the year as uncollectable	(8,592)	(2,642)
Unused amounts reversed	(642)	(2,758)
Balance at 31 December	**17,576**	**22,964**

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

12 Deferred acquisition costs

	2016	2015
Balance at 1 January	**73,919**	**72,270**
Change in deferred acquisition costs	(2,749)	2,519
Effect of movements in foreign exchange rates	1,954	(870)
Balance at 31 December	**73,124**	**73,919**
Current	50,472	50,902
Non-current	22,652	23,017

13 Miscellaneous assets and accruals

	2016	2015
Pipeline and ceded return premium	343,965	335,360
Prepayments and accrued interest	39,550	40,863
Net plan pension asset	2,584	17,812
Reimbursement rights	12,556	8,722
Other	21,406	21,587
Total	**420,061**	**424,344**

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

The miscellaneous 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 plan pension asset relates to the UK pension plan concerns the surplus of plan assets as per 31 December 2016 is EUR 2.6 million (2015: EUR 17.8 million) (see Note 17).

14 Cash and cash equivalents

	2016	2015
Cash at bank and on hand	286,951	228,050
Short-term bank deposits	129	2,657
Cash and cash equivalents	**287,080**	**230,707**
Cash and cash equivalents	287,080	230,707
Bank overdrafts	(611)	(1,331)
Cash and cash equivalents in the statement of cash flows	**286,469**	**229,376**

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. Therefore, in the statement of financial position, the related bank overdrafts that do not qualify for offsetting are presented separately as liabilities under borrowings.

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 (2015: the same) of which 79,122,142 ordinary shares were issued and fully paid (2015: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

15.2 Share premium reserve

	2016	2015
Balance at 1 January	**639,228**	**704,108**
Dividends	-	(64,880)
Balance at 31 December	**639,228**	**639,228**

15.3 Revaluation reserve

	2016	2015
Balance at 1 January	**37,176**	**48,085**
Change in revaluation reserve - gross	21,382	6,649
Change in revaluation reserve - tax	(3,032)	(1,524)
Net (gains)/losses transferred to net profit on disposal - gross	(1,058)	(19,223)
Net (gains)/losses transferred to net profit on disposal - tax	289	3,189
Balance at 31 December	**54,757**	**37,176**

Atradius | All amounts in thousands of Euro, unless otherwise stated

15.4 Currency translation reserve

	2016	2015
Balance at 1 January	**(31,733)**	**(35,115)**
Change in currency translation reserve - gross	(1,869)	3,782
Change in currency translation reserve - tax	1,044	(400)
Balance at 31 December	**(32,558)**	**(31,733)**

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

15.5 Pension reserve

	2016	2015
Balance at 1 January	**(138,190)**	**(139,586)**
Recognised actuarial gains/(losses)	**(32,120)**	**1,396**
Change in pension reserve - gross	(40,045)	2,795
Change in pension reserve - tax	7,925	(1,399)
Balance at 31 December	**(170,310)**	**(138,190)**

15.6 Retained earnings

	2016	2015
Balance at 1 January	**914,646**	**736,425**
Dividends	(71,210)	-
Result for the year	211,795	178,221
Balance at 31 December	**1,055,231**	**914,646**

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. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. Additionally, certain subsidiaries are subject to restrictions on the amount of funds they may distribute in the form of dividends or otherwise and also in respect of minimum capital requirements that are imposed by industry regulators in the countries in which the subsidiaries operate.

The Company distributes dividends out of the retained earnings balance. If this balance is insufficient, the Company will distribute dividends out of the share premium reserve (see Note 4.2 in the Company financial statements).

16 Subordinated debt

	2016	2015
Balance at 1 January	**248,289**	**248,141**
Accretion of interest	148	148
Redemption	-	-
Addition	75,000	-
Balance at 31 December	**323,437**	**248,289**

On 23 September 2014, Atradius Finance B.V. issued guaranteed subordinated notes with a nominal value of EUR 100,000 each for an aggregate amount of EUR 250 million (the 'notes'). Atradius Finance B.V. may redeem the notes, in whole but not in part, on 23 September 2024 and thereafter on each interest payment date. Unless previously redeemed, the notes will be redeemed at maturity on 23 September 2044. The notes bear interest at a fixed rate of 5.250% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. The notes do qualify as regulatory capital under the Solvency II grandfathering rules. The notes are issued by Atradius Finance B.V. and guaranteed by the Company. The notes are listed on the Luxembourg Stock Exchange.

On 20 April 2016 the shareholders of Atradius N.V. provided a subordinated loan to Atradius Re with a principal amount of EUR 75 million. The subordinated loan bears interest at a fixed rate of 5.0% per annum, payable annually in arrears on 20 April each year until and including the maturity date: 20 April 2026. Atradius Re may redeem the loan on the first call date, 20 April 2021, or thereafter on each interest payment date. The subordinated loan qualifies as Tier 2 basic own funds item as set out in article 73 of the European Commission's Solvency II Delegated Regulation (2015/35).

The fair value estimate of the notes issued by Atradius Finance is EUR 234 million (2015: EUR 226 million). The fair value estimate of the subordinated loan issued by Atradius Re is EUR 77 million. Both the fair value of the subordinated notes and the subordinated loan are classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II.

The fair value of the subordinated notes is based on binding quotes from independent brokers. The fair value of the subordinated loan is based on a valuation model using observable data. The fair value estimate of the subordinated loan 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 the present value of the subordinated loan's cash flows discounted using the Euro government bond yield curve as a benchmark and applying an appropriate risk spread. The risk spread applied is estimated using the credit spreads of market quoted subordinated bond issues from similar issuers and with similar rating and maturity profiles.

17 Employee benefit assets and liabilities

	2016	2015
Retirement benefits	104,352	89,012
Other long-term employee benefits	5,099	4,923
Total	**109,451**	**93,935**

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in the United Kingdom, Germany and the Netherlands and these represent 93% (2015: 93%) of the defined benefit obligation. The other plans relate to Spain and Portugal, Italy, Switzerland, Sweden, Belgium, Norway, France and Mexico. The recognition of assets and liabilities is determined separately for each plan.

Within Atradius there are also defined contribution plans. The contributions to these plans are recognised as expenses in the income statement. The total contributions amounted to EUR 10.4 million in 2016 (2015: EUR 9.9 million).

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Pension assets and liabilities

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2016	2015	2016	2015	2016	2015
Balance at 1 January	**758,194**	**732,723**	**669,182**	**654,282**	**89,012**	**78,441**
Included in the income statement:						
Current service cost	12,362	20,200	-	-	12,362	20,200
Past service cost	(8,287)	43	-	-	(8,287)	43
Interest cost / income	19,475	20,663	18,700	19,496	775	1,167
Administration costs	450	538	-	-	450	538
Cost of Termination Benefits	7,059	-	-	-	7,059	-
Effect of movements in foreign exchange rates	10,535	28	7,920	(491)	2,615	519
Total included in the income statement	**41,594**	**41,472**	**26,620**	**19,005**	**14,974**	**22,467**
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
- demographic assumptions	1,384	225	-	-	1,384	225
- financial assumptions	108,191	(5,246)	-	-	108,191	(5,246)
- experience adjustments	(8,749)	(11,512)	-	-	(8,749)	(11,512)
Return on plan assets excluding interest income	-	-	55,893	(13,115)	(55,893)	13,115
Effect of movements in foreign exchange rates	(54,210)	16,549	(53,020)	16,753	(1,190)	(204)
Total included in OCI	**46,616**	**16**	**2,873**	**3,638**	**43,743**	**(3,622)**
Other:						
Contributions paid by the employer	(3,154)	(2,994)	24,994	25,928	(28,148)	(28,922)
Plan participants contributions	2,119	2,284	2,119	2,284	-	-
Benefits paid	(16,698)	(15,936)	(16,698)	(18,772)	-	2,836
Additional benefits	(140)	629	(140)	629	-	-
Reclassification of surplus plan assets	-	-	15,228	(17,812)	(15,228)	17,812
Total other	**(17,873)**	**(16,017)**	**25,503**	**(7,743)**	**(43,376)**	**(8,274)**
Balance at 31 December	**828,531**	**758,194**	**724,178**	**669,182**	**104,352**	**89,012**

Plan assets

Atradius has pension related assets which under IAS 19 do not meet the criteria to qualify as plan assets. In Germany, for one of the plans, assets of EUR 16.7 million (2015: EUR 17.9 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 29.7 million of financial investments (2015: EUR 28.5 million) is on an escrow account to support the UK pension fund. In the event of insolvency, the Trustee of the pension fund has the right to those investments, provided certain conditions are met.

The surplus of one of the UK pension plans as per 31 December 2016 is EUR 2.6 million (2015: EUR 17.8 million) is disclosed as net plan pension assets as part of Note 13.

In Spain and Portugal, the defined benefit plans are partially insured with Seguros Catalana Occidente S.A. These insurance policies do not qualify as insurance policies under IAS 19, therefore the fair value is treated as reimbursement rights, which are recorded as part of other assets for an amount of EUR 12.2 million (2015: EUR 8.7 million). At the end of 2016, the defined benefit obligation related to the reimbursement rights amounts to EUR 24.7 million (2015: EUR 25.1 million). This same defined benefit obligation has in addition plan assets of EUR 14.8 million (2015: EUR 12.5 million).

Characteristics of the main defined benefit plans

Characteristic	United Kingdom	Germany	The Netherlands
Entitlement	Pension entitlements are based on a percentage of final salary (closed to new employees).	Pension entitlements are based on a percentage of the average salary of the last 10 years.	Pension entitlements are based on a percentage of the average salary (maximum of EUR 0.1 million - closed to new employees).
Number of participants	173 active members (2015: 196 active members). 494 inactive members (2015: 0 inactive members).	508 active members (2015: 503 active members). 418 inactive members (2015: 407 inactive members).	333 active members (2015: 356 active members). 1,319 inactive members (2015: 1,355 inactive members).
Defined benefit obligation	EUR 285 million (2015: EUR 263 million).	EUR 118.5 million (2015: EUR 111 million).	EUR 348 million (2015: EUR 310 million).
Plan assets	EUR 287 million (2015: EUR 281 million).	EUR 74.7 million (2015: EUR 70 million). Assets of EUR 16.7 million (2015: EUR 17.9 million) are recognised as part of the financial investments.	EUR 321.7 million (2015: EUR 297 million).
Remeasurement gain (loss) through OCI	EUR 20.3 million - loss (2015: EUR 6.4 million - gain).	EUR 1.7 million – loss (2015: EUR 0.0 million - gain).	EUR 14.2 million - loss (2015: EUR 1.4 million - loss).
Funding arrangement	The basis of the funding agreement lies in the Trust Deed and Rules. The pension fund performs triennial actuarial valuations to determine employer contributions.	A Contractual Trust Agreement is established as a financing vehicle to cover part of the pension liabilities. There is no specific funding arrangement although the assets must exceed the initially funded amount of EUR 39.2 million.	The employer pays a yearly base premium as a percentage of the total sum of eligible salaries of all active participants which cannot be below the cost-effective premium for that year.
Employee contributions	In 2016 contributions amounted to 5.5% (2015: 5%) of the eligible salary.	None; all contributions are made by the employer.	Employees contribute 7% of their eligible salary.
ALM-strategy	Every three years an ALM-study is performed to review the investment policy. The investment policy is to hold government and corporate bonds in respect of pensioners to broadly match their liabilities and to hold assets expecting to deliver a return in respect of the non-pensioners.	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 Stix 50 Index.	At least once every three years an ALM-study is performed in which the impact of the strategic investment policies are analysed. The interest rate risk is partially hedged within the investment portfolio by the use of debt instruments in combination with liability driven investment funds.

Atradius | All amounts in thousands of Euro, unless otherwise stated

Fair value of plan assets

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

Plan assets	2016	2015
Cash and cash equivalents	2,432	1,664
Equity instruments	289,179	251,003
Debt instruments	184,302	208,606
Investment funds	210,707	172,613
Insurance contracts	23,891	20,604
Real estate	13,667	14,692
Total	**724,178**	**669,182**

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 expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the stock exchange of the particular country. The overall expected rate of return is calculated by weighting the individual rates for each asset class in accordance with the anticipated balance in the plan's investment portfolio. The actual return on plan assets (including reimbursement rights) was EUR 78.2 million (2015: EUR 5.8 million).

In 2017 Atradius expects to contribute approximately EUR 16.0 million to defined benefit plans.

Actuarial assumptions

The principal assumptions used for the purpose of the actuarial valuations of the three main defined benefit plans are presented in the following table:

Principal actuarial assumptions	United Kingdom		Germany		The Netherlands	
	2016	2015	2016	2015	2016	2015
Discount rate	2.50%	3.75%	1.75%	2.25%	1.75%	2.25%
Price inflation rate	3.25%	3.25%	1.50%	1.75%	1.75%	1.75%
Expected increase of future salaries	2.40%	2.75%	2.05%	2.80%	1.75%	1.75%
Expected increase of future benefit levels	3.00%	3.00%	1.25%	1.50%	0.875%	0.875%
Mortality table	CMI 2015 (1.5% LTR)	CMI 2015 (1.5% LTR)	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Prognosetafel AG2016 + adjusted experience	Prognosetafel AG2014 + adjusted experience
Duration in years	20	19	17	17	22	20

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	2016		2015	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(135,294)	178,635	(115,940)	154,362
Price inflation rate (1% movement)	92,574	(89,035)	90,408	(76,652)
Future salary growth (1% movement)	18,702	(17,627)	21,031	(19,398)
Future pension growth (1% movement)	140,618	(110,748)	121,160	(100,601)
Future mortality (+1 year)	28,544	n/a	23,098	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 12.2 million (2015: EUR 20.6 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 11.7 million (2015: EUR 20.8 million) relates to pension plans and EUR 0.5 million (2015: EUR -0.2 million) to other long-term employee benefits.

18 Insurance contracts

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2016			2015	
Claims reported and loss adjustment expenses	283,867	(143,924)	139,943	344,344	(168,041)	176,303
Claims incurred but not reported	511,587	(232,790)	278,797	563,726	(255,644)	308,082
Claims provisions	**795,454**	**(376,714)**	**418,740**	**908,070**	**(423,685)**	**484,385**
Provision for unearned premium	285,841	(97,034)	188,807	292,852	(99,961)	192,891
Total	**1,081,295**	**(473,748)**	**607,547**	**1,200,922**	**(523,646)**	**677,276**
Bonding						
Claims reported and loss adjustment expenses	201,723	(78,821)	122,902	185,524	(91,543)	93,981
Claims incurred but not reported	64,356	(7,263)	57,093	67,173	(8,118)	59,055
Claims provisions	**266,079**	**(86,084)**	**179,995**	**252,697**	**(99,661)**	**153,036**
Provision for unearned premium	213,781	(72,430)	141,351	195,172	(66,542)	128,630
Total	**479,860**	**(158,514)**	**321,346**	**447,869**	**(166,203)**	**281,666**
Total insurance contracts	**1,561,155**	**(632,262)**	**928,893**	**1,648,791**	**(689,849)**	**958,942**
Current	1,072,054	(434,178)	637,876	1,130,609	(473,043)	657,566
Non-current	489,101	(198,084)	291,017	518,182	(216,806)	301,376

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

Atradius | All amounts in thousands of Euro, unless otherwise stated

18.1 Claims development tables

The claims development tables provide an overview of how Atradius' recognised claims costs for underwriting years 2007-2016 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 2016. 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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	787.9	1,438.9	749.0	515.2	739.7	809.6	682.1	753.0	829.6	755.7	
one year later	1,050.7	1,992.9	644.8	500.3	694.4	764.0	586.0	734.6	780.7		
two years later	1,069.4	2,116.2	620.6	451.2	670.4	704.9	554.6	734.9			
three years later	1,081.1	2,122.5	592.0	437.4	663.5	696.3	543.8				
four years later	1,084.9	2,136.2	578.7	438.9	649.7	684.3					
five years later	1,094.0	2,126.1	577.0	432.1	642.9						
six years later	1,090.5	2,120.0	569.5	425.7							
seven years later	1,089.3	2,103.4	561.0								
eight years later	1,080.4	2,084.5									
nine years later	1,070.5										
Current estimate of cumulative claims	1,070.5	2,084.5	561.0	425.7	642.9	684.3	543.8	734.9	780.7	755.7	8,284.0
Cumulative payments to date	1,067.8	2,082.7	565.4	431.4	643.7	679.9	539.5	675.0	624.1	194.8	7,504.3
Claims provision at 31 December 2016 in respect of 2007 - 2016	2.7	1.8	(4.4)	(5.7)	(0.8)	4.4	4.3	59.9	156.6	560.9	779.7
In respect of prior years (before 2007)											15.8
Total											**795.5**

The table contains recognised claims costs only. It excludes the impact of losses from risks that have been accepted for which the premium has yet to be earned. The consequence of this is that the claims expense for a particular underwriting year can increase in future financial years as both the premium and losses are recognised in the income statement. This is relevant for the credit insurance business written by the local business in Spain and Portugal, the reinsurance business and instalment credit protection. The premium earned for underwriting years 2013-2015 in the current financial year for these blocks of business was EUR 131.6 million.

After one year, underwriting year 2015 is currently higher than previous years, due to one large case for which EUR 90 million was included in the claim costs for 2015. The loss recognised for this case did not materially change in 2016.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 47%. Risk mitigation for gross claims incurred as shown in this table varies between 42% and 47%. These differ from the quota share treaties due to the private instalment credit protection which are not ceded and the inward reinsurance business which is covered by Excess of loss treaties.

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	8.8	13.2	10.7	10.2	19.3	19.0	21.7	19.0	21.0	16.8	
one year later	25.6	33.2	22.1	25.7	48.8	48.7	32.6	34.6	26.8		
two years later	29.2	38.8	30.7	36.4	60.8	53.7	39.1	43.6			
three years later	34.0	45.6	34.8	43.4	62.8	58.4	42.0				
four years later	30.1	49.3	36.2	43.4	57.4	58.7					
five years later	29.3	50.6	38.4	42.4	60.7						
six years later	31.8	52.1	38.1	42.1							
seven years later	41.1	53.8	37.6								
eight years later	45.1	56.9									
nine years later	50.6										
Current estimate of cumulative claims	50.6	56.9	37.6	42.1	60.7	58.7	42.0	43.6	26.8	16.8	435.8
Cumulative payments to date	32.0	43.9	26.6	29.2	43.7	35.7	16.1	9.7	3.4	1.0	241.3
Claims provision at 31 December 2016 in respect of 2007 - 2016	18.6	13.0	11.0	12.9	17.0	23.0	25.9	33.9	23.4	15.8	194.5
In respect of prior years (before 2007)											71.6
Total											**266.1**

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 to the length of time involved, over the tenor of the bond, meaning that while an increase in the claims incurred can be seen, premium will also be recognised and this cannot be seen in the table above. The premium earned for underwriting years 2013-2015 in the current financial year was EUR 68,3 million.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 32%. Risk mitigation for gross claims incurred as shown in this table varies between 16% for the more recent years to 58% for the years prior to 2007. This is due to a relatively higher retention in recent years and due to a relatively high share of the inward reinsurance business in claim cost recognised for these recent years.

Atradius | All amounts in thousands of Euro, unless otherwise stated

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
		2016			2015	
Balance at 1 January	**908,070**	**(423,685)**	**484,385**	**781,292**	**(373,815)**	**407,477**
Claims paid in the year	(731,227)	319,018	(412,209)	(577,433)	268,151	(309,282)
Increase/(decrease) in liabilities arising from claims	615,580	(272,482)	343,098	666,553	(319,711)	346,842
Foreign exchange rate and other movements	3,031	435	3,466	37,658	1,690	39,348
Balance at 31 December	**795,454**	**(376,714)**	**418,740**	**908,070**	**(423,685)**	**484,385**
Claims reported and loss adjustment expenses	283,867	(143,924)	139,943	344,344	(168,041)	176,303
Claims incurred but not reported	511,587	(232,790)	278,797	563,726	(255,644)	308,082
Total	**795,454**	**(376,714)**	**418,740**	**908,070**	**(423,685)**	**484,385**
Bonding						
Balance at 1 January	**252,697**	**(99,661)**	**153,036**	**314,943**	**(148,109)**	**166,834**
Claims paid in the year	(33,660)	13,554	(20,106)	(74,298)	36,047	(38,251)
Increase/(decrease) in liabilities arising from claims	45,713	586	46,299	16,081	10,823	26,904
Foreign exchange rate and other movements	1,329	(563)	766	(4,029)	1,578	(2,451)
Balance at 31 December	**266,079**	**(86,084)**	**179,995**	**252,697**	**(99,661)**	**153,036**
Claims reported and loss adjustment expenses	201,723	(78,821)	122,902	185,524	(91,543)	93,981
Claims incurred but not reported	64,356	(7,263)	57,093	67,173	(8,118)	59,055
Total	**266,079**	**(86,084)**	**179,995**	**252,697**	**(99,661)**	**153,036**
Claims provisions	**1,061,533**	**(462,798)**	**598,735**	**1,160,767**	**(523,346)**	**637,421**

18.2.2 Provision for unearned premium

Credit insurance	Gross 2016	Reinsurance asset 2016	Net 2016	Gross 2015	Reinsurance asset 2015	Net 2015
Balance at 1 January	**292,852**	**(99,961)**	**192,891**	**286,044**	**(82,597)**	**203,447**
Movement in the period	(4,502)	3,473	(1,029)	7,184	230	7,414
Foreign exchange rate and other movements	(2,509)	(546)	(3,055)	(376)	(17,594)	(17,970)
Balance at 31 December	**285,841**	**(97,034)**	**188,807**	**292,852**	**(99,961)**	**192,891**
Bonding						
Balance at 1 January	**195,172**	**(66,542)**	**128,630**	**189,872**	**(64,441)**	**125,431**
Movement in the period	11,885	(4,479)	7,406	10,011	(3,065)	6,946
Foreign exchange rate and other movements	6,724	(1,409)	5,315	(4,711)	964	(3,747)
Balance at 31 December	**213,781**	**(72,430)**	**141,351**	**195,172**	**(66,542)**	**128,630**
Provision for unearned premium	**499,622**	**(169,464)**	**330,158**	**488,024**	**(166,503)**	**321,521**

19 Provisions

2016	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**4,927**	**-**	**1,661**	**6,588**
Business combinations	250	-	78	328
Additional provisions	3,275	-	159	3,434
Unused amounts reversed	(2,031)	-	(63)	(2,094)
Utilised	(2,065)	-	(128)	(2,193)
Effect of movements in foreign exchange rates	(36)	-	-	(36)
Balance at 31 December	**4,320**	**-**	**1,707**	**6,027**
Current	4,320	-	-	4,320
Non-current	-	-	1,707	1,707

2015	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**2,564**	**18**	**1,699**	**4,281**
Additional provisions	4,025	-	347	4,372
Unused amounts reversed	(853)	3	(121)	(971)
Utilised	(838)	(21)	(264)	(1,123)
Effect of movements in foreign exchange rates	29	-	-	29
Balance at 31 December	**4,927**	**-**	**1,661**	**6,588**
Current	774	-	-	774
Non-current	4,153	-	1,661	5,814

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Restructuring

In 2015 a provision of EUR 4.0 million was created due to an intragroup reorganisation that has brought together Atradius Credit Insurance N.V. and Compañía Española de Seguros y Reaseguros de Crédito y Caución S.A.u., into one legal entity. Of the 32 cases seven employees have left the organisation. Two cases are determined to take the severance package whilst others have found alternative employment within Atradius or are under negotiation.

Employees that have alternative employment are still entitled to the severance package if they decide to leave the organisation mid-2017. However the full EUR 4.0 million which was provided is unlikely to be utilised. Therefore EUR 2.0 million has been released end of 2016.

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

	2016	2015
Current income tax assets	50,613	21,288
Current income tax liabilities	23,960	31,641
Net	**26,653**	**(10,353)**

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

	2016	2015
Deferred income tax assets before set-off	142,773	157,987
Set-off of deferred tax positions	(97,458)	(105,022)
Net deferred tax assets as presented in the statement of financial position	**45,315**	**52,965**
Deferred income tax liabilities before set-off	212,637	217,176
Set-off of deferred tax positions	(97,458)	(105,022)
Net deferred tax liabilities as presented in the statement of financial position	**115,179**	**112,154**

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

	2016	2015
Balance at 1 January	**(59,189)**	**(31,171)**
Business combination	1,220	-
Credit (charge) to other comprehensive income for the year	4,680	364
Charge to the income statement for the year	(17,018)	(29,431)
Effect of movements in foreign exchange rates	443	1,049
Balance at 31 December	**(69,864)**	**(59,189)**

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

2016	**Balance at 1 January**	**Recognised in other comprehensive income for the year**	**Recognised in the income statement for the year**	**Effect of movements in foreign exchange**	**Business combination**	**Balance at 31 December**
Tax losses carried forward	14,455	-	(2,982)	(150)	1,220	12,543
Technical balances	14,733	-	(5,094)	277	-	9,916
Pensions	19,502	7,925	(311)	1,817	-	28,933
Fiscal goodwill	12,774	-	(2,746)	(17)	-	10,011
Financial investments	(7,829)	(3,245)	(22)	(4)	-	(11,100)
Equalisation provisions	(100,648)	-	(8,939)	-	-	(109,587)
Property, plant and equipment	(13,555)	-	(386)	(106)	-	(14,047)
Other	1,379	-	3,462	(1,374)	-	3,467
Total	**(59,189)**	**4,680**	**(17,018)**	**443**	**1,220**	**(69,864)**

2015	**Balance at 1 January**	**Recognised in other comprehensive income for the year**	**Recognised in the income statement for the year**	**Effect of movements in foreign exchange**	**Business combination**	**Balance at 31 December**
Tax losses carried forward	22,037	-	(7,463)	(119)	-	14,455
Technical balances	12,915	-	1,891	(73)	-	14,733
Pensions	19,023	(1,399)	1,628	250	-	19,502
Fiscal goodwill	21,213	-	(8,391)	(48)	-	12,774
Financial investments	(10,348)	1,763	759	(3)	-	(7,829)
Equalisation provisions	(77,421)	-	(24,247)	1,020	-	(100,648)
Property, plant and equipment	(12,917)	-	(652)	14	-	(13,555)
Other	(5,673)	-	7,044	8	-	1,379
Total	**(31,171)**	**364**	**(29,431)**	**1,049**	**-**	**(59,189)**

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 2016, EUR 1.3 million deferred tax assets on the losses carried forward and deductible temporary difference were written down or not recognised (2015: EUR 2.5 million). This is offset by the reversals of the impairments, prior year adjustments and foreign exchange, resulting in a net reversal of these deferred tax assets.

Atradius has unrecognised tax losses carried forward balances amounting to EUR 58.6 million (2015: EUR 50.7 million). The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	**2016**	**2015**
1 - 3 years	102	624
4 - 9 years	11,379	6,128
Indefinite	47,128	43,946
Total	**58,609**	**50,698**

The increase of unrecognised tax losses is mainly due to the impairment of deferred tax assets on the losses carried forward mentioned above.

Atradius | All amounts in thousands of Euro, unless otherwise stated

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
	2016		2015	
Revaluation reserve in shareholders equity related to:				
Available-for-sale financial investments	(3,245)	501	1,763	(98)
Pension reserve in shareholders equity related to:				
Recognised actuarial gains/(losses)	7,925	-	(1,399)	-
Currency translation reserve in shareholders equity related to:				
Currency translation reserve	-	1,044	-	(400)
Total	**4,680**	**1,545**	**364**	**(498)**

21 Payables

	2016	2015
Accounts payable on insurance and reinsurance business	**183,407**	**161,835**
Payables arising out of reinsurance operations	106,441	80,320
Amounts due to policyholders	62,930	67,719
Amounts due to intermediaries and current account Dutch State	14,036	13,796
Trade and other accounts payable	**49,339**	**33,372**
Accounts payable	34,133	25,250
Other accounts payable	15,206	8,122
Total	**232,746**	**195,207**

The payables are substantially all current.

22 Other liabilities

	2016	2015
Ceded pipeline premium and return premium	156,737	164,415
Deposits received from reinsurers	45,535	47,005
Unearned reinsurance commission	57,191	57,418
Payroll and bonus accruals	42,152	39,374
Reinsurance accruals	9,598	32,385
Other accruals	65,884	52,723
IPT and stamp duties payable	5,239	6,364
Other taxes	11,075	12,289
Total	**393,411**	**411,973**

Other liabilities are substantially all current.

23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2016			2015	
Written premium	1,383,867	(607,949)	775,918	1,388,554	(625,420)	763,134
Change in provision for unearned premium	4,502	(3,473)	1,029	(7,184)	(230)	(7,414)
Other movements	3,939	(2,080)	1,859	(793)	294	(499)
Total	**1,392,308**	**(613,502)**	**778,806**	**1,380,577**	**(625,356)**	**755,221**
Bonding						
Written premium	177,240	(54,843)	122,397	166,416	(52,332)	114,084
Change in provision for unearned premium	(11,885)	4,479	(7,406)	(10,011)	3,065	(6,946)
Other movements	(75)	35	(40)	23	15	38
Total	**165,280**	**(50,329)**	**114,951**	**156,428**	**(49,252)**	**107,176**
Total premium earned	**1,557,588**	**(663,831)**	**893,757**	**1,537,005**	**(674,608)**	**862,397**

24 Service and other income

	2016	2015
Collections and recovery services	41,543	39,982
Information services and fees	127,396	121,454
Other service income	34,140	19,318
Total	**203,079**	**180,754**

Information services income and fees are part of the insurance segment. Collections and recovery services and other service income are part of the service segment.

Atradius | All amounts in thousands of Euro, unless otherwise stated

25 Net income from investments

Net investment income by type of investment	2016	2015
Income		
Debt securities available-for-sale	13,866	14,049
Loans	8	10
Equity securities available-for-sale	15,572	23,738
Other investments	995	1,062
Total income from financial investments	**30,441**	**38,859**
Investment property	424	798
Total investment income	**30,865**	**39,657**
Expenses		
Debt securities available-for-sale	(1,615)	(469)
Equity securities available-for-sale	(7,484)	(902)
Handling expenses	(3,385)	(2,757)
Total expenses from financial investments	**(12,484)**	**(4,128)**
Investment property	(102)	(295)
Total investment expenses	**(12,586)**	**(4,423)**
Net income from investments	**18,279**	**35,234**
Share of income of associated companies	26,689	782
Net income from investments including associated companies	**44,968**	**36,016**

Net investment income by nature of income/(expense)	2016	2015
Income		
Interest	12,899	12,300
Dividends	9,762	7,034
Realised gains	7,810	19,894
Rental income from investment property	394	429
Total	**30,865**	**39,657**
Expenses		
Handling expenses	(3,385)	(2,757)
Realised losses	(6,722)	(301)
Impairment loss	(2,377)	(1,204)
Depreciation of investment property	(102)	(161)
Total	**(12,586)**	**(4,423)**
Net income from investments	**18,279**	**35,234**
Share of income of associated companies	26,689	782
Net income from investments including associated companies	**44,968**	**36,016**

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 11.9 million (2015: EUR 11.2 million); this is derived from government and corporate bonds.

Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2016		2015	
Investment property	-	30	(134)	370
Financial assets classified as available-for-sale	(2,377)	1,058	(1,070)	19,223
Total	**(2,377)**	**1,088**	**(1,204)**	**19,593**

26 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	2016			2015		
Claims paid in the year	731,227	(319,018)	412,209	577,433	(268,151)	309,282
Change in claims provisions	(115,647)	46,536	(69,111)	89,121	(51,560)	37,561
Claims handling expenses	35,326	-	35,326	34,021	-	34,021
Total	**650,906**	**(272,482)**	**378,424**	**700,575**	**(319,711)**	**380,864**
Bonding						
Claims paid in the year	33,660	(13,554)	20,106	74,298	(36,047)	38,251
Change in claims provisions	12,053	14,140	26,193	(58,217)	46,870	(11,347)
Claims handling expenses	1,773	-	1,773	1,866	-	1,866
Total	**47,486**	**586**	**48,072**	**17,947**	**10,823**	**28,770**
Total insurance claims	**698,392**	**(271,896)**	**426,496**	**718,522**	**(308,888)**	**409,634**

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

Atradius | All amounts in thousands of Euro, unless otherwise stated

27 Net operating expenses

	2016	2015
Total administrative expenses	478,441	467,924
Acquisition costs	202,008	205,232
Change in deferred acquisition costs	2,749	(2,519)
Gross operating expenses	**683,198**	**670,637**
Commissions received for business ceded to reinsurers	(251,873)	(262,763)
Total net operating expenses	**431,325**	**407,874**

Administrative expenses by type of business	2016	2015
Insurance and information expenses	451,819	432,959
Recoveries and collections expenses	43,439	42,829
Other service expenses	13,296	12,518
Group costs	6,986	15,505
Total gross administrative expenses	**515,540**	**503,811**
Claims handling expenses allocated to insurance claims	(37,099)	(35,887)
Total administrative expenses	**478,441**	**467,924**

As part of the gross administrative expenses, depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 30.2 million (2015: EUR 26.5 million).

Employee benefit expenses	2016	2015
Salaries and wages (including social security costs)	292,076	279,526
Restructuring costs and termination benefits	1,244	3,172
Pension costs - defined contribution plans	10,406	9,880
Pension costs - defined benefit plans	12,201	20,557
Total employee benefit expenses	**315,927**	**313,135**

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

28 Finance expenses

	2016	2015
Interest and fees on the subordinated debt	15,894	13,333
Net interest on the net defined benefit liability	681	1,026
Other interest expense	4,211	2,875
Foreign exchange (income)/expense	(8,042)	363
Total	**12,744**	**17,597**

The subordinated debt costs include the periodic interest expenses of EUR 15.7 million (2015: EUR 13.1 million) and the accretion of interest on the debt in the amount of EUR 0.2 million (2015: EUR 0.2 million).

29 Income tax

	2016	2015
Current tax	45,774	40,518
Deferred tax	17,018	29,431
Income tax expense/(income) for the year	**62,792**	**69,949**

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

	2016	2015
Result before tax	**274,564**	**248,170**
Tax calculated at domestic tax rates applicable to results in the respective countries	74,291	69,188
Tax exempt (income)/loss	(7,494)	(2,036)
Write down/(reversal) of deferred tax assets	(206)	745
Reassessment of prior year local tax positions	(416)	(1,821)
Impact of change in tax rate	(1,464)	611
Other	(1,919)	3,262
Income tax expense/(income) for the year	**62,792**	**69,949**

The weighted average applicable tax rate was 27.1% (2015: 27.8%).

Deferred tax assets relating to losses carried forward in certain entities have been impaired or reversed. This is included in ‘write down (reversal) of deferred tax assets’.

The impact of the change in tax rate in 2016 mainly reflects the effect of changes in income tax rate in Italy and UK.

30 Dividends per share

The dividends paid in 2016 and 2015 were EUR 71.2 million (EUR 0.90 per share) and EUR 64.9 million (EUR 0.82 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2016 are EUR 307.5 million (2015: EUR 311.6 million). Assets that are not freely disposable consist of financial investments, properties and cash that have been held mainly for local regulatory purposes and can be used to cover technical provisions. The amount of pledged assets not covering technical provisions is EUR 84.6 million (2015: EUR 76.4 million).

32 Capital commitments and contingencies

Capital commitments of EUR 21.1 million (2015: EUR 16.4 million) are related to contracted obligations for future payments for outsourcing, networking, imaging and licences.

The Group has contingent liabilities in respect of matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees to third parties amounting to EUR 2.0 million (2015: EUR 2.0 million).

33 Operating leases

Non-cancellable operating lease commitments are included in the following table:

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	2016	2015
Less than one year	21,031	22,094
Between one and five years	59,365	69,508
More than five years	21,491	27,223
Total	**101,887**	**118,825**

Atradius leases office equipment and office space under a number of operating lease agreements. The lease contracts have remaining terms of between 1 and 20 years. The leasing of office space represents around 92% (2015: 93%) of the total future payments regarding operating leases.

During the year an amount of EUR 22.5 million (2015: EUR 24.1 million) has been recognised as expense.

34 Business combinations

Atradius completed two acquisitions in 2016. On 15 September 2016 Atradius acquired the remaining 55% of the outstanding shares of Graydon for a total cash consideration of EUR 19.5 million. The share in the overall cash position of Graydon on the transaction date was EUR 13.9 million, resulting in a net cash outflow of EUR 5.6 million. The net asset value of the 45% equity interest held in Graydon by Atradius at the acquisition date amounts to EUR 3.4 million. The positive net result on re-measuring to fair value this 45% equity interest amounts to EUR 19.9 million and is recognised in the line item 'Share of income of associated companies' in the consolidated income statement. Graydon is treated as a consolidated company thereafter.

Graydon is a leading business information services provider in the Netherlands, Belgium and the UK with business operations in credit management, risk and compliance, marketing information and debt collection. Atradius and Graydon have similar strategies when it comes to collecting significant amounts of data and converting it into valuable information that can help our customers grow their businesses. The acquisition of Graydon is expected to create synergies that improve the credit management and collections offerings and strengthen the underwriting capabilities of Atradius. An independent valuator has determined the fair value of Graydon as per the acquisition date. The fair value relating to the 45% share already held by Atradius is determined based on this independent valuation.

The details of net assets acquired and goodwill are as follows:

	EUR
Consideration paid (relating to 55% share)	19,500
Fair value of interest held (relating to 45%share)	25,650
Total fair value	**45,150**
Less:	
Fair value of identifiable net assets	14,219
Goodwill	**30,931**

The total amount of goodwill that is expected to be deductible for tax purposes is EUR 0. The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Amounts recognised
Intangible assets	13,174
Property, plant and equipment	565
Deferred and current income tax assets	1,314
Receivables	8,571
Other assets	3,807
Cash and cash equivalents	14,357
Total assets	**41,788**
Provisions	328
Deferred and current income tax liabilities	1,861
Payables and other liabilities	25,380
Total liabilities	**27,569**
Net assets	**14,219**
Net assets acquired (remaining 55% share)	**7,820**

The fair value of the receivables is not materially different to their fair value. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is EUR 0.

The revenue and total operating result of Graydon since the acquisition date included in the consolidated statement of comprehensive income for the reporting period amount to EUR 13.3 million for revenue and EUR (-191) thousand for the result since the acquisition date and EUR 38.2 million for revenue and EUR 87 thousand for the result over the year for the business combination between Atradius and Graydon for 2016 as though the acquisition date had been as of the beginning of the annual reporting period.

The acquisition on 29 September 2016 of 80% in IGNIOS - Gestão Integrada de Risco S.A. (Ignios), Portugal and its subsidiary Gestifatura Unipessoal, Ltda (Gestifatura) involved an aggregated net cash outflow of EUR 1.8 million. Ignios offers commercial and financial information in Portugal. The net asset value is approximately EUR 0.2 million.

Transaction-related costs that were recognised in Net operating expenses amounted to EUR 92 thousand. Graydon, Ignios and Gestifatura are reported as part of the Services segment.

35 Personnel

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

	2016	2015
Total average number of employees (full-time equivalent)	3,562	3,153
Total year end number of employees (full-time equivalent)	3,564	3,161
Total year end number of employees (headcount)	3,736 [1)]	3,333

[1)] Including FTE from Graydon, Ignios and Gestifatura.

36 Related party transactions

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

	Associated companies	Parent [(1)]	Associated companies	Parent [(1)]
	2016		2015	
Sales to related parties	7,801	1,110	12,347	36
Purchases from related parties	1,283	9,528	2,903	1,650
Amounts owed by related parties	844	28,796	847	8,838
Amounts owed to related parties	860	531	634	-

(1) Subsidiaries of Grupo Catalana Occidente, S.A.

Reinsurance includes transactions with associated companies.

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.

Terms and conditions of transactions with related parties

No guarantees have been provided or received for any related party receivables for 2016 or 2015. For the years ending 31 December 2016 and 2015, Atradius has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

Sale of investment in associated company

In 2015, Atradius Participation Holdings B.V. sold its shares in Inversiones Credere S.A, to Grupo Catalana Occidente at a sale price of EUR 2.3 million.

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 53.3 million (21.3%) of the guaranteed subordinated notes. In 2016 the interest expense relating to this portion was EUR 2.4 million (2015: EUR 2.1 million).

In 2016 the shareholders of Atradius N.V. provided a subordinated loan to Atradius Re with a principle amount of EUR 75 million.

Atradius | All amounts in thousands of Euro, unless otherwise stated

The related party share[1] for the subordinated debt is as follows:

Lenders	Nominal value	Interest expense	Nominal value	Interest expense
	2016		2015	
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	40,000	2,104	40,000	2,100
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	34,291	1,028	-	-
Bilbao Compañía Anónima de Seguros y Reaseguros	42,000	1,428	-	-
Nortehispana, de Seguros y Reaseguros S.A.	6,000	210	-	-
Total	**122,291**	**4,770**	**40,000**	**2,100**

(1) Subsidiaries of Grupo Catalana Occidente, S.A.

In 2016 the interest expense relating to this subordinate loan was EUR 4.8 million.

All relationships with related parties are at arm's-length.

Compensation of key current and former management personnel of Atradius

The following table provides details on the remuneration for members of the Management Board and Supervisory Board.

Remuneration	**2016**	**2015**
Management Board		
Short-term employee benefits (1)	2,814	2,824
Long-term employee benefits	464	426
Post-employment benefits	352	389
Total compensation paid to Management Board members	**3,630**	**3,639**
Number of members	**5**	**5**
Supervisory Board		
Short-term employee benefits (1)	510	450
Total compensation paid to Supervisory Board members	**510**	**450**
Number of members	**9**	**8**

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

From the total compensation payable to Management Board members, EUR 3.2 million (2015: EUR 3.2 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 subsidiaries. Apart from this they do not have other relationships with the Company or its subsidiaries.

37 Events after the reporting period

There are no events to report.

Company financial statements 2016

Contents

Atradius | All amounts in thousands of Euro, unless otherwise stated

Company financial statements

Company statement of financial position (before profit appropriation)

Assets	Note	31.12.2016	31.12.2015
Fixed assets		**1,627,757**	**1,497,451**
Property, plant and equipment		24	43
Investments in group companies	3	1,627,733	1,497,408
Current assets		**3,380**	**9,782**
Receivables from group companies		511	3,432
Deferred income tax assets		1,560	-
Cash and cash equivalents		1,309	6,350
Total		**1,631,137**	**1,507,233**
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		(96,864)	(84,426)
Retained earnings		568,534	464,449
Result for the year (unappropriated)		211,795	178,221
Total		**1,625,470**	**1,500,249**
Liabilities			
Provision for deferred tax liabilities	5	**-**	**141**
Current liabilities		**5,667**	**6,843**
Payables to group companies		5	36
Other liabilities	6	4,083	4,229
Current income tax liabilities		1,579	2,578
Total		**5,667**	**6,984**
Total equity and liabilities		**1,631,137**	**1,507,233**

Company income statement

	2016	2015
Income after tax from group companies	219,899	183,904
Other results after tax	(8,104)	(5,683)
Result for the year	**211,795**	**178,221**

Company statement of changes in equity

	Share capital	Share premium reserve	Legal reserve	Retained earnings	Result for the year	Total
Balance at 1 January 2015	**79,122**	**716,267**	**490,830**	**(54,370)**	**161,190**	**1,393,039**
Adjustment regulatory reserves	-	216,263	(573,892)	357,629	-	-
Restated balance at 1 January 2015	**79,122**	**932,530**	**(83,062)**	**303,259**	**161,190**	**1,393,039**
Change in revaluation reserve and pension reserve group companies	-	-	(9,513)	-	-	**(9,513)**
Change in currency translation reserve	-	-	3,382	-	-	**3,382**
Net income recognised directly in equity	**-**	**-**	**(6,131)**	**-**	**-**	**(6,131)**
Appropriation of prior year result	-	-	-	161,190	(161,190)	-
Result for the year	-	-	-	-	178,221	**178,221**
Change in reserve intangible assets	-	(4,767)	4,767	-	-	-
Dividends	-	(64,880)	-	-	-	**(64,880)**
Balance at 31 December 2015	**79,122**	**862,883**	**(84,426)**	**464,449**	**178,221**	**1,500,249**
Balance at 1 January 2016	**79,122**	**862,883**	**(84,426)**	**464,449**	**178,221**	**1,500,249**
Change in revaluation reserve and pension reserve group companies	-	-	(14,539)	-	-	**(14,539)**
Change in currency translation reserve	-	-	(825)	-	-	**(825)**
Net income recognised directly in equity	**-**	**-**	**(15,364)**	**-**	**-**	**(15,364)**
Appropriation of prior year result	-	-	-	178,221	(178,221)	-
Result for the year	-	-	-	-	211,795	**211,795**
Change in reserve intangible assets	-	-	2,926	(2,926)	-	-
Dividends	-	-	-	(71,210)	-	**(71,210)**
Balance at 31 December 2016	**79,122**	**862,883**	**(96,864)**	**568,534**	**211,795**	**1,625,470**

Notes to the Company financial statements

1 General information

Atradius N.V. (referred to as the "Company') is based in Amsterdam (The Netherlands).

The Company financial statements are part of the 2016 consolidated financial statements, which are also included in the annual report. The Company income statement is presented in abbreviated form in accordance with Article 402 of Book 2 of the Dutch Civil Code.

The Company has applied the provisions of Article 379, Subsection 5 of Book 2 of the Dutch Civil Code. The list referred to in this article has been included in the appendix and is filed at the offices of the Commercial Register in Amsterdam.

The Company has issued a statement of liability in accordance with Article 403, Book 2 of the Dutch Civil Code for the following Atradius companies: Atradius Collections B.V., Atradius Collections Holding B.V., Atradius Credit Management Services B.V. and Atradius Information Services B.V.

The Company financial statements have been authorised for issue by the Management Board on 2 March 2017.

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. The valuation principles for assets and liabilities and the method of determining the result are identical to those applied in the consolidated financial statements. Reference is made to the notes thereto.

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

Consistent with market practices, the Company decided to make a clear distinction between the capital requirements that are required for regulatory purposes and the equity position according to IFRS as the two approaches have different objectives and definitions. In addition, the Solvency I framework is no longer applicable in 2016.

The parts within the legal reserve that related to 'regulatory capital requirements for Solvency I' and the related 'equalisation reserve' have been released against the reserves to which they were originally allocated. The retrospective impact of this change is reflected in the adjusted Company financial statements as per 1 January 2015, and has no impact on the total equity, nor on the result for the year. For details on these adjustments, refer to the 'Company statement of changes in equity' and Note 4 'Capital and reserves'.

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:

- Revaluation reserve;
- Pension reserve;
- Currency translation reserve;
- Reserve intangible assets.

3 Investments in Group companies

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

	2016	2015
Balance at 1 January	**1,497,408**	**1,394,015**
Share of profit/(loss)	219,899	183,904
Dividends received	(74,210)	(74,380)
Change in revaluation reserve and pension reserve	(14,539)	(9,513)
Foreign exchange reserve movements	(825)	3,382
Balance at 31 December	**1,627,733**	**1,497,408**

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 (2015: the same) of which 79,122,142 ordinary shares were issued and full paid (2015: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2016	2015
Balance at 1 January	**862,883**	**716,267**
Adjustment regulatory reserves	-	216,263
Restated balance	**862,883**	**932,530**
Transfer between legal reserve and share premium reserve	-	(4,767)
Dividends	-	(64,880)
Balance at 31 December	**862,883**	**862,883**

4.3 Legal reserve

	2016	2015
Balance at 1 January	**(84,426)**	**490,830**
Adjustment regulatory reserves	-	(573,892)
Restated balance	**(84,426)**	**(83,062)**
Change in revaluation reserve and pension reserve group companies	(14,539)	(9,513)
Change in currency translation reserve	(825)	3,382
Change in reserve intangible assets	2,926	4,767
Balance at 31 December	**(96,864)**	**(84,426)**

The total amount of equity in the company financial statements equals shareholders' equity in the consolidated financial statements. Certain components within equity are different in the company financial statements due to legal reserves, established by subsidiaries of Atradius N.V., which in accordance with Book 2, Part 9 of the Dutch Civil Code, Article 389, Subsection 6, cannot be distributed. In particular:

- 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 and effect of asset ceilings within consolidated group companies presented in the pension

Atradius | All amounts in thousands of Euro, unless otherwise stated

reserve in the consolidated financial statements, are presented together in the legal reserve in the company financial statements;
- foreign currency translations on consolidated group companies, presented in the currency translation reserve in the consolidated financial statements, are presented in the legal reserve in the company financial statements.

In addition to the legal and regulatory restrictions on distributing dividends from subsidiaries to Atradius N.V., there are various other considerations and limitations that are taken into account in determining the appropriate levels of equity in the Group's subsidiaries. These considerations and limitations include, but are not restricted to, local regulatory regulations and rating agency requirements, that can change over time. It is not possible to disclose a reliable quantification of these limitations. Reference is made to paragraph 4.5 Capital Management in the consolidated annual report.

The following table shows the split of the legal reserve at the end of the reporting period:

	2016	2015
Revaluation reserve and pension reserve group companies	(115,556)	(58,664)
Currency translation reserve	(14,349)	(55,877)
Reserve intangible assets	33,041	30,115
Total	**(96,864)**	**(84,426)**

4.4 Retained earnings

	2016	2015
Balance at 1 January	**464,449**	**(54,370)**
Adjustment regulatory reserves	-	357,629
Restated balance	**464,449**	**303,259**
Appropriation of prior year result	178,221	161,190
Transfer between legal reserve and retained earnings	(2,926)	-
Dividends	(71,210)	-
Balance at 31 December	**568,534**	**464,449**

5 Provision for deferred tax liabilities

	2016	2015
Balance at 1 January	**141**	**1,226**
Utilised	(141)	(1,085)
Balance at 31 December	**-**	**141**

6 Other liabilities

	2016	2015
Other taxes	401	417
Long-term employee benefits	652	405
Other liabilities	3,030	3,407
Total	**4,083**	**4,229**

7 Contingencies

The Company has contingent liabilities in respect of guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has given guarantees to third parties in the ordinary course of business amounting to EUR 0.5 million (2015: EUR 0.5 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 Participations Holding B.V., Atradius Information Services B.V., Atradius Collections Holding B.V. and Atradius Collections B.V. All companies included in the fiscal unity are jointly and severally liable for the corporate income tax payable 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, (2015: EUR 250 million) issued by Atradius Finance B.V. (see Note 16 of the consolidated financial statements).

8 Personnel

The number of employees (full-time equivalents) working for the Company:

	2016	2015
Total average number of employees (full-time equivalent)	6	6
Total year end number of employees	6	6

Atradius | All amounts in thousands of Euro, unless otherwise stated

9 Auditor fees

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

2016	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	842	1,791	2,633
Other audit services	326	468	794
Fiscal advisory services	-	-	-
Non-audit services	-	-	-
Total	**1,168**	**2,259**	**3,427**

2015	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	1,035	1,332	2,367
Other audit services	257	162	419
Fiscal advisory services	-	-	-
Non-audit services	-	-	-
Total	**1,292**	**1,494**	**2,786**

These amounts relate to the actual expenses incurred for the audit of the related financial year, and other services, on an accrual basis.

10 Remuneration of Management Board and Supervisory Board

For information on remuneration of the members of the Management Board and the Supervisory Board: see Note 36 of the consolidated financial statements.

11 Proposed profit appropriation

11.1 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.

11.2 Proposed appropriation of result

The Management Board proposes to the General Meeting to allocate the result for the year to the retained earnings and to make a distribution of EUR 76.7 million out of the retained earnings.

12 Events after the reporting period

There are no events to report.

Other information

Annual Report Atradius N.V.

Amsterdam, 2 March 2017

The Supervisory Board

Ignacio Álvarez (Chairman)
Francisco Arregui (Vice-Chairman)
Bernd Meyer
Dick Sluimers
Xavier Freixes
Hugo Serra
Désirée van Gorp
John Hourican
Carlos Halpern
José Maria Sunyer

The Management Board

Isidoro Unda (Chairman)
Andreas Tesch
Christian van Lint
Claus Gramlich-Eicher
Marc Henstridge

Independent auditor's report

To the shareholders and the Supervisory Board of Atradius N.V.

REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements for the year ended December 31, 2016 of Atradius N.V. based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements included in these annual accounts give a true and fair view of the financial position of Atradius N.V. as at December 31, 2016, and of its result and its cash flows for the year ended December 31, 2016 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 included in these annual accounts give a true and fair view of the financial position of Atradius N.V. as at December 31, 2016, and of its result for the year ended December 31, 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2016.
2. The following statements for 2016: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2016.
2. The company income statement for the year ended December 31, 2016.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Atradius N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten - ViO and other relevant independence regulations in the Netherlands. Furthermore we have complied with the (Verordening gedrags- en beroepsregels

accountants - VGBA.

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

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Management Board's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

By performing these 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 the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Management Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management 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. Furthermore, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and 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 these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 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 management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. 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.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

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

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

Amsterdam, March 2, 2017
Deloitte Accountants B.V.
R.J.M. Maarschalk

Glossary

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 insurance.

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 / 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 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 can 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 buyer 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. It introduces a new regulatory framework and has come into effect on January 2016. The Solvency II Directive aims to create a harmonised, risk-orientated solvency regime resulting in capital requirements for (re) insurance companies that are more reflective of the risks they run. Its objectives are to deepen the integration of the EU insurance market, to improve the protection of policyholders and beneficiaries, to improve the international competitiveness of EU insurers and to instil better regulation of the EU insurance markets.

Underwriter

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

Underwriting year

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

UN Global Compact

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

Overview of subsidiaries, associated companies and minority shareholdings

The following table sets forth, as at 31 December 2016, the name and jurisdiction of establishment of the subsidiaries, branches, associated companies and minority shareholdings of Atradius N.V. All companies are, directly or indirectly, wholly owned unless otherwise indicated. The companies are listed in alphabetical order.

Name	Country	Ownership
African Trade Insurance Agency	Kenya	1 share
Al Mulla Atradius Insurance Consultancy & Brokerage (L.L.C.)	UAE	49%
Atradius Collections B.V.	Netherlands	
Belgium branch	Belgium	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Poland branch	Poland	
Atradius Collections Holding B.V.	Netherlands	
Atradius Collections Limited	Canada	
Atradius Collections Limited	Hong Kong	
Atradius Collections Limited	United Kingdom	
Atradius Collections Pte. Limited	Singapore	
Atradius Collections Pty. Limited	Australia	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil	
Atradius Collections, S.A. de C.V.	Mexico	
Atradius Collections S.L.	Spain	
Atradius Collections, Inc.	USA	
Atradius Corporate Management Consulting (Shanghai) Co., Ltd.	China	
Atradius Credit Insurance Agency, Inc.	USA	
Atradius Credit Management Services B.V.	Netherlands	
Atradius Credit Management Services (RUS) LLC	Russia	
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	Spain	
Australia branch	Australia	
Austria branch	Austria	
Belgium branch	Belgium	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
Finland branch	Finland	
France branch	France	
Germany branch	Germany	
Greece branch	Greece	
Hong Kong branch	Hong Kong	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Luxembourg branch	Luxembourg	
Netherlands branch	Netherlands	
New Zealand branch	New Zealand	
Norway branch	Norway	
Poland branch	Poland	
Portugal branch	Portugal	
Singapore branch	Singapore	
Slovakia branch	Slovakia	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Turkey branch	Turkey	
United Kingdom branch	United Kingdom	
Atradius Dutch State Business N.V.	Netherlands	
Atradius Enterprise Management Consulting (Shanghai) Co., Ltd.	China	

Name	Country	Ownership
Atradius Finance B.V.	Netherlands	
Atradius Information Services B.V.	Netherlands	
Belgium branch	Belgium	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Ireland branch	Ireland	
Italy branch	Italy	
Japan branch	Japan	
Norway branch	Norway	
Spain branch	Spain	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Thailand branch	Thailand	
United Kingdom branch	United	
Atradius India Credit Management Services Private Ltd.	India	
Atradius Insurance Holding N.V.	Netherlands	
Atradius Investments Limited	Ireland	
Atradius Italia Intermediazioni S.R.L.	Italy	
Atradius Participations Holding B.V.	Netherlands	
Atradius Pension Trustees Ltd.	United	
Atradius Reinsurance DAC	Ireland	
Atradius Rus Credit Insurance LLC	Russia	
Atradius Seguros de Crédito, S.A.	Mexico	
Atradius Trade Credit Insurance, Inc.	USA	
Atradius Trade Insurance Brokerage Yuhan Hoesa	South Korea	
CLAL Credit Insurance Ltd.	Israel	20%
Compagnie Tunisienne pour l'Assurance du Commerce Exterieur S.A.	Tunisia	3.92%
Compañia de Seguros de Crédito Continental S.A.	Chile	50%*
Crédito y Caución do Brasil Gestao de Riscos de Crédito e Servicos	Brazil	
Crédito y Caución Seguradora de Crédito e Garantias S.A.	Brazil	
DAP Holding N.V.	Netherlands	2.37%
Gestifatura Ltda.	Portugal	80%
Giant-net B.V.	Netherlands	
Graydon Holding N.V.	Netherlands	
Graydon Incasso B.V.	Netherlands	
Graydon Nederland B.V	Netherlands	
Graydon Belgium N.V.	Belgium	
Graydon UK Ltd.	United Kingdom	
Hotel Maatschappij de Wittenburg B.V.	Netherlands	2.7%
Iberinform Internacional S.A.u.	Spain	
Iberinmobiliaria, S.A.u.	Spain	
IGNIOS Gestão Integrada de Risco S.A.	Portugal	80%
Informes Mexico, S.A. de C.V.	Mexico	
Invercyca, S.A.u.	Spain	
NCM (UK) Holdings Ltd.	United Kingdom	
NCM Credit Insurance Ltd.	United Kingdom	
NCM Teri Ltd.	United Kingdom	
NCM UK Agency Ltd.	United Kingdom	
Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden	Netherlands	0.50%
OpenCompanies B.V.	Netherlands	
PT Atradius Information Services Indonesia	Indonesia	
Starzyński i Wspólnicy Kancelaria Prawna spółka komandytowa	Poland	99.99%
Technical Credit Insurance Consultants S.A.	Belgium	
The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%

* Minus one share

Disclaimer

The information in the chapter 'The global economic environment in 2016' 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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