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managing risk, enabling trade

Atradius. Always evolving.

Annual Report 2013 Atradius N.V.

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This is Atradius

As a leading global credit insurer, Atradius' aim is to support our customers' growth by strengthening their credit and cash management. We do this through a wide range of credit management products and services. As well as our core credit insurance products, these include bonding, debt collection and reinsurance, all of which are supported by the expertise of our people and a wealth of constantly updated financial data on over 100 million companies worldwide.

From strategically located offices in six continents, we aim to be close to our customers and to the markets in which they trade. With total income of EUR 1,613.5 million, we have earned our place as a leading global trade credit insurer.

As the following timeline shows, we can trace our origin back almost a century, over which time we have continued to evolve in size, strength and expertise and are now more than ever able to give unparalleled reassurance to our customers and other stakeholders; including our business partners, agents and brokers, shareholders and employees.

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 still exists today.

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 as 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 values with a clear focus on delivering tailor-made solutions in each of its markets.

Our 2013 performance at a glance

A strong result with positive contributions across the Group

- The result for the year was EUR 134.5 million, an improvement of 18.4% on 2012 with a major contribution from our Iberian region.
- Our credit insurance business in North America and the Asia-Pacific region, and our Special Products and Global units, reported strong growth, while total revenue decreased: as a consequence of the lower commercial activity in Spain
- Through effective risk management we improved our claims ratio to 45.6%, despite the continuing challenging risk environment, while at the same time our risk acceptance remained high.
- A steady cash inflow from the Group's insurance business and positive performance of the investment portfolio contributed to a good investment result.
- The expense ratio increased to 35.9%, due partly to one-off costs for organisational changes and lower revenue, but remain best-in-class within our industry.
- Our equity position was strengthened by 7.6%, due mainly to profit generation.

Management Board

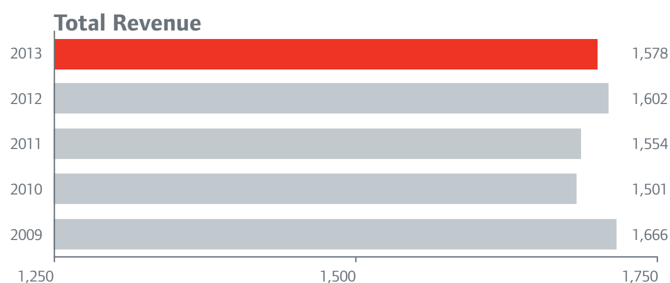
Isidoro Unda (Chairman)
Dominique Charpentier
Claus Gramlich-Eicher
Christian van Lint
Andreas Tesch

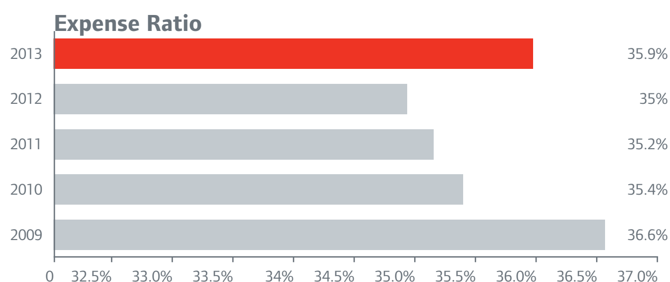
Supervisory Board

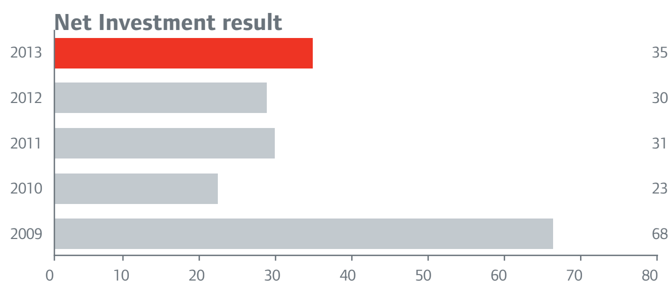
Ignacio Álvarez (Chairman)
Francisco Arregui (Vice-Chairman)
Paul-Henri Denieuil (Honorary Chairman)
Xavier Freixes
Désirée van Gorp
Bernd H. Meyer
José Ruiz
Hugo Serra
Dick Sluimers

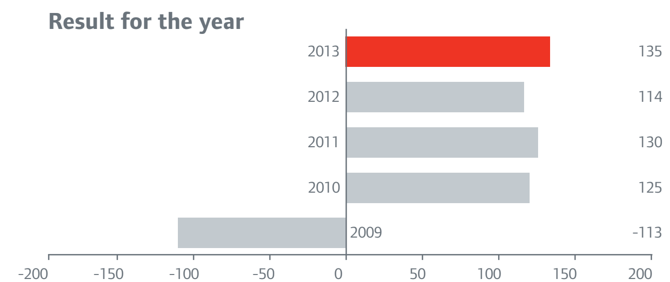
Supervisory Board Committees

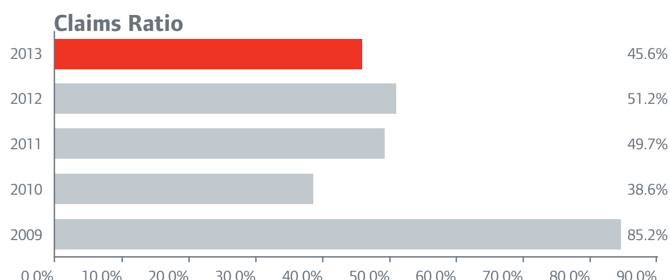
Remuneration, Selection and Appointment Committee
Audit Committee

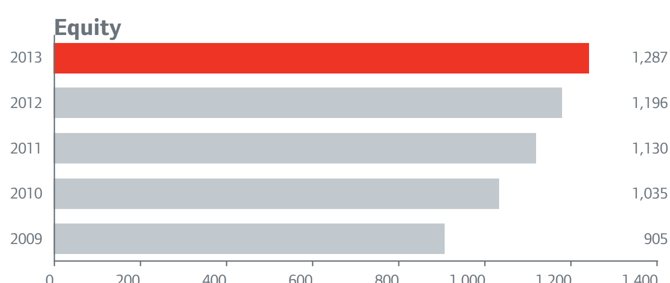












Ten years in figures

Financial Information (in EUR million)	2013	2012[4]	2011	2010	2009	2008[1]	2007	2006	2005	2004
Insurance premium revenue	1,412.1	1,439.8	1,403.4	1,345.6	1,468.6	1,616.4	1,148.6	1,076.5	1,058.8	1,079.1
Service and other income	166.4	161.8	150.5	155.1	197.8	225.4	166.9	152.9	146.7	132.7
Total revenue	1,578.4	1,601.6	1,553.8	1,500.7	1,666.4	1,841.8	1,315.5	1,229.4	1,205.5	1,211.8
Net investment result[2]	35.1	30.3	31.1	22.7	68.3	47.8	79.7	55.5	45.9	65.0
Total income	1,613.5	1,632.0	1,584.9	1,523.4	1,734.7	1,889.6	1,395.2	1,284.9	1,251.4	1,276.8
Result for the year	134.5	113.6	129.8	124.9	(113.3)	(193.4)	164.2	105.3	100.3	50.6
Balance sheet information (in EUR million)										
Equity	1,286.9	1,196.3	1,129.8	1,035.2	905.0	1,005.5	854.0	690.2	605.1	503.3
Total assets	3,697.8	3,737.2	3580.1	3,285.2	3,389.7	4,021.0	2,840.3	2,874.9	2,687.9	2,832.7
Insurance contracts	1,486.3	1,592.8	1,549.3	1,311.8	1,508.1	2,166.9	1,232.1	1,349.7	1,277.4	1,207.4
Shareholders information										
Return on equity[3]	10.8%	9.8%	12.0%	12.9%	-12%	-17%	21.4%	16.3%	18.1%	11.3%
Outstanding ordinary shares (at year-end, in million)	79.1	79.1	79.1	79.1	79.1	79.1	56.6	56.6	56.6	56.6
Dividend paid (in EUR million)	43.5	43.5	25.3	0.0	0.0	25.3	0.0	11.3	5.7	0.0
Technical ratios										
Gross claims ratio	45.6%	51.2%	49.7%	38.6%	85.2%	98.3%	39.4%	45.0%	51.8%	46.8%
Gross expense ratio	35.9%	35.0%	35.2%	35.4%	36.6%	34.1%	38.4%	39.0%	40.8%	44.8%
Gross combined ratio	81.5%	86.2%	84.9%	74.0%	121.8%	132.4%	77.8%	84.0%	92.6%	91.6%
Net claims ratio	46.4%	49.1%	50.3%	44.6%	76.6%	96.9%	41.4%	45.8%	43.9%	46.0%
Net expense ratio	37.4%	37.5%	34.2%	39.3%	46.2%	32.3%	37.7%	41.0%	47.4%	53.8%
Net combined ratio	83.8%	86.7%	84.5%	83.9%	122.9%	129.2%	79.1%	86.8%	91.3%	99.8%
Employees										
Headcount, at year end	3,257	3,315	3,304	3,318	3,627	4,106	3,604	3,545	3,452	3,900
Full-time equivalents, at year end	3,107	3,143	3,149	3,171	3,488	3,863	3,366	3,304	3,256	3,632
Full-time equivalents, average	3,132	3,139	3,159	3,318	3,662	3,851	3,335	3,280	3,444	3,605
Credit ratings										
A.M Best	A									
Moody's	A3									

(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) Restated, see note 2.3 of the consolidated financial statements

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Atradius. Always evolving

In the opening pages of this Annual Report, the brief history of Atradius and our antecedents hints at how, as an organisation, we have evolved since our origins in the early 20th century.

Throughout our long history, we have grown in size, in financial strength and in geographic reach. In doing so, we have adapted to the often volatile nature of global and national economies and to the changing demands of the businesses that we serve. And we are perfectly placed to continue that process of evolution.

Definitions of 'evolution' can vary, but the common thread is that of a gradual progression to a more sophisticated and better form. But some definitions omit one important aspect of the evolutionary process: that of retaining and building on what is proven to work perfectly well. Atradius demonstrates both of these aspects: progressive change coupled with the retention of our expertise in risk management and excellent service.

As for our progression, each year we develop products and technology designed to make our customers' credit and risk management more efficient and their lives easier. And each year we continue to build on the foundation of service excellence which our customers value and have come to rely on.

In this Annual Report you will find many examples of our customer-focused evolution: product innovations designed to suit the specific needs of both small businesses and larger organisations, and a reinforcement of our drive for increased efficiency and improved customer service.

But the true test of our success is the opinion of our customers, and this Annual Report also includes the words of Atradius customers confirming the value that we bring to their business.

Words such as these:

"The relationship and service levels provided by Atradius are second to none. Atradius fully understands our business needs and requirements." - Vishnu Gopie, General Manager - Credit & AR, LG Electronics UK Ltd

"developing products and technology to make our customers' credit and risk management more efficient and their lives easier"

A message from the Management Board

Claus Gramlich-Eicher, Christian van Lint
Andreas Tesch, Isidoro Unda, Dominique Charpentier

Dear stakeholder,

Atradius credit insurance is always adapting to meet the challenges that we and our customers face, because it is by responding to the ever changing needs of our customers and partners that we fulfil our mission to support them - and in the process ensure our own success. That success is evident in our financial performance and in the long lasting relationships that we build with our customers and partners.

We again achieved excellent results in 2013, despite the ongoing challenging economic environment, with a profit for the year of EUR 134.5 million, and a combined ratio which improved by 4.7 percentage points to 81.5%. This was due largely to a significant improvement in our claims expenses. We received a major contribution from our Iberian region, where prudent risk management successfully reduced claims costs to a level where the business returned to a positive gross insurance result. Shareholder's equity continues to increase and is now close to EUR 1.3 billion.

Our financial performance is reflected in the strong credit ratings assigned to the Atradius Group by A.M. Best and Moody's. At the time of adoption of this Annual Report, A.M. Best rates the key operating entities of the Atradius Group with 'A (Excellent), outlook stable' and Moody's with 'A3, outlook stable', both of which show the Atradius Group to be a financially sound, geographically well-diversified global trade credit insurer, with robust capitalisation and a good risk profile.

"Above all else, our people are our most valuable asset: it is their skill and professionalism that set us apart and allow us to deliver best-in-class service to our customers."

Throughout 2013 our strategic focus has determined the evolution of our business.

Whether through our core credit insurance products or our other credit and risk management services, excelling in the way we serve our customers is the main driver of our strategy, and indeed that strong customer focus has always been, and remains, a defining characteristic of the way we do business. During 2013 we continued to ensure that all our people understand the need to maintain a customer-focused mindset, whatever their role within the organisation.

An important factor in delivering that excellence in customer service is the development of innovative new tools for our customers: tools that exploit the very latest technologies and are unique in the marketplace. One example is our new product CreditPower, which combines and interprets data from a customer's sales ledger with credit insurance data to make their access to financing easier. Another is the CyCred tool available to our Spanish customers: an online policy management system that supports their risk management and identifies growth opportunities. Many other such innovations are described throughout the pages that follow.

Expertise in underwriting is at the core of what we do: one of the most fundamental aspects of our service proposition is our credit limit service. That is why we continue to invest in infrastructure that increases our underwriting capabilities. We also seek to explain the basis of our decisions to customers as this in itself can support their business strategies.

Atradius' geographic expansion is of major strategic importance: we aim to support our customers wherever they do business, both now and in the future. During 2013 we extended our operations in markets that offer real growth opportunities for our customers. Latin America, South East Asia, Africa and Russia are all focus areas that will contribute, not only to our customer's growth, but also to ours. Investment is the key to creating a solid base in these markets, ensuring that, wherever we are, we can offer the consistent excellence in underwriting, business intelligence, automation and communication that are our trademark.

The business partners, brokers, reinsurers and agents who distribute our products also play a crucial role in our success. We value their support and continue to invest in initiatives that strengthen our relationships.

Above all else, our people are our most valuable asset: it is their skill and professionalism that set us apart and allow us to deliver best-in-class service to our customers. That is why we are committed to ongoing investment in our employees. It is through that investment that we continue to improve our expertise in risk management and build lasting and meaningful relationships with our customers.

Solvency II and SEPA

In 2013 we continued with preparations for the new European regulatory regime which is now expected to become effective in January 2016. During the year we put significant effort into development of information technology to support our risk measurement and regulatory reporting capabilities. Also, we adjusted business processes to facilitate new practices such as a group-wide Own Risk and Solvency Assessment (which we carried out in 2013). We engage regularly with supervisors to ensure that expectations are aligned and that we are well placed to meet the new requirements. Our preparations for the new SEPA (Single European Payments Area) directive have also been concluded in readiness for its introduction in February 2014.

Investment in Information Technology

Information technology is constantly evolving, and plays a vital role in Atradius' service delivery, bringing us closer to our customers, brokers and partners. Indeed, one of our unique service propositions is our fully integrated IT platform, which enables powerful insight into risk across the globe. In 2013 we invested in innovative IT solutions, such as the Atradius Insight tool - the first application in our roadmap for the future direction of our online systems. This will bring enhanced business intelligence to our customers.

Increasingly, our customers and partners are also choosing to use our business-to-business link product Atradius Connect as a way of achieving more efficient business flows while reducing their administration costs.

Changes to our management team

During 2013, we have seen some important changes to our Management Board. Since May, a new position of Chief Insurance Operations Officer has been filled by Dominique Charpentier, and at the same time Claus Gramlich-Eicher joined the board as Chief Financial Officer. This year David Capdevilla took a Management Board position with Atradius' parent company Grupo Catalana Occidente. These developments all serve to cement our strength and the promise of continued success.

As a core member of the Grupo Catalana Occidente family of companies, we are looking forward to celebrating its 150th anniversary in 2014. We are proud to be the international arm of an organisation with such a well-acknowledged value proposition and history of sustainable profit and customer trust.

The Management Board would like to thank our customers, business partners, brokers, reinsurers, agents and our employees for contributing to our positive result in 2013. We now look forward to another successful year in 2014.

The Atradius Management Board

Isidoro Unda (Chairman)
Dominique Charpentier
Claus Gramlich-Eicher
Christian van Lint
Andreas Tesch

Financial performance overview

A summary of our progress and results in 2013.

- Profit of EUR 134.5 million – the 4th consecutive year of profits in excess of EUR 100 million.
- An improved combined ratio of 4.7 percentage points - to 81.5%.
- An insurance result showing annual growth of 19.9%.
- Total income of EUR 1,613.5 million.

Insurance revenue

The pattern of insurance revenue differed across the Group, with our Asia, Oceania, North America, Global, Special Products and Bonding business units achieving significant growth while revenue for the Iberian region decreased by 9.1%. However, at constant exchange rates and excluding the Iberian region, revenue increased by 1.5%. Our information income continued to grow, by 2.7%.

Claims development

The gross claims ratio, based on insurance revenue, decreased to 45.6% from 51.2% in 2012: the result of a 12.2% reduction in claims costs to EUR 695 million. Vigilant risk management also significantly improved the claims ratio for the Iberian region: down to 55.4% from 78.9% in 2012. In Asia and Central and Eastern Europe there was a slightly upward trend in claims, and similarly in our Nordic bonding operation.

Operating expenses

Gross insurance operating expenses rose by 0.8% to EUR 546.4 million. Direct operating expenses for services increased by EUR 2.5 million to EUR 55.2 million, while the gross technical expense ratio ended at 35.9%.

Service income

Service income increased by 1.3% to EUR 60.0 million. Atradius Collections achieved a 1% increase in revenue to EUR 43.8 million.

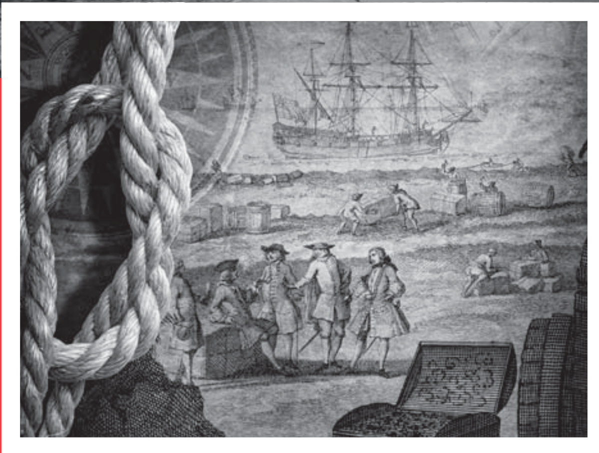
Net investment result

The net investment result, including share of income of associated companies, ending the year at EUR 35.1 million: a robust 15.6% increase on 2012. We continued to focus on preserving capital to avoid large losses on the investment portfolio. Since the 2008 credit crisis, the Group has maintained a conservative investment strategy, with reduced exposure to government bonds and equity instruments and an increased holding in short-term cash instruments and investment grade corporate bonds. This will continue until there are significant and sustained improvements in the global economy and financial markets.

Shareholders' equity

From a starting point of EUR 1,196.3 million, Atradius' shareholder equity reached EUR 1,286.9 million this year: a return on equity of 10.8%. During the year, dividends of EUR 43.5 million were distributed to shareholders. Equity benefited from unrealised gains and losses on financial investments of EUR 16.2 million. The overall improvement, generated mainly from retained earnings, strengthens the Group's capital position and supports future growth, allowing expansion of our insured business while maintaining strong capital ratios.

We continue to benefit from the trust of our customers and distribution partners through the excellence of our risk management in the face of challenging economic conditions, the adverse effects of foreign exchange and the need to refine our portfolios as part of recovery measures in Spain and Italy.



The evolution of international trade

From Arabian nomads transporting spices and silk by camel from the Far East in ancient times, to the formation of the Dutch East India Company in 1602, and in more recent history the emergence of the World Trade Organisation and a multitude of international free trade agreements, trade between nations has always been the lifeblood of the entrepreneurial spirit.

For almost a century, Atradius and its predecessors have provided the support that businesses need when venturing into new and, for them, uncharted territory.

Today, as ever, Atradius' clients can rely on the dedication of every one of our people to help make their ventures successful.

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Evolving to meet our customers' needs

Our customers trust us to provide the risk management support they need to sell their products and services with confidence, wherever they are doing business around the world.

Atradius' core product – credit insurance - provides coverage to our customers against financial losses arising from the inability of a buyer to pay for goods bought on credit.

Because every business is different, Atradius' products are designed to be flexible, so that the cover we offer can be tailored to meet each customer's unique needs and to mirror the way they do business. For example, our 'whole turnover' credit insurance is designed in a flexible modular format that can be adapted to each individual customer's trading arrangements. This modular concept therefore serves both small and medium sized enterprises (SMEs) and large customers engaged in both domestic and export trade.

Flexibility and adaptability

Our credit insurance can also be easily combined with other Atradius products, such as our debt collection services, to create a comprehensive credit management solution. It is through this flexibility and adaptability that we can and do adapt our products to the needs of different markets and customer segment.

For multinational corporations, we offer a sophisticated and tailored credit management solution in the form of our Global policy: widely acknowledged to be 'best in class'. In the 16 years since its inception, the Global policy has set Atradius apart as the clear market leader in this segment with 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, or stand-alone policies that accommodate varying performance levels and country conditions, or a combination of the two.

"Without our credit insurance policy, we would not be able to offer credit"

Gurdian Gabriel, Controller, L'Oreal

Our Global account teams are situated throughout the Atradius worldwide network and provide a local service that mirrors the customer's organisation. A dedicated key account underwriter, well versed in the customer's needs, ensures uniform and high quality decision making across the multinational organisation and its buyer portfolio.

'Whole turnover' cover is not always the right solution for every customer. We therefore 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.

Buyer intelligence at your fingertips

The Atradius buyer rating tool is provided to complement a customer's credit insurance policy, giving access to buyer ratings on the insured buyer portfolio via our online service Serv@Net. This allows customers to assess the quality of their buyer portfolio and monitor their credit risk. Currently it provides ratings for buyers in more than 110 countries. In 2013 the calculation models that form the basis of the tool were further enhanced.

In addition, through our Group company Iberinform, we offer a comprehensive web-based credit information service on Spanish buyers, including buyer ratings, investigative reports, financials and public information.

Skilled and sensitive debt collection

Atradius Collections helps businesses - both credit 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 collections specialist, leveraging the strength of Atradius credit insurance, combined with its own integrated international network of collectors, lawyers and insolvency practitioners and its online capabilities. Its clients benefit from Atradius Collections' worldwide collections expertise 'on the ground'.

Covering the risks of multiple instalment agreements

Atradius Instalment Credit Protection (ICP) covers the short and medium-term risks involved in multiple instalment agreements with private individuals and businesses (such as consumer credit, leasing and renting) and is offered to financial and corporate policy holders in Belgium and Luxembourg.

An extensive range of bonding products

Our range of bonding products puts customers in a stronger financial position when dealing with their business partners. A bond protects the beneficiary if the supplier – our customer – fails to meet its contractual obligations. Atradius holds a leading position in the French, Italian, Nordic and Spanish non-banking bonding markets and has an international network of business partners that have access to a wide range of bonding facilities in other markets. The products available are administrative bonds (such as excise, customs and authorisation bonds) and market bonds (such as bid, performance and maintenance bonds). In addition to the traditional sectors - such as construction, engineering and travel - demand for bonds is growing in new sectors such as environmental services.

Insuring the insurers

Atradius Re is the only specialist reinsurer for credit insurance and bonding, offering a wide range of reinsurance solutions for the credit insurance and bonding insurance 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 unique proposition to the market.

Working with the Dutch state

Atradius Dutch State Business issues credit insurance policies and guarantees to Dutch companies and banks financing Dutch exports on behalf 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.

The Atradius brand

The Atradius brand and its values play an increasingly important role in how we are perceived by our stakeholders: and especially how we live up to those values. Do we deliver on our promises? Do we believe in the value of building strong partner relationships with our customers? And perhaps most importantly, have we successfully made our customers the real focal point of our world? All the answers to these questions should be, and are, incorporated in our brand.

The Atradius brand stands for reliability, confidence and genuine high quality customer service, yet it only becomes reality if it is experienced in that way by our stakeholders. The proof is in what we deliver on a daily basis.

"Atradius insures clients that are new to us. When Atradius insures those clients, it's safe for us to do business with them"

Controller, Global 500 Telecommunications company

Global footprint

Europe

Austria	Vienna
Belgium	Namur, Antwerp
Czech Republic	Prague
Denmark	Copenhagen, Århus
Finland	Helsinki
France	Paris, Bordeaux, Compiègne, Lille, Lyon, Marseille, Nancy, Orléans, Rennes, Strasbourg, Toulouse
Germany	Cologne, Berlin, Bielefeld, Bremen, Dortmund, Frankfurt, Freiburg, Hamburg, Hanover, Kassel, Munich, Nuremberg, Stuttgart
Greece	Athens
Hungary	Budapest
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, Coruña, Girona, Las Palmas de Gran Canaria, Málaga, Murcia, Oviedo, Pamplona, Seville, Tarragona, Terrassa, Valencia, Zaragoza
Sweden	Stockholm
Switzerland	Zurich, Lausanne, Lugano
Turkey	Istanbul
United Kingdom	Cardiff, Belfast, Birmingham, London, Manchester

Middle East

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

Asia

China	Shanghai (***)
Hong Kong	Hong Kong
India	Mumbai (***)
Indonesia	Jakarta (**)
Japan	Tokyo
Malaysia	Kuala Lumpur (**)
Philippines	Manila (**)
Singapore	Singapore
Taiwan	Taipei (**)
Thailand	Bangkok (**)
Vietnam	Hanoi (**)

Africa

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

Americas

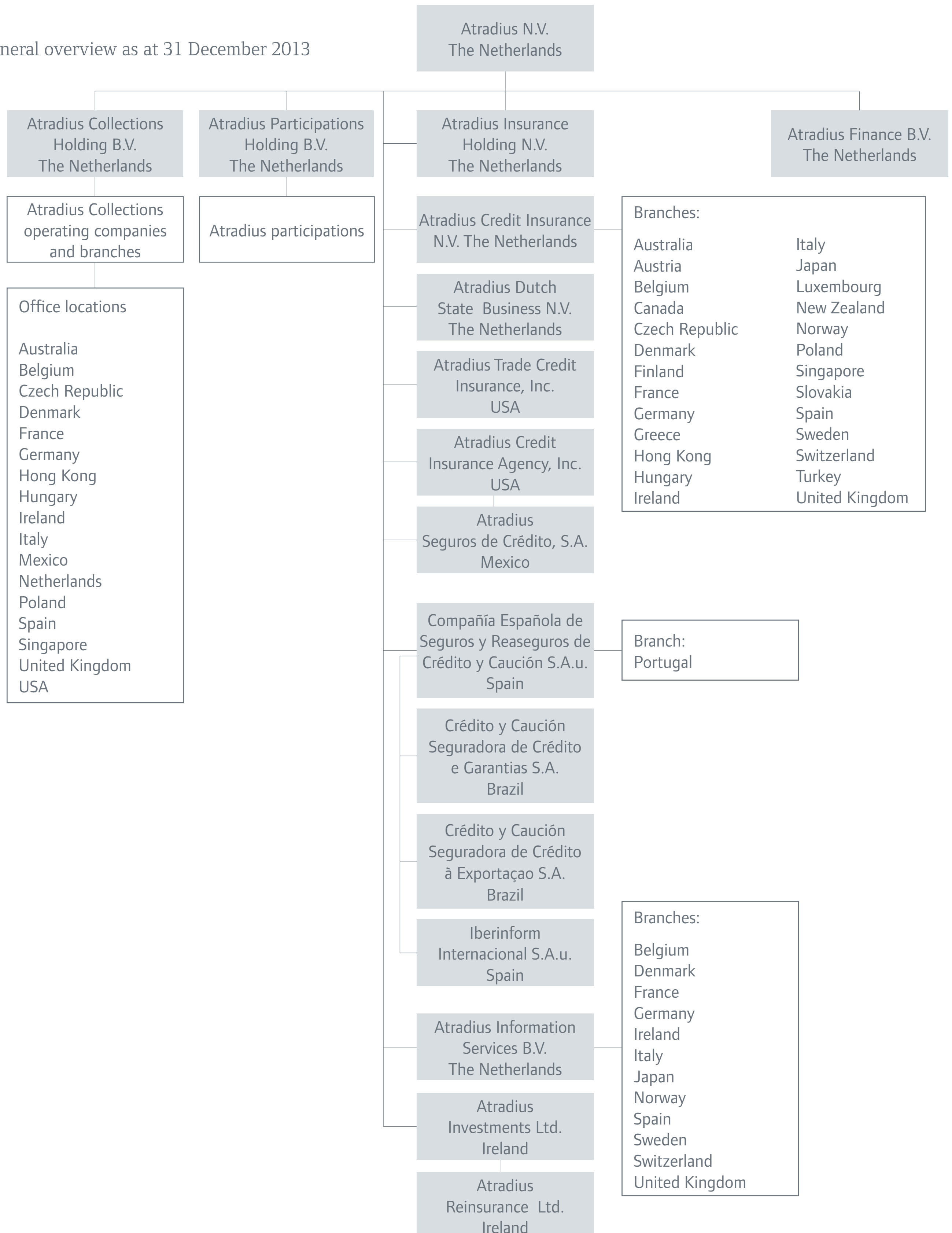
Argentina	Buenos Aires (*)
Brazil	São Paulo
Canada	Almonte (Ontario), Mississauga (Ontario), Duncan (British Columbia)
Chile	Santiago de Chile (*)
Mexico	Mexico City, Guadalajara, Monterrey
Peru	Lima (*)
USA	Hunt Valley (Maryland), Chicago (Illinois), Los Angeles (California), New York (New York)

Oceania

Australia	Sydney, Brisbane, Melbourne, Perth
New Zealand	Wellington

(*) Associated company or minority interest (**) Co-operation agreement with local partner
(***) Service establishment and co-operation agreement with local partner

Atradius Group organisation



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Report of the Supervisory Board

"The Supervisory Board would like to thank the Management Board and all Atradius employees for the positive results achieved in 2013. The Supervisory Board is confident that the Atradius management team and the employees will contribute to another successful year in 2014."

After several years of economic upheaval and intense volatility, 2013 showed the first signs of stabilisation, with the global economy moving towards a gradual recovery, although overall there is as yet no clear picture. The Eurozone is moving out of recession and advanced economies are expected to continue to stabilise while contributing further to the global economy. It cannot be excluded however that some economies may contract or exhibit weak growth ratios in 2014.

In view of this challenging environment, we are particularly pleased with the reported net profit for 2013 for Atradius of EUR 134.5 million. In addition to the Group once again achieving profit, the current financial year is notable for a recovery in the profit for Spain, which is drawing nearer to more normal profitability rates. The recovery in Spain is very important, since it is one of the main markets for Atradius and it is where Grupo Catalana Occidente, its majority shareholder, carries out its business.

In May 2013, Désirée van Gorp was appointed as member of the Supervisory Board. Her expert knowledge of business strategy will further enforce the Supervisory Board and we wish Désirée all success in her new position and look forward to working with her.

The full Supervisory Board convened five times during 2013 and the Audit Committee four times, while the Remuneration, Selection and Appointment Committee convened five times.

In June and September 2013, both the Management Board and the Supervisory Board participated in permanent education sessions which were organised in the course of the Company's Permanent Education Programme covering, amongst other topics, IFRS update, Business Ethics and Duty of Care towards Customers, and Risk Management. All members of the Supervisory Board also took the 'Dutch Insurer's Oath'. As in previous years, in 2013 the Supervisory Board was involved with the Remuneration Policy for the Atradius Group.

In May 2013, Claus Gramlich-Eicher was appointed CFO and member of the Management Board, taking on the responsibilities attached thereto: responsibilities which, following the resignation of Delfin Rueda in 2012, had been ad-interim taken over by Isidoro Unda. With effect from April 2013, David Capdevila resigned as Chief Market Officer and member of the Management Board in view of his appointment as member of the Management Board of Grupo Catalana Occidente. Following this resignation, Dominique Charpentier was appointed as Chief Insurance Operations Officer and member of the Management Board. The Supervisory Board would like to thank David Capdevila for his hard work and commitment and wishes him success in his future career. The Supervisory Board further wishes Claus Gramlich-Eicher and Dominique Charpentier all the success in their new position and look forward to working with them.

The Supervisory Board also thanks Isidoro Unda (Chief Executive Officer), Dominique Charpentier (Chief Insurance Operations Officer), Claus Gramlich-Eicher (Chief Financial Officer), Christian van Lint (Chief Risk Officer) and Andreas Tesch (Chief Market Officer) for their efforts, expertise and experience in meeting the objectives of Atradius during 2013.

Atradius N.V.'s Annual Report contains the financial statements for the financial year 2013, as 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 2013, to grant the Management Board members discharge from their management duties during 2013 and to grant the Supervisory Board members discharge from their supervision duties during 2013.

The Supervisory Board, Ignacio Álvarez

The evolution of trade credit

The earliest recorded use of paper money was in China, around 800 A.D. during the Tang Dynasty. It was a simpler way for traders to buy and sell without having to carry around heavy bags of coins. The recipient would then redeem the paper note against its stated value in coinage.

So throughout its long history, paper money has had no intrinsic value: it is simply a promise to pay. Indeed, the word 'promise' still appears on many bank notes. While the use of paper money is increasingly replaced by 'plastic' and electronic means of payment, the essence of what the Chinese created all those centuries ago still holds true today. What paper money created was trade credit, a practice that has been the foundation of commercial transactions ever since.

And today, Atradius is a global leader in helping to ensure that those transactions reach a profitable conclusion.

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. as at 31 December 2013 is:

Shareholder structure of Atradius N.V.		Percentage of Shares
Grupo Catalana Occidente, S.A.		35.77%
Grupo Companía 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%**

Grupo Catalana Occidente is the main shareholder with an economic stake of 83.2% (35.77% directly and 47.43% indirectly through the holding Grupo 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 57.03% of the Group's capital.

Thanks to the stability of the results and the prudent investment policy, long-term capital has increased by 17.0% to EUR 2,100.3 million and the solvency margin is 484.4%, with excess capital of EUR 1,774.6 million.

(in million euro)

Key Figures	12M2012	12M2013	% chg. 12-13
Long Term Capital	**1,795.3**	**2,100.3**	**17.0**
Equity	1,676.5	**1,980.8**	**18.2**
Subordinated loan	118.8	**119.5**	**0.6**
Return on Long Term Capital	**14.0%**	**12.8%**	
Funds Under Management	**7,818.2**	**8,381.9**	**7.2**
Excess capital under Solvency I	**1,752.9**	**1,774.6**	**1.2**
As % of capital required	**497.5%**	**484.4%**	

For further information please see the Annual Report of Grupo Catalana Occidente available at www.grupocatalanaoccidente.com

Grupo Catalana Occidente
"Thinking about your future"

- 150 years of history
- Growing turnover to EUR 3.2 billion
- Recurrent results higher than EUR 221 million
- Solid equity of EUR 2,600 million at market value
- Funds under management of EUR 8,400 million
- 5,600 employees in more than 45 countries

	Characteristics	Lines of Business
Traditional Business	Focused on Spain	Multi-risk
	Families and enterprises	Automobile
	Professional agency network	Other Non-Life
	1,043 offices	Life and Financial Products
		Health
		Funeral
Credit Insurance Business	Service offered in more than 45 countries	Credit Insurance
	Companies	Bonding
	Agents and Brokers	Credit and Bonding reinsurance
	110 offices	Debt Collection

The foundation of trust

Atradius endorses the importance of sound corporate governance. Key elements of independence, accountability and transparency create a relationship of trust between Atradius and all of its stakeholders – employees, customers, suppliers, shareholders 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 its stakeholders. 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 (1952, Spanish nationality)

Isidoro Unda was appointed Chairman of the Management Board and Chief Executive Officer (CEO) of Atradius N.V. with effect from 4 July 2007, for an undefined term.

As CEO, Isidoro Unda is responsible for the units Strategy and Corporate Development, Human Resources and Facilities, Legal and Compliance, Internal Audit and for the credit insurance operations in Spain, Portugal and Brazil. He is also a board member of Atradius Credit Insurance N.V., Crédito y Caución and Atradius Trade Credit Insurance, Inc. He has over 25 years experience in the financial and insurance sector. Before joining Atradius as CEO, he held positions with the Spanish Ministry of Finance, Consorcio de Compensación de Seguros and Crédito y Caución. Former positions include: member of the Supervisory Board of Atradius N.V., Inverseguros S.A. and Mutua Madrileña Automovilista. He has a degree in Law and Economics from Deusto University in Bilbao.

Andreas Tesch (1969, German nationality)

Andreas Tesch was appointed Chief Market Officer (CMO) with effect from 4 November 2011, for an undefined term.

As CMO, Andreas Tesch is responsible for the credit insurance operations (excluding Spain, Portugal and Brazil) as well as the units Global and Oceania, Asia, Dutch State Business, Special Products and Group Communications and Commercial Development. He is also a board member of among others Atradius Credit Insurance N.V., Atradius Dutch State Business N.V., Atradius Trade Credit Insurance, Inc. and Atradius Participations Holding B.V. He has worked for Atradius and its predecessor companies since 2001. From January 2007 to October 2011 he was Director of the unit Global, Oceania and New Markets and before that he was Director of the unit Risk Services for Central and Eastern Europe. Before joining Atradius, he was a Director at Simon Kucher & Partners, where

he advised clients on strategy and mergers and acquisitions. He has a degree in Business Administration from the University of Cologne.

Christian van Lint (1960, Dutch nationality)

Christian van Lint was appointed Chief Risk Officer (CRO) with effect from 1 November 2012, for an undefined term.

As CRO, Christian van Lint is responsible for the units Group Risk Management, Group Buyer Underwriting, Risk Services and Outward Reinsurance. He is also a board member of Atradius Credit Insurance N.V. He has worked for Atradius and its predecessor companies since 1983. From February 2006 to November 2012 he was Director of the unit Group Risk Management and before that he was Director of the unit Risk Services for the Netherlands and Nordics and held various positions in the areas of claims and recoveries, buyer underwriting and special risk management. He graduated from the School for Business Administration and Economics in Utrecht.

Dominique Charpentier (1950, French nationality)

Dominique Charpentier was appointed Chief Insurance Operations Officer (CIOO) with effect from 15 May 2013, for an undefined term.

As CIOO, Dominique Charpentier is responsible for the units Bonding, Collections, Atradius Reinsurance, IT Services and Instalment Credit Protection. He is also a board member of among others Atradius Credit Insurance N.V., Atradius Collections Holding B.V. and Atradius Participations Holding B.V. He joined the credit insurance and factoring industry in 1995 and has worked for Atradius and its predecessor companies since 2002. Before his appointment as CIOO, he served as Director of the units Italy, Bonding and Instalment Credit Protection. Former positions include: Managing Director of Atradius Factoring, CEO of Eurofactor and Chairman of the Board of International Factors Group. He graduated from the Institute of Political Studies in Paris.

Claus Gramlich-Eicher (1965, German nationality)

Claus Gramlich-Eicher was appointed Chief Financial Officer (CFO) with effect from 15 May 2013, for an undefined term.

As CFO, Claus Gramlich-Eicher is responsible for the units Finance, Financial Control and Corporate Finance. He is also a board member of Atradius Credit Insurance N.V., Crédito y Caución and Atradius Finance B.V. He has more than 20 years experience in the financial services sector. Before his appointment as CFO, he worked for Allianz since 1993 in various senior financial management roles in Germany, Spain, Italy and the Czech Republic, most recently as Executive Director for Allianz Investment Management SE in Germany. He has a degree in Economics and Business Administration from the University of St. Gallen and a CEMS Masters degree in International Management.

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 2013.

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 a discussion and/or decision-making process on a subject or transaction in relation to which he has a conflict of interest with the Company.

The Supervisory Board

Composition

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

Ignacio Álvarez (Chairman) (1960, Spanish nationality)

Mr. Álvarez was initially appointed to the Supervisory Board on 4 October 2007. His current term expires in 2015.

Ignacio Álvarez has more than 20 years experience in the insurance and financial sector. He is currently the CEO of Grupo Catalana Occidente S.A. He is also the CEO of Seguros Catalana Occidente and Seguros Bilbao. Other current positions include: Chairman of the Supervisory Board of Grupo Compañía Española de Crédito y Caución S.L. and member of the Supervisory Board of Plus Ultra Seguros. Before joining Seguros Bilbao in 1991 he worked at Banesto, Banco de Vitoria and Arthur Andersen. From 2006 to 2010 he was Chairman of ICEA (the Spanish Institute for Cooperation and Investigation between Insurance and Pension Fund Management Companies). From 2003 to 2011 he was member of the Governing Board of UNESPA País Vasco y Navarra. He graduated in Business Administration with a major in Finance and co-major in Law from Deusto University in Bilbao.

Francisco Arregui (Vice-Chairman) (1957, Spanish nationality)

Mr. Arregui was initially appointed to the Supervisory Board with effect from 1 October 2009. His current term expires in 2016.

Francisco Arregui has more than 25 years experience in the insurance and financial sector. He is currently the General Manager of Grupo Catalana Occidente and member and secretary of the Board of Grupo Catalana Occidente and Seguros Catalana Occidente. Other current positions include: vice-chairman of the Board of Nortehispana de Seguros; board member of Bilbao Compañía Anónima de Seguros y Reaseguros, S.A., Fundación Jesús Serra, INOC S.A. and Corporación Catalana Occidente S.A.; legal representative of Grupo Catalana Occidente in the Board of Grupo Compañía Española de Crédito y Caución, S.L.; and legal representative of Corporación Catalana Occidente, S.A. in the Board of Plus Ultra and Seguros Generales y Vida, S.A. Before joining Grupo Catalana Occidente in 1988, he worked as Public Prosecutor in Barcelona. Former positions include a membership of: the Comité Consultivo de la Comisión Nacional del Mercado de Valores, the Consell Consultiu de l'Assegurança i el Mutualisme of Catalonia, the Governing Board of Junta Consultiva de Seguros y Fondos de Pensiones and Chairman of UCEAC. Since 2005 he is a member of the Governing Board of UNESPA. He graduated in Law from the University of Barcelona and holds a PADE (Senior Management) degree from IESE Business School in Barcelona.

Paul-Henri Denieuil (Honorary Chairman) (1941, French nationality)

Mr. Denieuil was initially appointed to the Supervisory Board on 1 May 2004. His current term expires in 2015.

Paul-Henri Denieuil has more than 35 years experience in Investment Banking and Financial Institutions. Until 2003 he was managing partner at Deloitte & Touche Corporate Finance. Before joining Deloitte & Touche Corporate Finance he was Chief Executive Officer of the Euler Group and Chairman of the Comité National des Conseillers de Commerce Extérieur. Currently, he is the Mayor of Saint-Jean d'Angély and member of the Board of Sélène Patrimoine. On 14 July 2004 he was awarded Officier de la Légion d'Honneur. He graduated in Law from Paris University and earned a degree in Business Administration from Ecole des Hautes Etudes Commerciales.

Xavier Freixes (1969, Spanish nationality)

Mr. Freixes was initially appointed to the Supervisory Board with effect from 1 September 2011. His current term expires in 2015.

Xavier Freixes started his career in 1995 as a practising lawyer at the law firm Cuatrecasas in Barcelona, of which he became a partner in March 2005. He moved to London in 2007 to become a senior Mergers and Acquisitions specialist at Deephaven Capital Management International Ltd. He is currently founder partner, General Counsel and Chief Executive Officer of Tyrus Capital SAM in Monaco. Former positions include: General Counsel Stock Exchange Barcelona and external consultant at Generalitat de Catalunya, lecturer at the Universidad Pompeu Fabra and at the ESADE Business School in Barcelona. He has a degree in Law from Universitat Autònoma in Barcelona and a Masters degree in Corporate Law from Universitat Pompeu Fabra in Barcelona.

Désirée van Gorp (1965, Dutch nationality)

Ms. Van Gorp was initially appointed to the Supervisory Board on 16 May 2013. Her current term expires in 2017.

Désirée van Gorp joined Nyenrode Business Universiteit in 1999, where she currently holds the position of professor of International Business Strategy and associate dean of degree programs. She started her career working for the special rapporteur to the Centre for Human Rights of the United Nations. In 1991 she became director international affairs at MKB-Nederland, where she was in charge of negotiations on international economic relations with the Ministries of Economic and Foreign Affairs, European Parliament and Commission. During that period she also established the EU-office of MKB-Nederland in Brussels. Since 1995 she has been advising the public and private sector on translating (global) economic and political issues and trends into corporate strategies. Other positions include a membership of: the supervisory board of Missing Chapter Foundation, the boards of Humanity House and Cirion Foundation and the advisory boards of TEDxBinnenhof, the World Trade Organization Joint Program and ECP.NL.

She graduated in Law from Leiden University and has a PhD from Nyenrode Business Universiteit.

Bernd H. Meyer (1946, German nationality)

Mr. Meyer was initially appointed to the Supervisory Board on 22 December 2003. His last term expires in 2015.

Bernd H. Meyer worked for 25 years in Gerling-Konzern in Germany where his main assignment for 22 years was credit insurance business. He is currently member of the Supervisory Board of Carl Spaeter GmbH. Former positions include: Chairman of the Management Board of Gerling NCM Credit and Finance AG. He graduated in Law from Hamburg University and passed his second state examination in Law also in Hamburg.

José Ruiz (1946, Spanish nationality)

Mr. Ruiz was initially appointed to the Supervisory Board with effect from 1 May 2009. His current term expires in 2016.

José Ruiz has more than 35 years experience in the reinsurance sector. He has been the CEO of Nacional de Reaseguros S.A. since 1988 and became the Chairman of this company in June 2009. Other current positions include: Vice-Chairman of the Board of MGS, Seguros y Reaseguros S.A., Chairman of Calculo S.A., Chairman of Audatex España, S.A. and member of the Board of Gesnorte S.A. and Corporación Europea de Inversiones S.A. Former positions include: Chairman of the Spanish Reinsurers Association and member of the Governing Board of UNESPA. He graduated in Law with a degree in Tax Law from the Complutense University of Madrid.

Hugo Serra (1975, Spanish nationality)

Mr. Serra was initially appointed to the Supervisory Board with effect from 1 September 2011. His current term expires in 2015.

Hugo Serra is currently Executive Director at Grupo Catalana Occidente S.A. and has been a member of the Board of Grupo Catalana Occidente S.A. and Seguros Catalana Occidente S.A. since 2006. Other current positions include: member of the Board and member of the Comisión Permanente of Grupo Compañía Española de Crédito y Caución S.L., CEO of Co. Sociedad de Gestión y Participacion S.L., member of the Board of Plus Ultra Seguros and INOC S.A. and trustee at Fundación Jesús Serra. Before joining Grupo Catalana Occidente S.A. he worked at Deutsche Bank in the area of product development and marketing. He has a BSBA from the University of Wales, a degree in Business Administration from the Polytechnic University of Catalonia in Barcelona and an MBA from IESE Business School in Barcelona.

Dick Sluimers (1953, Dutch nationality)

Mr. Sluimers was initially appointed to the Supervisory Board on 22 December 2003. His last term expires in 2015.

Dick Sluimers has been Chairman of the Board of Directors of APG N.V. (formerly ABP Pension Fund) since 2007. He joined the Board of Directors in 2003 as Chief Financial Officer. Before that he held various positions at the Ministry of Finance, ultimately as Director-General of the Budget. Other positions include: member of the Board of Trustees of the IFRS Foundation and member of the Board of Governors of the State Academy of Finances and Economics. He has a degree in Economics from the Erasmus University in Rotterdam and studied Politics for a number of years at Amsterdam University.

Role and procedures

The Supervisory Board supervises the Company's general affairs and the policy pursued by the Management Board. 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. An independent Supervisory Board member shall not hold office for more than twelve years. 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 members 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, 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.

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 2013, the Audit Committee met four times. The Audit Committee currently consists of Paul-Henri Denieuil (Chairman), Ignacio Álvarez, Francisco Arregui and Xavier Freixes.

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 2013, the Remuneration, Selection and Appointment Committee met five times. The Remuneration, Selection and Appointment Committee currently consists of Francisco Arregui (Chairman), Ignacio Álvarez and Paul-Henri Denieuil.

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 2013.

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 member of the Supervisory Board will not participate in a discussion and/or decision-making process on a subject or transaction in relation to which he has a conflict of interest with the Company.

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 external and internal auditor

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 2013 on 4 June 2013.

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.

Remuneration policy

The remuneration policy for the Atradius Group (the 'remuneration policy') lays down the principles and key elements of sound and controlled remuneration of all Atradius' employees. The remuneration policy supports the Atradius Group's business strategy, objectives, values and long-term interest and is aligned with the size, organisational set-up, nature and complexity of the business activities of the Atradius Group. The remuneration policy is designed to improve the performance and the value of the Atradius Group, to motivate, retain and attract qualified employees and to contribute to sound and efficient risk management within the Atradius Group and not to encourage the taking of more risk than is acceptable to Atradius.

Governance over remuneration is arranged in the following manner.

The Supervisory Board is responsible for:

- Proposing and determining the policy for remuneration and further conditions of employment for the Management Board within the remuneration policy as adopted by the General Meeting;
- Approving the general principles of the remuneration policy;
- Reviewing the general principles of the remuneration policy periodically;
- Implementing the remuneration policy;
- Ensuring that a central and independent internal assessment takes place at least once a year in order to review compliance with the remuneration policy and procedures established by the Supervisory Board.

The Remuneration, Selection & Appointment Committee (RSAC) is responsible for:

- Preparing the decision-making and advising the Supervisory Board on remuneration and its related responsibilities, including advising on decisions pertaining to remuneration that effect the risks and risk control of the financial institutions belonging to the Atradius Group. On preparation of such decisions, the RSAC will take into account the long term interests of the shareholders and other stakeholders;
- Supervising the remuneration of higher senior managerial employees who hold Control Positions. For the purpose of this remuneration policy, the term 'Control Positions' is as defined in Art. 7 and further of the Regulation of De Nederlandsche Bank N.V. of 16 December 2010, comprising rules with regard to the controlled remuneration policy of financial institutions (Dutch Controlled Remuneration Policy) or 'Regeling beheerst beloningsbeleid Wft 2011'). At present, the following Management Board (MB) and Atradius Leadership Team (ALT) members are considered to hold a Control Position: the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the Director Internal Audit, the Director Group Risk Management, the Director Legal and Compliance and the Director Group Human Resources.

Features

The design principles underlying the remuneration policy of the Atradius Group are aligned with the principles in the above mentioned regulations. The following design principles are applied in the remuneration policy:

- Remuneration shall contribute to sound and efficient risk management and shall not encourage the taking of more risk than is acceptable to Atradius;
- The remuneration shall comprise measures that should avoid conflicts of interest;
- Fixed and variable remuneration shall be used to align individual performance with both short and long-term corporate strategy and objectives. Remuneration shall reward according to performance at the Atradius Group, company/entity and individual level as appropriate. Individual objectives shall include a combination of financial and non-financial targets as appropriate to the role, taking into account ethical behaviour and corporate responsibility;
- Remuneration shall be set at levels appropriate to local employment market conditions to attract and retain talented employees within the Atradius Group, while observing these design principles and applicable laws, rules and regulations;
- Remuneration shall be underpinned by performance management systems in order to differentiate between different levels of performance and thus reinforce a performance culture;
- Performance criteria for employees will be objective, measurable and linked to individual, company/entity and Group performance as appropriate;
- Non-financial rewards (other benefits) may also be used to further improve motivation and nurture employee commitment;
- Remuneration shall be practical and simple to understand, and supported by clear and timely communication;
- Atradius recognises that the way in which performance is achieved is as important as the performance result. Therefore remuneration shall be designed to encourage behaviour that promotes Atradius' values;
- Not all employees are entitled to variable remuneration; this also depends on the local market conditions.

Performance criteria variable remuneration components

Some specific variable remuneration components apply to the group referred to as 'Identified Staff' (as defined in the regulation of De Nederlandsche Bank N.V.), which for the purpose of the remuneration policy are defined, as the categories of employees that perform a higher managerial, risk-taking or control position, and whose activities may materially affect the risk profile of Atradius. In determining this category of employees, Atradius has taken into account the size, internal organisation, nature, scope and complexity of its activities.

Following this analysis, the following functions are considered to be Identified Staff:

- Members of the Management Board;
- (Voting) members of the highest risk management governance body within Atradius: which at present is the Risk Strategy Management Board, consisting of the Management Board and the Directors/Head of Group Risk Management, Finance and Strategy and Corporate Development;
- Atradius Leadership Team (ALT)-members that hold Control Positions.

Management Board and ALT members are entitled to variable remuneration components as a percentage of their fixed salary. In line with the applicable legislation, the relationship between fixed and variable remuneration has been carefully considered, with a sufficiently high fixed component to allow for the non-payment of the variable component if performance criteria are not met.

The variable remuneration component shall further be based on the following design principles:

- Senior management employees in Control Positions are independent of the business units that they supervise, have sufficient authority and are remunerated on the basis of the realisation of the specific objectives of their position, and not related to the short term results of the business activities that they supervise;
- Atradius ensures that the total variable remuneration does not limit its ability to strengthen the regulatory capital, solvability margin or equity capital of the Atradius entities that are considered to be financial institutions;
- An employee may not make use of personal hedging or any insurance linked to remuneration and liability in order to undermine the risk control effects that have been embedded in his or her variable remuneration plan;
- Atradius does not award guaranteed variable remuneration other than upon the entry into employment of new employees for at most the first year;
- The variable remuneration, including the conditionally awarded part, is paid or acquired only when this is consistent with the financial condition of the Atradius Group as a whole and is justified by the performance of the Atradius Group, the individual Atradius company, the business unit and the relevant employee;
- Atradius shall award a severance payment only if it is related to performance realised over the course of time and is shaped such that failure is not rewarded;
- Remuneration plans will include adjustments and claw-back provisions in line with prevailing legislation.

The role of the Chief Financial Officer and the role of the Chief Risk Officer are recognised as a Control Position and will therefore not be linked to the results of the business activities under their supervision - with the exception to the Group target (3 year average Group return on equity - ROE) - to secure their role as controller. This also applies to ALT-members who hold Control Positions, whose variable remuneration components will be set, where possible, on the basis of the achievement of commercial and non-commercial objectives relevant to their position, and - with the exception to the Group target (3-year average Group ROE - are independent of the results of the business activities they supervise.

Target	Relative weight MB member	Relative weight ALT member
Individual Targets (max 100%)	**25%**	**33.33%**
Unit Targets (max 100% for MB member, max 125% for ALT members)	25%	**33.33%**
Group Targets (max 100% for MB member, max 125% for ALT members)	50%	**33.33%**
Total	**100%**	**100%**

Pay-out

The pay-out of variable remuneration is subject to additional constraints, in accordance with the policy. 50% pay-out related to the Group Target component will be deferred in the form of a non-cash instrument and will be awarded conditionally over a period of three years after the relevant performance year, whereby the pay-out is dependent on the development of the ROE of Atradius N.V. over the previous three years. 50% pay-out related to the Individual and Unit Target components will be deferred as a scoring percentage of the relevant component. When considering the nature of the credit insurance business, which is Atradius' core business, major risks will normally materialise within two years of Atradius entering into a credit insurance contract. Hence, the deferral period which is being adopted is considered a prudent time-horizon which should avoid excessive risk-taking. Pay-out of the deferred components is subject to review and dependent on achievement of the pre-defined performance criteria. Following this review, pay-out may be revised downwards or cancelled. Revision upwards is not possible.

To the extent permissible under applicable general principles of law of obligations - including the principle of fairness and reasonableness - and labour legislation, the Atradius Group reserves the right, at its own discretion, to amend this remuneration policy and/or to considerably reduce the variable remuneration in general if it realises materially less positive or negative financial performances, taking both the current remuneration and the reduction of remuneration of earlier earned amounts, among other things by means of malus or remuneration schemes, into account.

Reviewing the remuneration policy

The remuneration policy was approved and implemented in 2011. In 2012 and 2013, the Supervisory Board reviewed the remuneration policy to assure that the remuneration policy remains in line with the principles contained in the Dutch Insurer's Code, as well as the Regulation on Controlled Remuneration that was issued by the Dutch Central Bank at the end of 2010.

Dutch Insurer's Code

The Dutch Insurer's Code came into effect on 1 January 2011 and sets out principles that Dutch insurers should observe in terms of corporate governance, risk management, audit and remuneration. Although this code in principle applies only to Atradius Credit Insurance N.V., Atradius N.V. has decided to voluntarily apply the principles included in the Insurer's Code on the level of Atradius N.V.

The Insurer's Code is implemented on the basis of the 'comply or explain' principle. As a starting point, Atradius intends to align its policies with the various principles. At the same time, Atradius is of the opinion that the intentions underlying the Insurer's Code are already for the main part embedded in the Atradius culture and way of doing business. Being active in the credit insurance industry, supporting our clients in receivables risk management and thereby enabling trade is our core value proposition.

Although most of the principles contained in the Insurer's Code are already applied within Atradius, the introduction of the Insurer's Code has triggered the critically evaluation by Atradius of a number of internal processes which has led to further tightening and documenting such processes.

A description of the main issues resulting from the Insurer's Code that required specific attention by Atradius in order to ensure compliance is set out below. Atradius complies with the text and spirit of the principles of the Insurer's Code in all material respect. A detailed description of the way in which Atradius complies with the specific principles of the Insurer's Code is available on our website www.atradius.com.

Supervisory Board

The Supervisory Board of Atradius N.V. complies in all material aspects with the principles of the Insurer's Code. In the course of 2013 permanent education sessions were held covering the following topics:

- IFRS update, Financial Reporting and Provisioning;
- Moral Ethical declarations, Business Ethics and Duty of Care towards customers. During this session, all members of the Supervisory Board took the 'Dutch Insurer's Oath';
- Risk Management, Policies and Audit;
- Atradius Products and Services, and Product Development.

These sessions were presented by internal and external specialists. In 2011 a self evaluation programme was introduced which is being completed on an annual basis and includes, among other things, an assessment of the effectiveness of the permanent education plan.

A Remuneration, Selection and Appointment Committee and an Audit Committee are in place within 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.

Management Board

All members of the Management Board have signed the moral-ethical declaration. In 2013, all members of the Management Board also took the 'Dutch Insurer's Oath'. The principles that form part of this declaration were already established in more detail in Atradius' Code of Conduct, which is applicable to all employees throughout the Group.

During 2011, the role and responsibilities of the Management Board were further formalised in Management Board rules. Moreover, a permanent education programme for the members of the Management Board was introduced in 2011. The members of the Management Board participated in the permanent education sessions that were held in 2013.

Risk management

Robust governance over risk management is vital for Atradius to achieve its mission and objectives. The Management Board rules and Supervisory Board rules reflect the various principles of risk management as described in the Insurer's Code.

Audit

Atradius complies with all principles contained in this section of the Insurer's Code.

The head of Internal Audit initiates meetings with the external auditor and supervisors from the Dutch Central Bank (DNB) on at least an annual basis for the purpose of exchanging information on risk analysis, annual audit planning and audit observations.

Remuneration policy

Atradius has spent considerable time aligning its remuneration policy with the principles contained in the Insurer's Code, as well as the Regulation on Controlled Remuneration issued by DNB at the end of 2010. This resulted in a remuneration policy for the Atradius Group that has been approved in 2011 and is being reviewed on an annual basis. The design principles underlying the remuneration policy of the Atradius Group are aligned with the principles in the above mentioned regulations, taking into consideration Atradius' strategy and risk appetite, objectives and values, the long-term interests of the Atradius Group, as well as the relevant international context and wider societal acceptance.

A year of real change

The global economic environment changed in several ways in 2013.

The slide in global activity that had begun in 2011 bottomed out, although growth reached only 2.4%, down from 2.7% in 2012.

The gap in growth rates between advanced and emerging economies stopped widening. Europe emerged from recession and the United States' economy continued to improve, while growth across emerging economies moderated. And, while there was still significant variation in economic activity between countries, the extent of that variation decreased.

Economic growth in Europe was neutral, the US posted growth of 1.7%, and Asia Pacific, Latin America and Eastern Europe grew by 4.6%, 2.6% and 1.9% respectively. The United Kingdom grew by 1.4%, while French growth remained minimal and German growth slowed to 0.5%. The Spanish, Italian, Greek and Portuguese economies continued to shrink but at a slower pace: by 1.3%, 1.8%, 4% and 2% respectively.

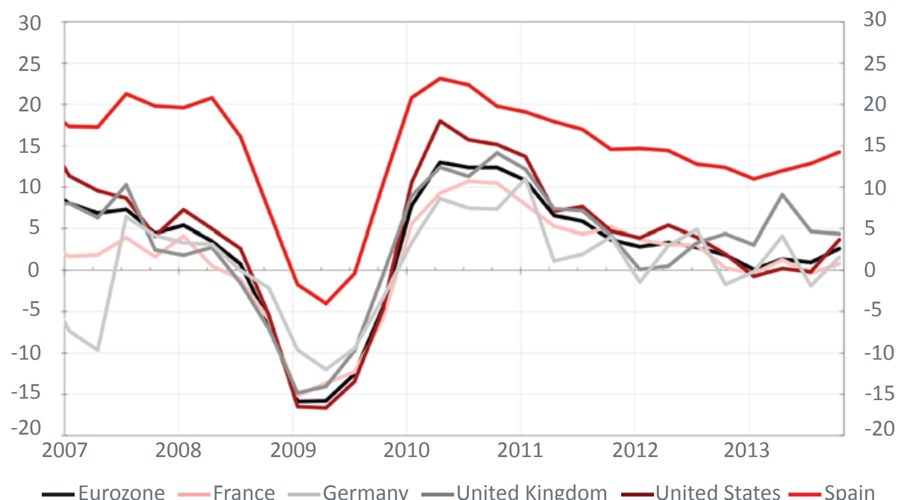
The rate of global output was reflected in global trade, as that too saw a levelling out of its previous downward trend. Global trade picked up in the last six months of 2013, reaching 2.7% for the full year. While this is still low, and considerably below the long-term average annual growth rate of 5.5%, the regional pattern of growth has changed. Trade growth in the emerging economies slowed, relative to advanced economies, in 2013. As a consequence, the difference in trade growth between emerging and advanced economies narrowed noticeably. The changes in the level and pattern of global output played a key role in these developments, as did the continued trend towards protectionism and financing constraints on international trade.

Lagging behind the growth in economic activity, the Eurozone's export growth slowed slightly in 2013, still with wide variation within the region. German and Spanish exports grew above the Eurozone average, whereas France performed below average and Italy's poor export growth record continued. Outside the Eurozone, exports from the UK picked up and the US also posted clearly positive, but still slightly lower, export growth. Those two countries, together with Japan, were instrumental in improving export growth in advanced economies, bringing it closer to that of emerging economies.

The general picture of consumer confidence improved but is still subdued. A major factor in this is the relatively poor labour market performance. The overall unemployment rate of 12.2% in the Eurozone masks wide differences across member countries: in Germany, unemployment fell slightly to 5.5%, while France saw a moderate increase to 11% and Spain stabilised at 26.5%. In the US, unemployment is slowly receding but the level is still unprecedented.

Real export growth

(Annual percentage change in real export volumes)



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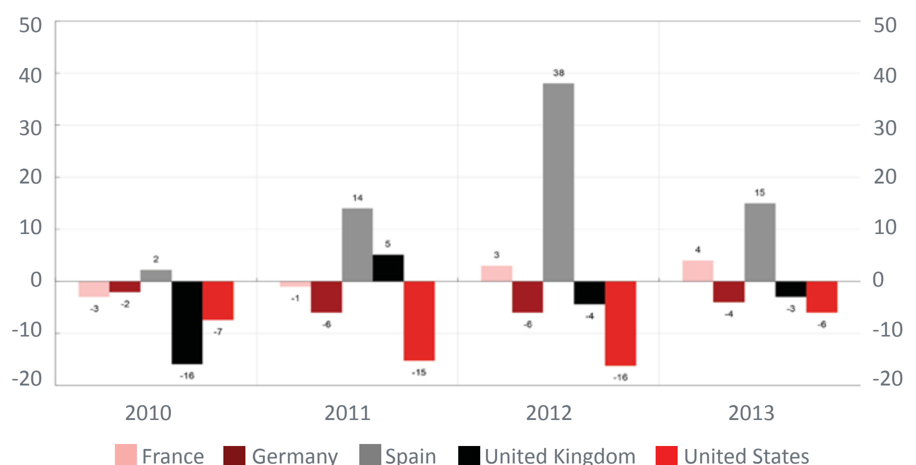
The US returns to centre stage

In the second half of 2013, as the situation gradually improved, the Eurozone no longer dominated the economic scene. As the Eurozone crisis slowly faded, focus instead turned to the US and, to a lesser extent, the emerging economies. It was economic policy in the US, more than any other factor, that made an imprint on economic conditions in 2013. Firstly, as the Republicans tried to derail President Obama's healthcare programme by their opposition to the forthcoming year's budget, non-essential government agencies were temporarily closed down. Secondly, disagreement over raising the government's debt ceiling threatened to cause either a severe reduction in government spending or a default on government debt, with potentially dire consequences on a global scale. Although the issue was temporarily resolved in 2013, a more structural solution is yet to be found. Thirdly, the process of scaling back (or 'tapering') the expansionary monetary policy of the US Federal Reserve (the Fed) began towards the end of the year. Although no clear policy action was taken or even announced, an introductory statement issued in May caused a mini-crisis in financial markets, with 10-year US bond yields climbing by almost 1.3 percentage points to a peak of 3% in July. The impact was felt in emerging economies, as investors woke up to the fact of more limited growth prospects in some of these countries. Bond yields in some markets moved up markedly and exchange rates (e.g. in India and Brazil) depreciated sharply as money was withdrawn from these economies.
Despite the EUR 18 billion Cypriot rescue package in early 2013 and ongoing political uncertainty in Italy, financial markets remained relatively calm and sovereign bond yield differences across the Eurozone narrowed during the year. In that sense, 2013 was less of a crisis year than previous years had been. On the issue of policy, progress was made to break the negative feedback loop between banks and sovereigns by the creation of a European Banking Union. The situation in the European banking sector has not fundamentally changed, however, with 'financial fragmentation' still widespread. Considering ongoing difficulties with interbank funding, primarily for peripheral banks, bank lending remains constrained, hampering the economic recovery in the Eurozone.

Although the number of insolvencies stabilised or even declined marginally on a global level in 2013, high insolvency levels still dominate most advanced economies. Insolvency numbers decreased in the US, the UK and Germany, while the Eurozone aggregate witnessed an increase, driven largely by continued insolvency growth in the Eurozone periphery. Insolvencies rose in both Spain and Italy, although at a slower pace than in 2012. A similar picture was seen in the Netherlands and in France with insolvencies still rising, though less sharply.

Insolvency growth

(Annual percentage change in total insolvencies)



The outlook for 2014

As stated at the outset, the global economy appeared to have turned a corner in 2013. Emerging economies still lead global growth but the gap between them and advanced economies is narrowing. A weak Eurozone recovery is underway and the US is again the centre of attention as a result of its fiscal consolidation and 'tapering' of its expansionary monetary policy. The Eurozone crisis is at last fading but major concerns persist over the financing constraints caused by the fragmented European banking sector, coupled with the high level of unemployment. Against this background, global growth is expected to pick up to 3.0%, from 2.4% in 2013, supported by stronger growth in the US and Europe. Growth in emerging economies is expected to be roughly the same as in 2013. The oil price is likely to continue to hover around its current level of USD 110 per barrel Brent, with fluctuations between USD 100 and 120.

Growth in the US is expected to pick up, helped by the favourable state of the local energy sector, and at present economic indicators point to sufficiently robust growth. Slow reform progress and the uncertainties surrounding the European Banking Union mean that European growth is unlikely to be anything but anaemic, at 1.3% in 2014. The pace of growth in emerging economies is unlikely to change much. Overall, Asia Pacific will grow by 4.7%, compared to 4.6% in 2013, and Latin America by 2.9%, compared to 2.6%.

The Chinese economy, the second largest in the world, is forecast to slow somewhat as it steers away from investment and towards consumption-led growth. The change would be marginal: probably growth of 7.5%, slightly lower than 2013's 7.7%. The Middle East and North African region (MENA) is still expected to be prone to political unrest, with little prospect of a resolution of the Syrian civil war. In view of the slightly better prospects for Western Europe, the growth outlook for Eastern Europe is 2.8% compared to 1.9% in 2013.

There are three main risks to this outlook. There is still a possibility, albeit small, of the Eurozone crisis resurfacing. Real economic growth is feeble and a number of policy steps need to be taken before the Banking Union is operative. High unemployment levels, particularly in peripheral countries, put pressure on social cohesion, and thus on the ability to push through reforms. Growth in the emerging economies may slow more than currently expected. Careful US monetary policy design and clear policy guidance is needed to prevent capital movements and financing issues for emerging economies. The political gridlock in the US could worsen, leading to damage to the economy, both in the US itself and beyond. These risks, however, are assessed to be relatively small compared to the situation that prevailed in 2013.

"high insolvency levels still dominate most advanced economies"

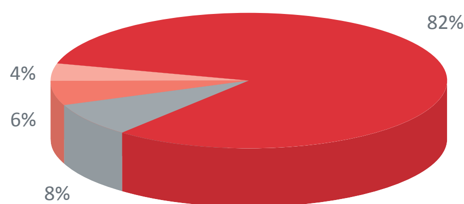
Good results in a challenging environment

Atradius N.V. (in EUR thousands)	2013	2012	%
Insurance revenue	1,522,496	1,547,321	-1.6%
Gross insurance claims and loss adjustment expenses*	(694,774)	(791,554)	-12.2%
Gross insurance operating expenses *	(546,356)	(541,827)	0.8%
Reinsurance result	(138,381)	(94,648)	46.2%
Insurance result	**142,985**	**119,292**	**19.9%**
Service income*	60,048	59,291	1.3%
Service expenses	(55,170)	(52,701)	4.7%
Service result	**4,878**	**6,590**	**-26.0%**
Net investment result **	35,066	30,341	15.6%
Operating result before finance costs	**182,929**	**156,223**	**17.1%**
Result before tax	**173,764**	**151,338**	**14.8%**
Result for the year	**134,503**	**113,646**	**18.4%**
Full-time equivalents	**3,107**	**3,143**	**-1.2%**

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

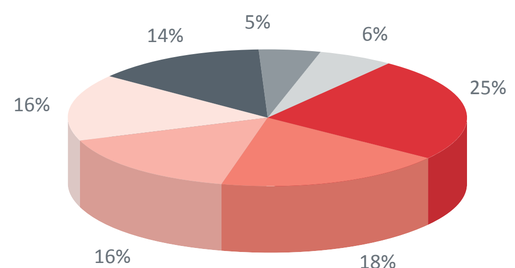
Insurance ratios	Gross		Net	
	2013	2012	2013	2012
Claims ratio	45.6%	51.2%	46.4%	49.1%
Expense ratio	35.9%	35.0%	37.4%	37.5%
Combined ratio	81.5%	86.2%	83.8%	86.7%

Revenue by business segment



- Credit Insurance and ICP
- Reinsurance
- Bonding
- Services

Insurance revenue by region



- Spain, Portugal and Brazil
- France, Belgium, Italy and Luxembourg
- Germany, Central and Eastern Europe
- The United Kingdom and Ireland
- The Netherlands and the Nordic countries
- North America
- Asia and Oceania

Atradius once more achieved very good results in 2013, despite the ongoing challenging economic environment. The profit for the year was EUR 134.5 million, and our combined ratio improved by 4.7 percentage points to 81.5%. This was largely due to a 12.2% improvement in our claims expenses including a major contribution from our Iberian region, where specific risk management measures proved to be successful, with a EUR 121 million reduction in claims costs compared to 2012, and the return to a positive gross insurance result. While our total insurance revenue fell by 1.6% - to EUR 1,522.5 million - at constant exchange rates and excluding the Iberian region, that revenue increased by 2.5%.

Our credit insurance business performed well in North America (revenue +15.7%), Asia (+6.5%), Central and Eastern Europe (+4.5%), and our Global unit (+5.2%), despite those unfavourable foreign exchange movements. Special Products reported healthy growth in insurance revenue of 13.3%, reflecting the increased demand for non-cancellable credit limits. In contrast, decreases elsewhere, especially the Netherlands (-9.9%) with lower insured turnover, and in the Iberian region, our largest market (-9.1%), led to an overall drop in revenue of 1.9%.

Other Atradius insurance products achieved positive results in 2013. Our Bonding unit's revenue rose by 4.3%, with notable growth in France and the Nordic countries. Instalment Credit Protection's insurance revenue showed a small increase of 1.3%. This does not fully reflect the positive trend in the Belgian market, as it also takes account of the winding down of our ICP business in France. Lastly, our reinsurance business reported a slight reduction in insurance revenue of 3.5% due to pressure on premium rates, but robust organic growth from core strategic markets continued.

The gross claims costs reduced in 2013: down by 12.2% to EUR 694.8 million. The claims ratio, still supported to some extent by positive trends in previous years, ended at 45.6%.

As already mentioned, the Iberian region contributed greatly to this improved claims result. The risk management actions taken there led to an improvement in the claims ratio - from 78.9% in 2012 to 55.4% in 2013 - but not at the expense of risk acceptance, which increased considerably. Other regions varied, with claims ratios ranging from 27% to 58%. Our Bonding unit handled some large claims in the Nordic region, increasing their claims ratio to 63.3% from 29.0% in 2012.

Gross insurance operating expenses in 2013 totalled EUR 546.5 million, an increase of 0.8%. Brokerage costs reduced slightly, in line with the lower premium receipts. Direct operating expenses rose by 1.3%, with a 1.2% reduction of staff full time equivalents (FTEs) compensating partly for inflationary increases. The UK & Ireland and Belgium incurred one-off expenses of EUR 4.5 million relating to organisational changes. With lower premium volumes in 2013, this resulted in a gross insurance expense ratio of 35.9%: an increase of 0.9 percentage points over 2012.

As part of our claims expenses are ceded to our reinsurers, the improvement in claims expenses in 2013 brought an excellent result to our panel of reinsurers. The cost of reinsurance was EUR 138.4 million, an increase of 46.2%, explained largely by the reduction of ceded claims of EUR 66.0 million.

In 2009, additional reinsurance cover had been provided for the business of Crédito y Caución in Spain by the Consorcio de Compensacīon de Seguros. This reinsurance contract included a payback obligation based on the performance of the Spanish insurance business. In 2013, EUR 7.4 million was added to the provision under this payback obligation, following a renewed assessment of the improved performance of Crédito y Caución.

Services achieved a positive result of EUR 4.9 million this year. Atradius Collections reported 1% revenue increase to EUR 43.8 million, thanks to a 3% increase in global debt placements, a growing customer base and improved success rate on closed cases. Both Atradius Dutch State Business and the Iberinform third party credit information service made steady progress.

The net investment result, including the share of income of associated companies, ended at EUR 35.1 million. 2013 proved to be a benign year for the Atradius Group investment portfolio. Cash inflows from the Group's insurance business and organic growth, derived from positive performance of the investment portfolio, led to a 15.6% improved investment result over 2012, with a higher contribution of realised gains compared to dividend income.

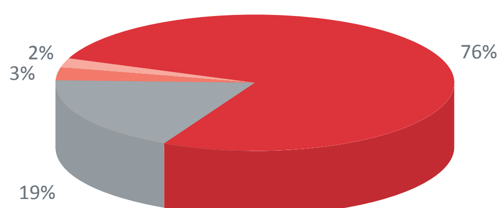
Business segment

Credit insurance and instalment credit protection (ICP)

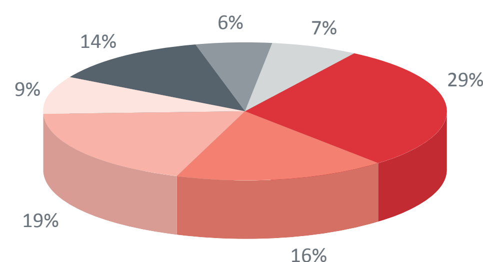
(EUR thousands)	2013	2012	%
Insurance premium revenue	1,186,450	1,213,569	-2.2%
Information income	110,421	107,474	2.7%
Insurance revenue	**1,296,871**	**1,321,043**	**-1.8%**
Gross insurance claims and loss adjustment expenses *	(571,686)	(691,616)	-17.3%
Gross insurance operating expenses *	(453,772)	(447,994)	1.3%
Result before reinsurance	**271,413**	**178,800**	**51.8%**
Reinsurance result	(128,138)	(77,771)	64.8%
Result after reinsurance	**143,275**	**103,662**	**38.2%**
Total credit insurance and ICP gross claims ratio	**44.1%**	**52.4%**	**-15.8%**
Full-time equivalents	**2,656**	**2,683**	**-1.0%**

*Overview includes inter-segment (claims) expenses

Credit insurance & ICP revenue by product



Credit insurance & ICP by region



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

2013 was a challenging year for the credit insurance market, with global trade growing by just 2.4% - well below the long-term average of 5.4% - and the Eurozone experiencing a 0.4% contraction in GDP. In our pursuit to deliver first class service to our customers, our focus was on keeping risk acceptance rates as high as possible. As a result, and even in these challenging times, we managed to improve our risk acceptance in 2013.

The ongoing competition in the market added pressure on prices, with a negative impact on our revenue that could be only partially countered by increases in insured turnover. However, our initiatives to meet customers' needs were rewarded by excellent customer retention of 91% and more new business, leading to significant growth in our credit insurance portfolio, excluding the Iberian market.

Atradius' total potential exposure (TPE) increased by 3.2% to EUR 454 billion. The largest TPE increases were seen in three regions: North America (+21%), South America (+20%) and Asia (+20%). In Europe, risk cover in Switzerland, Finland, the Baltics and Russia grew by between 13% and 28%, while exposure in the Netherlands and Spain decreased by 10% in each case. Overall, in European markets there was a slight fall of 0.1% in the volume of risks covered.

The concentration of exposure by trade sector stayed relatively stable. Around 55% of the Group's TPE is in five trade sectors: chemicals, electronics, metals, consumer durables and food. In 2013 our exposure in chemicals, electronics and transport rose by more than 8% and decreased in metal and construction: a reflection of the lower activity in those two sectors and of our prudent underwriting strategy towards them.

The insurance revenue of our local credit insurance units fell by 4.0%, to EUR 988.2 million (3% at constant foreign exchange rates). This was more than countered by the reduction in claims costs of 21%, to EUR 466 million, leading to a claims ratio of 46.4%.

Overall, the bottom line of local credit insurance developed satisfactorily in 2013, thanks in large measure to a better performance by our credit insurance unit in Spain and Portugal. Tighter risk management over recent years resulted in a claims ratio of 55% - an improvement of 25 percentage points over 2012 - while risk acceptance and service levels both improved. In the current economic environment, insured turnover was naturally under pressure, leading to a 10.2% reduction in insurance revenue. The relative size of the Spanish and Portuguese portfolio means that this clearly had a major impact on our total credit insurance numbers. Other markets showed a diverse pattern, with good revenue growth in North America (+15.7%), Asia (+6.5%) and Central and Eastern Europe (+4.5%) despite unfavourable exchange rates, whereas Belgium, Luxembourg and the Netherlands in particular reported lower revenue. Germany – our second largest market - grew its revenue by 1.7% despite reduced levels of insured business, due in part to the weaker than expected German Steel sector. The revenue growth was the result of good customer retention, strong sales and a steadily expanding customer base.

In 2013 we extended our operations in markets that offer real growth opportunities for our customers. We opened new offices in the US, Canada, the UK, Turkey and Australia. In addition, we made further investment in local risk and commercial teams such as those in vital hubs like Dubai, Singapore and Shanghai.

That drive to always meet customer needs also gave rise to several new product innovations in 2013 that will improve our service delivery. Products designed specifically for SMEs were launched in the Netherlands, Nordics and Australia. With increased market demand for non-cancellable credit limits, a hybrid policy, combining this feature with the whole turnover concept, was developed and will be launched in the US in 2014. In France, a web application – Credit Power - now links Atradius systems to our customers' accounting systems to optimise their credit management. And in Spain, several improvements were made to CyCred, the tool that supports customers' credit management and identifies growth opportunities.

As to channel management, we have created new partnerships with banks and business associations in Italy and formed a strategic and very successful alliance in Australia with Steadfast – a group of small to medium general brokers. In North America and the Netherlands we have expanded our direct sales networks, targeting non-brokered prospects.

Our Global unit represents 19% of our total credit insurance revenue. 2013 was a challenging but rewarding year for this unit, with a revenue increase of 5.2% and a claims ratio of 37%. As undisputed market leader in the multinational segment, Global is fully geared up to provide the best possible service for our customers and to adapt to their fast changing needs and demands. This is reflected in Global's customer retention level: in excess of 92%. Overall, Atradius Global is performing well and new sales have again increased in 2013, helped by an even greater focus by our risks services operation on multinational prospective customers. A key issue in the multinational segment is the continuing pressure on prices, as new players enter the market. This has resulted in increasing capacity, thereby reducing the price of risk.

In 2013 we expanded geographically, to continue to support our customers in regions where they do business and to develop new markets. In Russia we began the process of establishing our own insurance entity, and expect to start operations there in 2014. As our multinational customers expand into often less benign regions, we too are allocating more resources to, and expanding in, those regions, both from a commercial and a risk perspective, and helped by our long-standing cooperation partners in many parts of the globe.

Our Special Products Unit (SPU) offers solutions for our customers outside the framework of our whole turnover policies. Since its inception in London in 2005, SPU has expanded to five other locations: Paris, Amsterdam, Cologne, New York and most recently Singapore. The products offered are tailored to meet the customer's needs and designed to respond to the evolving demands of the marketplace. SPU addresses the increasing demand for non-cancellable credit limits, working closely with our prospective customers to ensure that the solutions offered work effectively with their in-house risk analysis and credit management capabilities. As well as providing solutions for our corporate customers, SPU also supports banks with products that enable them to provide trade finance. The team's international footprint ensures that our services are available to Atradius customers worldwide, with increasing focus on making those services available through our partners in Asia. In 2013, with growing demand for SPU's customised solutions, the unit's revenue grew by 13.3%.

Instalment Credit Protection (ICP) covers the short and medium-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. Overall, revenue rose by 1.3% to EUR 27.8 million. The positive trend in the Belgian consumer credit market more than compensated for the impact of the winding down of our ICP business in France. Claim payments increased, by 5.5%, although accompanied by higher recoveries. Operating expenses fell slightly, but the gross insurance result was lower than in 2012.

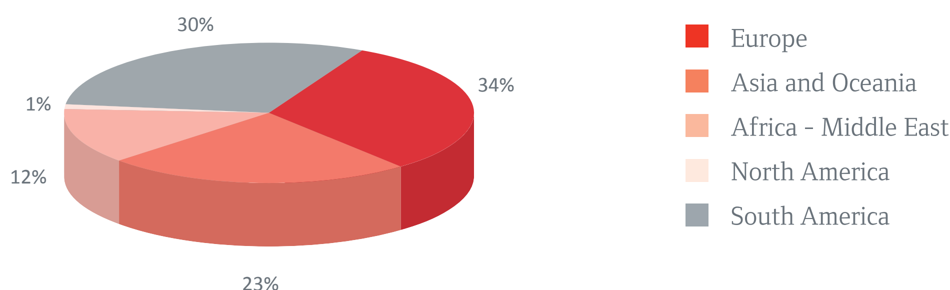
A strategic ICP initiative launched in 2012, targeting the real estate industry and covering loans made to residential co-ownerships and the common charges of those co-ownerships, continued in 2013. A new insurance product - rental guarantee coverage - was also developed and added to the real estate product portfolio.

Business segment

Reinsurance

(EUR thousands)	2013	2012	%
Insurance premium revenue	128,072	132,702	-3.5%
Insurance revenue	**128,072**	**132,702**	**-3.5%**
Gross insurance claims and loss adjustment expenses	(64,044)	(73,069)	-12.4%
Gross insurance operating expenses	(51,409)	(53,196)	-3.4%
Result before reinsurance	**12,619**	**6,437**	**96.0%**
Reinsurance result	(4,548)	4,668	-197.4%
Result after reinsurance	**8,071**	**11,105**	**-27.3%**
Gross claims ratio	**50.0%**	**55.1%**	**-9.2%**
Full-time equivalents	**23**	**24**	**-2.7%**

Reinsurance revenue by region of cedent



Atradius Re offers reinsurance to third parties, and the Atradius Re brand has been established as the leading global monoline credit and bonding reinsurer in the market.

Atradius Re's clients are leading primary insurance companies that underwrite either credit insurance or bonding insurance lines. Its reinsurance portfolio is split 60%/40% between credit and bonding reinsurance and assumes business from over 60 countries.

Since its incorporation, Atradius Re has created long-standing relationships with its clients and leads more than one third of its treaties, in addition to maintaining close contacts with specialist brokers. The quality of these client relationships is underscored by the company's unique offering: combining the Atradius Group' 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 its clients' specific and changing needs. It continues to evolve and succeed in the face of increasing competition and is one of only very few reinsurers to have the capacity to re-underwrite. Moreover, because it can cross-promote and thus provide an evolving portfolio of additional expert services, Atradius Re is widely acknowledged to play an important role in the international development and growth of the credit insurance industry, particularly in emerging markets. Its strategy is to diversify and evolve its portfolio by region, country and business type, with a focus on Asia, the Middle East and Latin America: all key development regions.

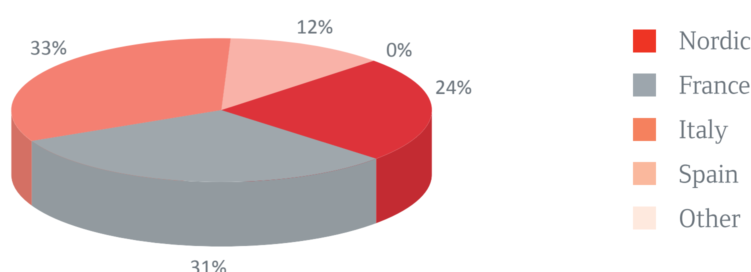
The total reinsurance revenue is EUR 128.1 million: 3.5% down on the EUR 132.7 million reported in 2012. The gross claims ratio decreased substantially, from 55.1% in 2012 to 50.0% in 2013, largely through successful risk mitigation initiatives in earlier underwriting years. Economic instability in Eastern Europe impinged somewhat on the bonding portfolio in the 2013 underwriting year, while there has also been a marginal reduction in premium rates and growth as economic indicators remain depressed and stagnant. Nevertheless, robust organic growth from core strategic markets has continued.

Business segment

Bonding

(EUR thousands)	2013	2012	%
Insurance revenue	**97,553**	**93,576**	**4.3%**
Gross insurance claims and loss adjustment expenses	(59,044)	(26,869)	119.8%
Gross insurance operating expenses	(31,223)	(31,559)	-1.1%
Result before reinsurance	**7,286**	**35,148**	**-79.3%**
Reinsurance result	(5,695)	(21,545)	-73.6%
Result after reinsurance	**1,591**	**13,603**	**-88.3%**
Gross claims ratio	**60.5%**	**28.7%**	**110.8%**
Full-time equivalents	**129**	**117**	**9.8%**

Bonding insurance revenue by region



Bonding is offered in Italy, France, Spain and the Nordic countries, and from 2014 will also be offered in Germany. Our bonding business is closely linked to the local legal environment, so that products are adapted for each country. The products available are administrative bonds (excise, customs and authorisation bonds) that cover payment risks, and market bonds (bid, performance and maintenance bonds) that cover technical risks. In addition to the traditional sectors - such as construction, engineering and travel - demand for bonds is growing in new sectors, including environmental services, and there is also increasing demand for both domestic services and international surety bonds support. By evolving to meet these demands, we have increased our capacity to serve our domestic customers' foreign needs.

Indeed, there is more to our bonding services than the evolution of our range of products. We have also developed web-based solutions to help our customers manage their surety bonds more efficiently.

In 2013, insurance revenue was EUR 97.6 million: a 4.3% increase on 2012, driven largely by France (+9%) and the Nordic countries (+5%). This has been achieved through several initiatives: partnerships in France, re-engineering the distribution channel in Italy and consolidating our Nordic market position. Despite the severe public measures that have deterred public expenditure, our bonding business in Spain managed to keep its revenue at the same level as in 2012.

While in the main markets of France, Italy and Spain the gross claims remained quite low, we handled claims of EUR 35 million in the Nordic region, stemming mainly from large losses.

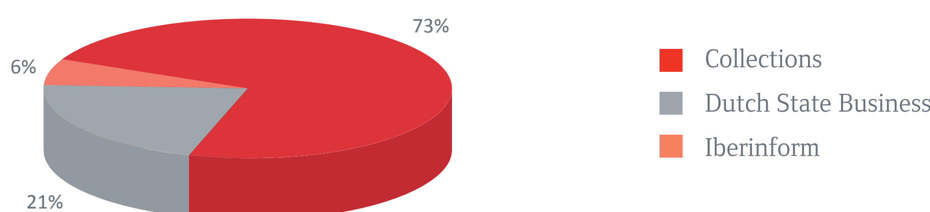
Business segment

Services

(EUR thousands)	2013	2012	%
Service income *	60,048	59,291	1.3%
Service expenses	(55,170)	(52,701)	4.7%
Service result	**4,878**	**6,590**	**-26.0%**
Full-time equivalents	299	319	-6.5%

* includes intersegment revenues

Service revenue



Atradius' services segment comprises our debt collection operations, the export credit agency fees that we receive from the Dutch State and service revenue from Iberinform's buyer information services.

Debt collection

Atradius Collections helps its customers – both credit insured and non-insured - to recover domestic and international trade debts while maintaining sound business relationships with their clients. It has built an enviable reputation, becoming the global trade invoice collector of choice, leveraging the strength of our core credit insurance business with its own integrated international network. It offers a single point of contact for all debt collection cases and worldwide collections expertise 'on the ground' through offices in 20 countries a global network of collectors, lawyers and insolvency practitioners. Debt collection and credit insurance complement each other as they are counter cyclical in nature, with the collection service picking up as the economy deteriorates while credit insurance prospers more in a benign environment. The collection service supports the product and risk diversification of our business as it is free of insurance risk.

As in previous years, 2013 was characterised by a difficult economic climate, deteriorating payment moral and a high number of insolvencies, leading to more payment defaults in insured trade. In 2013, Atradius Collections saw a modest 3% growth in debt placements, while service income increased by 1% to EUR 43.8 million. The number of insured customers, especially Global customers, using our debt collection service as a component of their insurance policy is growing.

The customer retention rate remained high. The number of new non-insured corporate accounts increased in the last quarter of 2013, helped by the new Atradius Collections website and the accompanying online marketing campaign. The number of key accounts regularly placing debts grew to 30% of the total customer base.

The opening of an Atradius Collections office in Singapore in February strengthened its worldwide footprint and increased the service offering to all Atradius customers. Some organisational changes, mainly in Belgium, led to one-off expenses but, with improvement to our operational service delivery and communication, we increased our overall success rate on closed cases by 1% in 2013, resulting in higher customer satisfaction for the fifth year in a row.

Atradius Dutch State Business

Atradius Dutch State Business issues credit insurance policies and guarantees to Dutch companies and banks financing Dutch exports on behalf 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. In 2013, for the first time, it covered institutional investors funding banks for their export loans. By creating a wider funding pool for banks, Dutch exporters could benefit from more options for bank financing at competitive prices. In 2013 Atradius Dutch State Business also introduced stand-alone working capital cover, providing exporters with more liquidity support. It also provides cover for political risks related to investments in other countries. The technical results for the account of the Dutch State were positive throughout 2013.

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 provides technical assistance to other countries.

Iberinform

Through the Group company Iberinform Internacional, S.A., Atradius offers a comprehensive and state-of-the-art web-based credit information service on Spanish buyers, including buyer ratings and investigative reports, as well as financial and public information. For many years this information was provided only for the benefit of Crédito y Caución's risk underwriters but, since 2009, it has also been offered to non-insured customers.

"Throughout the years, we have been able to do business in new markets... without Atradius we would never have been able to enter those markets"

Business manager, Medium Enterprise Banking Company

Geographical review

Insurance premium revenue earned across the Atradius world

All amounts in thousands of Euro

Other countries: 42,824

Atradius Re also offers reinsurance services to insurers in countries where Atradius has no direct presence. Revenue in South America increased to EUR 28 million, with strong growth in Chile, Ecuador and Peru. In Africa and the Middle East the reinsurance revenue increased by 27% to EUR 13 million.

Direct amounts include both direct earned insurance premium revenue[1] and fronting arrangements in countries where Atradius is not licensed to write insurance business.

Reinsurance amounts are the earned premium revenue[1], written by Atradius Re, by country of cedent.

1) Includes intercompany insurance premium revenue streams.

The United Kingdom and Ireland

Total revenue grew by 0.9%, thanks to high customer retention and solid sales acquisition and despite adverse foreign exchange impact of EUR 4 million. This successful result is also down to the increased focus on service delivery. Investment in 'front office' operations will prove beneficial in this heavily broker-dominated credit insurance market. The emphasis has been to develop a stronger customer-facing presence and work more closely with both customers and brokers. The sales team has been strengthened and now offers a seamless proposition to both the SME and middle market segments.

Direct 98,631
Reinsurance 1,387
Total 100,018
% change from 2012 +0.9

France, Italy, Belgium and Luxembourg

Insurance premium revenue increased by 1.5%, partly due to demand from bonding customers for both domestic services and international surety bond support. Our credit insurance business in France performed well and a new product, CreditPower, that optimises customers' credit management was launched in the region. In Belgium we achieved a high retention rate and customer satisfaction score. The Belgian Government also subsidised Atradius for a campaign to promote better debt management. In Italy we enhanced our local service for domestic and international business and established partnership with banks and business associations.

Direct 263,339
Reinsurance 25,630
Total 288,969
% change from 2012 +1.5

The Netherlands and Nordics

Insurance premium revenue decreased by 3.1%. The economic downturn in the Netherlands put pressure on revenue, with insolvencies at an historic high, notably in the construction sector, and the retail sector hit by macroeconomic developments. However we supported our customers during these difficult times, not least through enhancements to the Modula policy and the launch of 'mkbZeker': an SME focused product. As a result, customer retention has remained high.

In the Nordics, sales were very robust but some sectors saw limited growth or contraction. However, business in the energy sector improved and we maintained our leading position in food related sectors. The overall retention rate in the Nordics was high, at around 95%. We also built on our relations with the government export credit agencies in Denmark and Sweden and increased our business volume in the Baltic region.

Direct 193,766
Reinsurance 2,112
Total 195,878
% change from 2012 -3.1

North America

Insurance premium revenue increased solidly in 2013. To match the expanding US market for credit insurance, we opened offices in New York, New Jersey, Texas and Illinois. Our US sales force consists of a dedicated broker-focused team and a direct sales network targeting non-brokered customers. Together with an excellent retention rate, this resulted in a 20% increase in our US customer base.

Customer retention also remained high in Mexico. To maintain our sales momentum, we invested heavily in our financial information provider Informes Mexico (now 100% Atradius-owned) to optimise both risk acceptance and speed of service.

Our new Montreal office focuses on customers and brokers in French-speaking Canada. Specialist brokers have been the main driver of portfolio growth in Canada.

There was a negative foreign exchange rate impact for this region of around EUR 2 million.

Direct 70,928
Reinsurance 4,928
Total 75,856
% change from 2012 +5.4

Oceania and Asia

Annual insurance premium revenue decreased by 0.6%, due to EUR 5 million lower reinsurance revenue and unfavourable foreign exchange movements. In Oceania direct insurance premium revenue grew by 12.9% at constant foreign exchange rates with both excellent retention and new business acquisition. New distribution channels are key to our local strategy. A strategic alliance with Steadfast, a major broker aggregator group, proved very successful and will continue in 2014.

Asian direct business grew by 13.5% at constant foreign exchange rates. Despite tough competition we have increased our customer base, with investment in our risk and commercial teams in hubs such as Dubai, Singapore and Shanghai.

Direct 85,725
Reinsurance 29,948
Total 115,672
% change from 2012 -0.6

Spain, Portugal and Brazil

Despite the economic crisis in the Iberian region, our gross insurance result showed an impressive improvement in 2013, with Crédito y Caución maintaining its leadership in the Spanish market.

The frequency and cost of claims decreased considerably, leading to a claims rate of 55% in 2013 - from 79% in 2012. Risk exposure was managed in line with the prevailing economic conditions. Not surprisingly, a fall in insured shipments led to a reduction of insurance premium revenue by 9.5%. However we are well placed to take advantage of the renewed increase of international business in the region.

Direct 350,061
Reinsurance 7,043
Total 357,104
% change from 2012 -9.5

Germany, Central and Eastern Europe

Insurance premium revenue grew by 4.5%, with variations across the region. In Germany, although insured shipments - especially steel - fell victim to Europe's economic woes, revenue from credit insurance rose by 1.7%, thanks to high customer retention and steady growth in our customer base. Elsewhere, despite reduced insured shipments, a successful sales drive in Greece, Austria, Turkey and Poland and good customer retention resulted in positive revenue growth.

There was a marked increase in interest in our services in Turkey, while our growth in Greece is a sign of our determination to remain steadfast in a challenging market and support customers through difficult times. Many customers in Eastern Europe, especially in Poland, felt the effects of the sudden downturn in construction. However, this also demonstrated the stabilising role that credit insurance plays: with significant growth in our revenue in Eastern Europe.

Direct 221,764
Reinsurance 13,990
Total 235,754
% change from 2012 +4.5

An external focus

In 2012, we launched the 'Evolve' initiative to support our business strategy. The main objective of this initiative is to strengthen the external focus of all Atradius staff by encouraging them to engage in continuous improvement, increasing efficiency and raising the quality of our customer service to the next level.

To meet this challenge, we put in place a number of steps within the Evolve process. By telling the Atradius Story – with engaging facts, memorable achievements and successes, we give our staff something to share and be proud of. We have defined role model behaviour for managers and provided them with the tools to increase their teams' engagement. And our regular communication about Evolve is an excellent way to motivate staff. The ways in which we have achieved our aims have been many and varied and as a result we are now creating more efficiencies. To ensure that all staff can fully understand and embrace our shared values, our CEO and fellow Management Board members have regularly communicated with staff on those values.

In 2014, the focus will be in particular on driving improvement, with staff sharing their improvement initiatives and best practices so that all managers and colleagues can reap the benefits.

i-Lead

In 2013, with the imperative to specify managerial competencies at each level, the managerial profiles in our competency framework have been enhanced by the introduction of behavioural statements on each management role. As Atradius evolves towards an even more customer-oriented and externally focused organisation, workshops on this subject have given management a clear picture of how they should perform, and this evolution will enable Atradius to meet its strategic goals and ambitions.

"our people play a vital role in Atradius' success as a business and as an employer of choice"

Staff development

In a fast changing world it is essential that all Atradius employees keep their knowledge and skills up to date, so that they can deliver the best possible service to our customers.

To support our employees in this, we offer a wide range of development opportunities through the Atradius Academy, including e-learning courses, classroom training, distance learning and management development programmes. This helps our people make best use of their talents and capabilities, hone their skills and thus play a vital role in Atradius' success as a business and as an employer of choice.

Among the opportunities available through the Atradius Academy is the Learning Management System, which offers all staff a wide range of e-learning courses: from tailor-made courses specifically relating to Atradius' internal systems to a set of generic skills courses. In this way, every employee has the opportunity to increase his or her skills. Our e-learning courses are constantly updated and, in 2013, a new set of management e-learning modules, entitled 'Essentials

for Managers', has been made available. This will be enhanced each year with additional modules to keep it current and relevant.

Several management development programmes – 'Stepping Forward' and 'On the Move' - continued throughout 2013 and a new programme for Directors and Executive Managers – 'Moving Forward' – was introduced, adding to the participants' personal growth and leadership skills.

HR costs

By analysing the trend in HR costs (salaries, variable pay, allowances and social security) across our nine main regions - representing 85% of HR related cost base - we have been able to assess the efficiency and impact of our remuneration practice and will continue the monitoring process in future years as a guarantee to continue growing business.

Compliance

Atradius N.V. has taken notice of legislation effective from 1 January 2013 as a consequence of which a 'large' company, when nominating or appointing members of the Management Board or Supervisory Board, should take into account as much as possible a balanced composition of these Boards in terms of gender, to the effect that at least 30% of the positions are held by women and at least 30% by men.

The current composition of the Management Board and the Supervisory Board deviates from these percentages. In 2013, two men have been appointed as member of the Management Board and one woman has been appointed as member of the Supervisory Board. With regard to future appointments, the Management Board and the Supervisory Board will continue to take the gender diversity objectives into account as much as possible.

As we strive to offer our employees a safe and healthy work environment, with fair working conditions, Atradius will again conduct a Group-wide Employee Engagement Survey in 2014, measuring employee engagement and satisfaction and identifying areas of strength as well as those needing improvement.

The September 2013 edition of Actualidad Económica, a prestigious Spanish publication on trends in Human Resources, included a report on the best companies to work for in Spain. The report's conclusions are based on the results of a comprehensive questionnaire distributed to 500 Spanish companies, each employing over 100 people. This year, Crédito y Caución received its best overall score to date (873 points out of 1000) and, as a result, its best position since participating in the study: it is now in the top five of all the companies surveyed and the second insurance company in Spain.

HR KPI Overview

Indicators	2013	2012	2011	2010	2009	2008[1]	2007	2006	2005
Headcount	3,257	3,315	3,304	3,318	3,627	4,106	3,604	3,545	3,452
FTEs	3,107	3,143	3,149	3,171	3,488	3,863	3,366	3,304	3,256
Full-time equivalents, average	3,132	3,139	3,159	3,318	3,662	3,851	3,335	3,280	3,444
Retention Rate	91.4%	92.6%	91.1%	85.8%	88.6%	88.8%	82.9%	84.3%	78.4%
Sick Leave	3.0%	3.1%	3.4%	3.6%	3.4%	3.0%	2.4%	3.6%	4.0%
Development and training									
Expenses as percentage of salaries	1.2%	1.4%	1.3%	1.3%	1.4%	2.5%	2.6%	2.4%	2.0%
Number of participants	5,283	3,330	2,874	2,583	1,943	4,455	n/a	n/a	n/a
- Number of participants to classroom training	2,785	1,656	1,952	1,236	n/a	n/a	n/a	n/a	n/a
- Number of participants to e-learning training	2,498	1,674	922	1,347	n/a	n/a	n/a	n/a	n/a

(1) Including Crédito y Caución since 2008

Safeguarding our business and our reputation

As a global insurance company, Atradius is exposed to many and varied risks: linked to the nature of our business and to the external environment. We also recognise the importance of risk management in the context of the fundamental connection between risk and capital and this is reflected in our risk governance framework.

For more information about Atradius' risk management structure and governance, please see Note 4 of the consolidated financial statements of the Annual Report.

Risk management

Atradius compliance framework

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 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. The individual Compliance Codes address specific compliance areas in more detail and set out detailed compliance requirements that must be complied with across the Group 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 Operational Risk Management and Internal Audit units. During 2013, the Group enhanced Atradius' compliance function through the introduction of the local compliance function which at an individual country level supports local country management addressing compliance responsibilities. Through periodic reporting, visibility of local regulatory developments and requirements is further improved. During 2013, the Group also spent considerable efforts in further strengthening processes and procedures related to customer due diligence to further enhance compliance with applicable legislation.

Developments in 2013

Solvency II

In November European authorities reached provisional agreement on the regulatory framework; this paves the way for Solvency II to become effective on 1 January 2016. In addition, national supervisory authorities are implementing parts of Solvency II beginning on 1 January 2014.

While 2013 saw more clarity over the final form and timing of Solvency II, important aspects such as calibration of regulatory capital calculations are still under discussion. Atradius continues to play an active role as an industry representative in the development of appropriate specifications.

Atradius continued with its preparations for the new regulatory regime. During the year we put significant effort into development of information technology to support our risk measurement and regulatory reporting capabilities. Also, we adjusted business processes to facilitate new practices such as a group-wide Own Risk and Solvency Assessment (which we carried out in 2013). We engage regularly with supervisor to ensure that expectations are aligned and that we are well placed to meet the new requirements.

One of the important aspects of Solvency II is that insurers will be permitted to calculate their regulatory capital requirements using their own internally developed models. The rationale is that insurers are the most knowledgeable about the risks they face and therefore best qualified to model those risks. If it wishes to use an 'internal model', an insurer must first submit a formal application for supervisory approval demonstrating that its model meets certain standards: including statistical quality, calibration, documentation, validation and use of the model. Atradius intends to use such an internal model; therefore a significant degree of our Solvency II effort is dedicated to ensuring that we meet the stringent requirements associated with the use of an internal model.

Capital management

Atradius seeks to maintain a strong capital position and to capitalise its operating entities efficiently. This helps us to support the evolution of our insurance business, withstand financial stress in adverse business and financial markets (as we have done in recent years), meet our financial obligations in a sufficiently wide range of circumstances, and ultimately deliver shareholder value.

In 2013 Atradius capital has been managed according to the Group guidelines and in close cooperation with the units involved in managing the different factors related to capital. Atradius' entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

Regulatory environment

The solvency position of the regulated entities of the Group is strong, with the regulatory capital held exceeding the minimum regulatory capital requirements fourfold. This solvency ratio has remained stable at around 400%, despite the current challenging economic environment.

For a more detailed overview of the main regulatory capital requirements, please see Note 4 of the consolidated financial statements of the Annual Report 2013.

Capital position

Shareholder funds at the end of 2013 (EUR 1,286.9 million) increased by 7.6% from year end 2012 (EUR 1,196.8 million), due mainly to positive results after tax. Atradius' capitalisation is robust, and shareholder funds are expected to continue to grow in 2014 and beyond.

Credit ratings

In 2013 the Atradius Group had credit ratings from A.M. Best and Moody's. At the time of adoption of this Annual Report, A.M. Best rates the key operating entities of the Atradius Group with 'A (Excellent), outlook stable' and Moody's with 'A3, outlook stable', both of which show the Atradius Group to be a financially sound, geographically well diversified company in the global trade credit insurance market, with a strong capitalisation and a good risk profile.

Ambition with integrity

As a responsible global company, we aim to manage the ethical, environmental and social aspects of the way we do business.

While contributing to successful world trade and to our customers' prosperity, we do so with a regard for the environment and for human rights, and act with absolute integrity towards our employees, customers, shareholders and indeed all those with whom we interact.

This commitment is manifested through our affiliation to the UN Global Compact and to its principles on human rights, labour conditions, the environment and anti-corruption: an affiliation spearheaded by our CEO. Each year we report to the UN Global Compact on our continued commitment and the progress that we are making in all areas of corporate responsibility (CR).

Our people

We strive to improve our employees' satisfaction with the company and to raise our reputation within the labour market. Through regular employee surveys, we measure our employees' perception their conditions and quality of employment, and wherever possible improve how we act as an employer.

Our customers

We are open and transparent to our customers and other stakeholders on the way that we conduct ourselves within our professional and financial environment. We convey and, wherever possible, demonstrate our corporate responsibility principles to our customers and engage with them to increase understanding of socially responsible business practices.

Our suppliers

We expect our suppliers to apply the same standards of ethical practice, diversity and environmental awareness that we set ourselves. We seek to procure ethically sourced materials from our suppliers and promote corporate responsibility throughout our entire supply chain.

Our communities

Aware of the responsibility we have towards the communities in which we operate, we encourage our people to involve themselves in initiatives that benefit those communities: whether financial, personal or social. We encourage all our operating companies, wherever they are based, to be actively involved in their local community – and beyond.

Our environment

We operate in a way that minimises our consumption of valuable and finite resources: our decisions take account of their lasting environmental effects. We have established internal environmental sustainability programmes in our operations worldwide, including energy saving, recycling, and a travel policy that minimises our environmental footprint. We have also put in place environmentally friendly ways to distribute products and services to our customers.

Each year we report our CR progress on implementing the 10 principles of the UN Global Compact through a Communication on Progress. These reports are published on the UN Global Compact website and on our own website.

From our offices around the world (excluding those shared premises where data specific to Atradius is unavailable) we obtain information on our use of energy and resources and our carbon footprint. Our process for doing so is to contact the designated person for each office location twice a year to gather data: for consistency of response on a pre-set template.

The future

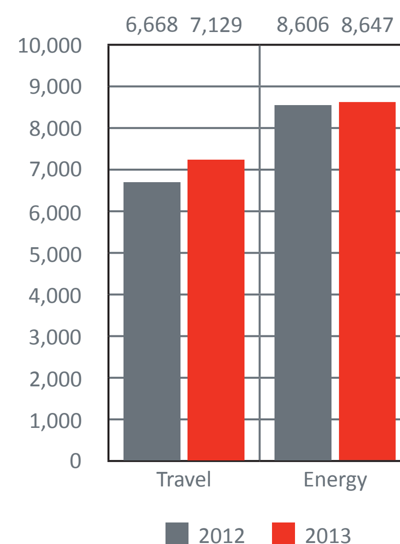
While here we report on our activity and progress in the past year, our CR ambitions for the future include an enhancement of the key performance indicators on which we are able to report and, within the next five years, to have those results externally audited.

By achieving those ambitions we aim also to see an upgrading of our status as a participant in the UN Global Compact and in the associated Global Reporting Initiative (GRI): from our current GRI application level of C to A+ level by 2018.

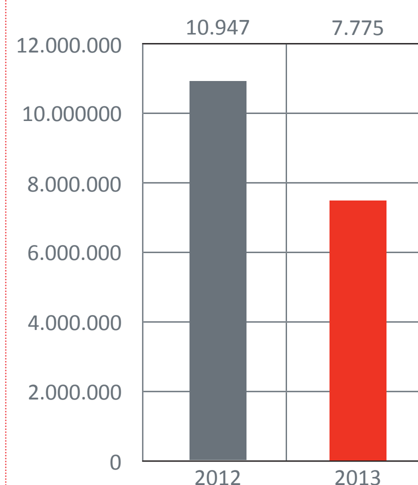
Resource usage across the Atradius Group

Environmental KPIs	2012	2013	2013/2012
KPI	**Totals**	**Totals**	**Change**
Number of countries	31	31	no change
Number of offices	96	99	increase
Total office space (m^2)	126,245	128,533	increase
Total personnel (FTE)	3,143	3,107	decrease
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	10,929,279	10,210,325	decrease
Electricity from renewable source (kWh)	1,072,095	1,723,465	increase
% of renewable electricity	9.8%	16.9%	increase
Total electricity (kWh)	12,001,374	11,933,790	decrease
Gas (m^3)	404,040	451,807	increase
Total energy	**15,563,389**	**15,916,921**	**increase**
Travel			
Employee air travel (km)	11,796,900	13,481,698	increase
Employee rail travel (km)	1,802,155	2,126,529	increase
Company lease car travel (km)	11,814,415	11,138,945	decrease
Total travel (km)	**25,413,470**	**26,747,172**	**increase**
CO2 footprint (tonnes of CO2)			
Energy CO2	8,606	8,647	increase
Travel CO2	6,668	7,129	increase
Total CO2	**15,275**	**15,776**	**increase**
Paper used			
Non-recycled paper (sheets A4)	20,005,550	17,458,842	decrease
Recycled paper (sheets A4)	9,037,283	8,430,052	decrease
% recycled paper	45%	48%	increase
Total Paper	**29,042,833**	**25,888,894**	**decrease**
Water usage (m^3)	**46,402**	**45,212**	**decrease**
Waste - per type			
Hazardous waste (tonnes)	10.9	7.8	decrease
Non-hazardous waste (tonnes)	485	541	increase
Total Waste	**496**	**549**	**increase**

Total CO2 by source (tonnes)



Total hazardous waste



The evolution of risk management

Life is a gamble, and always has been. And it is probably in the practice of gambling that we can find the roots of risk management: as gamblers used mathematics to understand the basis of probability.

From those calculations grew the concept of risk underwriting and insurance. One of the world's most famous insurance companies, Lloyds of London, started life in a coffee shop in the 17th century, where sea captains would seek partners to share the many risks of forthcoming voyages.

Since then, risk management has evolved through a combination of sophisticated tools and greater understanding of the nature of the risks faced. Now risk management is an essential feature of business, especially the management of sales made on credit terms.

Atradius exists to support our clients' risk management skills with our own.

Consolidated financial statements 2013

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Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2013	31.12.2012 *Restated
Intangible assets	6	**171,447**	**161,414**
Property, plant and equipment	7	**125,732**	**130,970**
Investment property	8	**11,542**	**11,523**
Investments in associated companies	9	**34,177**	**36,147**
Financial investments	10	**1,835,791**	**1,754,365**
Reinsurance contracts	11	**654,891**	**693,982**
Deferred income tax assets	21	**100,197**	**113,353**
Current income tax assets	21	**19,251**	**18,672**
Receivables	12	**167,841**	**210,967**
Accounts receivable on insurance and reinsurance business		130,671	169,174
Other accounts receivable		37,170	41,793
Other assets		**398,706**	**414,225**
Deferred acquisition costs	13	63,545	70,737
Miscellaneous assets and accruals	14	335,161	343,488
Cash and cash equivalents	15	**178,258**	**191,591**
Total		**3,697,833**	**3,737,209**
Equity			
Capital and reserves attributable to the equity holders of the Company	16	1,286,924	1,196,380
Non-controlling interests		-	(41)
Total		**1,286,924**	**1,196,339**
Liabilities			
Subordinated loan	17	**119,521**	**118,803**
Employee benefit liabilities	18	**94,840**	**100,949**
Insurance contracts	19	**1,486,294**	**1,592,783**
Provisions	20	**6,319**	**6,212**
Deferred income tax liabilities	21	**110,320**	**110,752**
Current income tax liabilities	21	**21,417**	**11,330**
Payables	22	**193,159**	**205,573**
Accounts payable on insurance and reinsurance business		165,599	171,490
Trade and other accounts payable		27,560	34,083
Other liabilities	23	**372,498**	**390,854**
Borrowings	15	**6,541**	**3,614**
Total		**2,410,909**	**2,540,870**
Total equity and liabilities		**3,697,833**	**3,737,209**

*Certain amounts do not correspond to the 2012 financial statements and reflect the effect of a change in accounting policy for employee benefits; see Note 2.3.

Consolidated income statement

	Note	2013	2012 *Restated
Insurance premium revenue	24	1,412,075	1,439,847
Insurance premium ceded to reinsurers	24	(642,371)	(653,582)
Net premium earned		**769,704**	**786,265**
Service and other income	25	166,352	161,784
Share of income of associated companies	26	5,804	7,722
Net income from investments	26	29,262	22,619
Total income after reinsurance		**971,122**	**978,390**
Insurance claims and loss adjustment expenses	27	(691,730)	(788,050)
Insurance claims and loss adjustment expenses recovered from reinsurers	27	286,688	352,677
Net insurance claims		**(405,042)**	**(435,373)**
Net operating expenses	28	(383,151)	(386,794)
Total expenses after reinsurance		**(788,193)**	**(822,167)**
Operating result before finance costs		**182,929**	**156,223**
Finance income	29	4,102	6,639
Finance expenses	29	(13,267)	(11,524)
Result for the year before tax		**173,764**	**151,338**
Income tax expense	30	(39,261)	(37,692)
Result for the year		**134,503**	**113,646**
Attributable to:			
Equity holders of the Company		134,522	113,660
Non-controlling interests		(19)	(14)
		134,503	**113,646**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in EUR per share):			
- Basic	31	1.70	1.44
- Diluted	31	1.70	1.44

*Certain amounts do not correspond to the 2012 financial statements and reflect the effect of a change in accounting policy for employee benefits; see Note 2.3.

Consolidated statement of comprehensive income

	Note	2013	2012 *Restated
Result for the year		**134,503**	**113,646**
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Effect of the asset ceiling on defined benefit pension plans	16.5	(19)	38,634
Actuarial gains/(losses) on defined benefit pension plans	16.5	2,536	(83,297)
Income tax relating to items that will not be reclassified		(2,343)	11,951
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	16.3	21,231	35,047
Share of other comprehensive income of associated companies	16.4	243	(243)
Exchange gains/(losses) on translating foreign operations and associated companies	16.4	(20,064)	1,213
Income tax relating to items that may be reclassified		(1,907)	(6,911)
Other comprehensive income for the year, net of tax		**(323)**	**(3,606)**
Total comprehensive income for the year		**134,180**	**110,040**
Attributable to:			
Equity holders of the Company		134,199	110,055
Non-controlling interests		(19)	(15)
Total comprehensive income for the year		**134,180**	**110,040**

*Certain amounts do not correspond to the 2012 financial statements and reflect the effect of a change in accounting policy for employee benefits; see Note 2.3.

Consolidated statement of changes in equity

	Attributable to the equity holders 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 2012	**79,122**	**844,946**	**(6,829)**	**(22,472)**	**(91,807)**	**327,191**	**1,130,151**	**(26)**	**1,130,125**
Impact of change in accounting policy (IAS 19, see Note 2.3)	-	-	-	(4)	(304)	-	(308)	-	(308)
Restated balance at 1 January 2012	**79,122**	**844,946**	**(6,829)**	**(22,476)**	**(92,111)**	**327,191**	**1,129,843**	**(26)**	**1,129,817**
Dividends	–	(43,518)	–	–	–	–	(43,518)	–	**(43,518)**
Total comprehensive income for the year	**–**	**–**	**28,207**	**900**	**(32,712)**	**113,660**	**110,055**	**(15)**	**110,040**
Result for the year	–	–	–	-	-	113,660	113,660	(14)	**113,646**
Other comprehensive income	–	–	28,207	900	(32,712)	-	(3,605)	(1)	**(3,606)**
Restated balance at 31 December 2012	**79,122**	**801,428**	**21,378**	**(21,576)**	**(124,823)**	**440,851**	**1,196,380**	**(41)**	**1,196,339**
Balance at 1 January 2013	**79,122**	**801,428**	**21,378**	**(21,576)**	**(124,823)**	**440,851**	**1,196,380**	**(41)**	**1,196,339**
Dividends	–	(43,517)	–	–	–	–	(43,517)	–	**(43,517)**
Reduction of non-controlling interests	-	-	-	-	-	(138)	(138)	60	**(78)**
Total comprehensive income for the year	**–**	**–**	**16,246**	**(16,743)**	**174**	**134,522**	**134,199**	**(19)**	**134,180**
Result for the year	–	–	–	–	-	134,522	134,522	(19)	**134,503**
Other comprehensive income	–	–	16,246	(16,743)	174	-	(323)	-	**(323)**
Balance at 31 December 2013	**79,122**	**757,911**	**37,624**	**(38,319)**	**(124,649)**	**575,235**	**1,286,924**	**-**	**1,286,924**

Consolidated statement of cash flows

	2013	2012 *Restated
I. Cash flows from operating activities		
Result for the year before tax	173,764	151,338
Adjustments for:		
Realised capital (gains)/losses on investments	(14,416)	(480)
Dividends received from financial investments	(4,683)	(12,005)
Share of income of associated companies	(5,808)	(7,722)
Depreciation and amortisation	22,576	24,732
Interest expense on subordinated loan	7,771	7,771
Net interest income	(25,086)	(22,517)
Other non-cash items	35,804	21,590
Changes in operational assets and liabilities:		
Insurance contracts	(106,489)	43,498
Reinsurance contracts	39,091	(2,007)
Deferred acquisition costs	7,192	(7,073)
Accounts receivable and payable on insurance and reinsurance business	32,612	36,707
Changes in other assets and liabilities	3,453	(33,083)
Pension plans contributions	(21,002)	(26,903)
Income tax paid	(16,937)	(26,464)
Interest paid	(5,045)	(4,390)
Net cash (used in)/generated by operating activities	**122,797**	**142,992**
II. Cash flows from investing activities		
Investments and acquisitions (cash outflows):		
Investment property	(158)	-
Short-term investments	(241,640)	(261,300)
Financial investments available-for-sale	(1,194,192)	(1,215,034)
Property, plant and equipment and intangible assets	(28,432)	(26,472)
Divestments, redemptions and disposals (cash inflows):		
Investment property	-	1,511
Short-term investments	155,626	266,113
Financial investments available-for-sale	1,188,361	1,014,731
Financial investments fair value through profit or loss	5,601	21
Property, plant and equipment and intangible assets	465	8,204
Dividends received from associated companies	5,333	2,949
Dividends received from financial investments	4,683	12,005
Interest received	25,974	25,994
Net cash (used in)/generated by investing activities	**(78,379)**	**(171,278)**
III. Cash flows from financing activities		
Dividend paid	(43,517)	(43,518)
Interest paid on subordinated loan	(7,050)	(7,050)
Net cash (used in)/generated by financing activities	**(50,567)**	**(50,568)**
Changes in cash and cash equivalents (I + II + III)	**(6,149)**	**(78,854)**
Cash and cash equivalents at the beginning of the year	187,977	269,519
Effect of exchange rate changes on cash and cash equivalents	(10,111)	(2,688)
Cash and cash equivalents at the end of the year	**171,717**	**187,977**

The cash and cash equivalents are presented net of bank overdrafts (see Note 15).

*Certain amounts do not correspond to the 2012 financial statements and reflect the effect of a change in accounting policy for employee benefits; see Note 2.3.

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 'the Group') 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. The Group offers products and services in more than 45 countries (2012: 45 countries) and employed 3,257 people as at 31 December 2013 (2012: 3,315). 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 the Group 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% (2012: 35.77%) of the shares in Atradius N.V. The financial statements of Atradius N.V. are consolidated by Grupo Catalana Occidente, S.A., which is a listed company in Spain.

These Group consolidated financial statements have been authorised for issue by the Management Board on 6 March 2014 and have been reviewed by the Supervisory Board. On 6 March 2014 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 presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and 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, and certain other financial investments and financial liabilities (including derivative instruments) at fair value through profit or loss.

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 Group's 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 2013 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.

2.2 New and revised standards

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

2.2.1 Standards, amendments and interpretations effective in 2013

The Group has adopted the following standards, amendments or interpretations in 2013 which had a material impact on the consolidated financial statements of the Group:

- Amendments to IAS 19 Employee Benefits (effective 1 January 2013). The main features of the amendments are to eliminate an option to defer the recognition of gains and losses, known as the 'corridor method'. The amended standard also requires the calculation of the expected return on plan assets to be based on the discount rate used for the defined benefit obligation rather than the actual expected rate of return, the re-measurements to be presented in other comprehensive income and to enhance the disclosures for defined benefit plans. In accordance with IAS 8 and the related transition details, the standard is applied retrospectively; the quantitative impact is further detailed in Note 2.3.

The following amendments have been adopted in 2013, but have had no material effect on the consolidated financial statements:

- Amendments to IFRS 1 Government Loans (effective 1 January 2013). The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This is the same relief as was given to existing preparers of IFRS financial statements. The amendments did not impact the Group's consolidated financial statements as the Group already prepares financial statements under IFRS;
- Amendments to IFRS 7 Disclosures-Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013). The new disclosure requirements are intended to help investors and other users to better assess the effect or potential effect of netting arrangements on a company's financial position. As a result of the amendments to IFRS 7, the Group has reviewed its disclosures about the offsetting of financial assets and financial liabilities (including comparative information for 2012) and concluded that no additional disclosures are required;
- IFRS 13 Fair Value Measurement (effective 1 January 2013). IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). As a result, the Group has included additional disclosures in this regard; the new fair value measurement has been applied prospectively in accordance with the transitional provisions in IFRS 13. Notwithstanding the above, the change had no impact on the measurement of the Group's assets and liabilities;
- Improvements to IFRSs (2009-2011), (effective 1 January 2013). A collection of amendments to IFRSs, in response to six issues addressed during the 2009-2011 cycle was issued in May 2012. The amendments impact the following standards:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards - The two topics discussed were 'Repeated application of IFRS 1' and 'Borrowing costs'. These amendments are not relevant for the Group which already prepares financial statements under IFRS;
  - IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information. The amendment clarifies that only one year of comparative information is required and that entities can voluntarily provide additional comparative information if prepared in accordance with IFRSs without having to include a complete set of financial statements for the additional period. The amendments to IAS 1 do not impact the Group's consolidated financial statements;
  - IAS 16 Property, Plant and Equipment - Classification of servicing equipment. The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 do not have an impact on the Group's consolidated financial statements;
  - IAS 32 Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments. The amendment clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Group's current accounting policy is in line with the amendment to IAS 32;
  - IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities. The amendment clarifies that the total assets and total liabilities for a particular reportable segment would be separately disclosed in interim financial reporting only when the amounts are regularly provided to the Management Board and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. The amendment will have a minor impact on the disclosures in the Group's interim financial statements;
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012). The amendments require entities to group together items within Other Comprehensive Income (OCI) that may be reclassified to the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. As a result of the amendments to IAS 1, the Group has modified the presentation of items in OCI in its statement of comprehensive income, to present separately items that could be reclassified to the income statement from those that will never be reclassified to the income statement. Comparative information has been adjusted accordingly.

2.2.2 Standards, amendments and interpretations not yet adopted

The following standards, amendments and interpretations are effective for annual periods beginning after 31 December 2013 and have not been early adopted by the Group:

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014). IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group does not expect a change from the adoption of IFRS 10;
- IFRS 11 Joint Arrangements (effective 1 January 2014). IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 distinguishes between two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. As the Group does not have any joint ventures, IFRS 11 will have no impact on the Group's consolidated financial statements;
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014). IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard is expected to have an impact on the extent of the disclosures of associates and joint arrangements in the consolidated financial statements;
- The IASB also issued amended and retitled IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2014) as a consequence of the issuance of IFRS 10, IFRS 11 and IFRS 12. These amendments are not expected to have a material impact on the Group's consolidated financial statements;
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (effective 1 January 2014). These amendments include: the creation of a definition of an investment entity, the requirement that such entities measure investments in subsidiaries at fair value through profit or loss instead of consolidating them, new disclosure requirements for investment entities and requirements for an investment entity's separate financial statements. The amendments are not applicable to the Group and will have no impact on the Group's consolidated financial statements;
- In June 2012, the IASB issued Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective 1 January 2014). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements and provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of "legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are expected to have a limited impact on the presentation of the Group's consolidated statement of financial position;
- Amendments to IAS 36 Recoverable amount disclosures for non-financial assets (effective 1 January 2014). These amendments restrict the requirement to disclose the recoverable amounts of an asset or cash-generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. The amendments are expected to have a limited impact on the disclosure in the Group's consolidated financial statements;
- Amendments to IAS 39 Novation of derivatives and continuation of hedge accounting (effective 1 January 2014). Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The amendments are not applicable to the Group (i.e. no hedge accounting is applied) and will have no impact on the Group's consolidated financial statements.

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

- IFRS 9 Financial Instruments (as amended in November 2013). This standard will replace the current standard, IAS 39 Financial Instruments: Recognition and Measurement, and aims to reduce complexity in the accounting and reporting of financial instruments. IFRS 9 requires an entity to classify its financial assets as measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. For financial liabilities, most of the IAS 39 requirements are retained. The main change is that for financial liabilities designated at fair value through profit or loss, the part of a fair value movement due to a change in an entity's own credit risk, is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it will affect the Group's accounting for its available-for-sale financial assets as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to certain equity investments that are not held for trading;
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016). The standard is an interim standard, pending the outcome of further studies for rate-regulated activities. The standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. This standard will have no impact as the Group already prepares financial statements under IFRS;
- Amendments to IAS 19 Defined benefit plans: Employee contributions (effective 1 July 2014). The amendment permits contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. The amendment will not impact the Group as contributions to existing defined benefit plans are attributed to periods of service using the projected unit credit method (being the default accounting treatment under IAS 19);
- Annual Improvements: 2010-2012 Cycle and Annual Improvements: 2011-2013 Cycle (both effective 1 July 2014). These two cycles are a collection of amendments issued under the annual improvement process, which is designed to make necessary, but non-urgent amendments to IFRS. These improvements are not expected to impact the Group;
- IFRIC 21 Levies (effective 1 January 2014). This IFRIC provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The impact will be limited to the timing of the recognition of the related liability throughout the year compared to the current accounting treatment.

2.3 Change in accounting policy

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The standard also requires net interest cost/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

The adoption of IAS 19R (2011) also resulted in a change in presentation of the interest component of the defined benefit expense. Under IAS 19 (2008), all components of the defined benefit cost were included in net operating expenses. The amended standard allows for the (net) interest component to be presented under finance expenses/income. The Group has chosen for this approach and the related comparative information has been restated. This effect is also included in the table below (for 2012, an amount of EUR 2.9 million has been reclassified from net operating expenses to finance expenses).

The opening statement of financial position as at 1 January 2012 has been adjusted (negative impact of EUR 308 thousand). The implementation of IAS 19R had a negative impact (net of tax) of EUR 414 thousand on total equity as at 31 December 2012. The result for the year 2012 is EUR 3.6 million lower, which is offset by an increase in the (net) actuarial gains on defined benefit plans of EUR 3.5 million. The tables below show more details of the impact of IAS 19R.

Consolidated statement of financial position

	Impact of implementing IAS 19R		
	As previously reported	Restated	Impact
1 January 2012			
Employee benefit liabilities	(71,815)	(72, 246)	(431)
Deferred income tax assets	134,872	134,995	123
Total equity	(1,130,125)	(1,129,817)	308
31 December 2012			
Employee benefit liabilities	(100,372)	(100,949)	(577)
Deferred income tax asssets	113,386	113,353	(33)
Deferred income tax liabilities	(110,948)	(110,752)	196
Total equity	(1,196,753)	(1,196,339)	414

Consolidated income statement and other comprehensive income

2012	Impact of implementing IAS 19R		
	As previously reported	Restated	Impact
Net operating expenses	(384,842)	(386,794)	(1,952)
Finance expenses	(8,658)	(11,524)	(2,866)
Income tax expense	(38,892)	(37,692)	1,200
Other items in the income statement	549,656	549,656	-
Result for the year	**117,264**	**113,646**	**(3,618)**
Defined benefits plan remeasurement/Defined benefit actuarial gains/(losses)	(87,968)	(83,297)	4,671
Tax on items that will not be reclassified to the income statement	13,111	11,951	(1,160)
Other items in other comprehensive income	67,739	67,740	1
Other comprehensive income for the year, net of tax	**(7,118)**	**(3,606)**	**3,512**
Total comprehensive income for the year	**110,146**	**110,040**	**(106)**

2013	Impact
Net operating exenses	(337)
Finance expenses	(2,178)
Income tax expenses	739
Impact on result for the year	**(1,776)**
Defined benefit plan remeasurement/Defined benefit plan actuarial gains/(losses)	2,178
Tax on items that will not be reclassified to the income statement	(539)
Impact on other comprehensive income, net of tax	**1,639**
Impact on total comprehensive income for the year	**(137)**

The implementation of IAS 19R had a limited impact on the statement of cash flows (only a reclassification within the cash flow operating activities, from result for the year before tax to other non-cash items). There is also no significant impact on the Group's basic and diluted earnings per share.

2.4 Changes in presentation

The presentation of the statement of financial position, income statement, statement of changes in equity, statement of cash flows and certain notes have been changed in 2013 to provide additional and more relevant information. Certain comparative amounts have been reclassified to conform to the current period presentation. These are further detailed in the related notes.

2.5 Consolidation

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

2.5.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. 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 the Group except for the accounting for insurance contracts (see Note 2.19).

2.5.2 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 by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group 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:

- 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;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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 the Group's 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 the Group 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, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e., the date when the Group 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, the Group 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.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3 (2004).

2.5.3 Associated companies and joint ventures

Associated companies are entities in which the Group 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. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associated companies and joint ventures are accounted for using the equity method and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss).

The Group's share in its associated companies and joint venture's 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. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's 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 Group.

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

2.6 Segment reporting

IFRS 8 requires operating segments to be identified on the basis on which the Management Board regularly reviews components of the Group 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.

2.7 Foreign currencies

2.7.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Euro (EUR).

2.7.2 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.

2.7.3 Group companies

The results and financial position of all the Group 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 the Group are presented below:

Currency	End rate		Average rate	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
GBP	1.199	1.225	1.179	1.230
USD	0.725	0.758	0.755	0.775
AUD	0.648	0.787	0.733	0.804
CAD	0.682	0.761	0.734	0.775
PLN	0.241	0.245	0.238	0.238
BRL	0.307	0.370	0.353	0.365

2.8 Purchase accounting, goodwill and other intangible assets

2.8.1 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 2.5.2) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the Group's 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 and joint ventures is included in investments in associated companies and joint ventures.

2.8.2 Agent networks

Agent networks acquired in a business combination are recognised at fair value at the acquisition date. The agent networks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation charges are included in net operating expenses and are calculated using the straight-line method over the expected life of the agent networks which is estimated at 15 years.

2.8.3 Non-patented technology

Non-patented technology acquired in a business combination is recognised at fair value at the acquisition date. This technology has a finite useful life and is carried at cost less accumulated amortisation. Amortisation charges are included in net operating expenses and are calculated using the straight-line method over the expected life of the technology which is estimated at 15 years.

2.8.4 Trade names

Trade names acquired in a business combination are recognised at fair value at the acquisition date. Trade names and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation charges are included in net operating expenses and are calculated using the straight-line method to allocate the cost of trade names over their estimated useful lives which are estimated to be five years.

2.8.5 Insurance portfolios

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

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

2.8.6 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 Group, 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.

2.9 Property, plant and equipment

Land and buildings comprise offices occupied by the Group ('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 the Group 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 the Group's 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, the Group 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. Land is not depreciated. Leasehold improvements are amortised over the shorter of the estimated useful life of the improvements and the respective lease terms. All assets are depreciated using the straight-line depreciation method over the estimated economic useful lives presented below:

Asset categories	Years
Land	Nil
Buildings	50
Fixtures and fittings	3 to 10
Information systems hardware	3 to 5

2.10 Investment property

Property held for long-term rental yields that is not occupied by one of the companies of the Group 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.

The fair value is determined by independent real estate valuators registered in the relevant countries and have appropriate qualifications and experience in the valuation of properties.

2.11 Fair values of financial investments

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 the Group 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. The Group uses a variety of methods and assumptions that are based on market conditions existing at the end of the reporting period. See Note 4.3.1.1 for the basis of the determination of the fair value of financial investments.

2.12 Recognition and derecognition of financial investments

All purchases and sales of financial investments classified as fair value through profit or loss and available-for-sale 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 the Group commits to purchase or sell the asset. Loans and receivables are recognised and derecognised at settlement date, which is the date the Group receives or delivers the asset.

Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Group has transferred substantially all the risks and rewards of ownership. If the Group 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, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the value of the asset.

2.13 Classification of financial investments

The Group classifies its financial investments into three categories: investments available-for-sale, loans and receivables, and financial investments at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

2.13.1 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 2.13.2) and 'fair value through profit or loss' (Note 2.13.3).

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.

2.13.2 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 the Group intends to sell in the short-term, or that it has designated as at fair value through income or 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.

2.13.3 Financial investments at fair value through profit or loss

This category has two categories: financial assets held for trading and other financial assets designated at fair value through profit or loss by management at inception. This second category includes any financial assets that management has decided to designate to the category on initial recognition provided such a designation results in more relevant information either:

- because it eliminates or significantly reduces a measurement or recognition inconsistency (i.e., accounting mismatch); or
- because it is part of a group of financial assets, financial liabilities or both that is managed, and its performance is evaluated on a fair value basis; or
- the financial asset is a hybrid (combined) contract which contains one or more embedded derivatives, unless the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract or it is clear with little or no analysis that separation of such an embedded derivative is prohibited.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at their fair value. Changes in the fair value of such derivative instruments are recognised immediately in the income statement. Those derivative instruments that are not designated as hedges are classified under held-for-trading and included in financial instruments at fair value through profit or loss.

The fair value of derivatives is based on their listed market price, if available (see further information included on the measurement of fair value in Note 4.3.1.1).

2.14 Impairment of assets

2.14.1 Financial assets - general

The Group 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.

The Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant. If the Group 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.

2.14.2 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 the Group on terms that the Group 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 the present value of 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, the Group 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.

2.14.3 Financial investments - carried at fair value

The Group 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.

2.14.4 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.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount only 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.

2.16 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 the Group in the management of its short-term commitments. Bank overdrafts which are repayable on demand form an integral part of the Group's 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 the Group's day-to-day operations and are therefore not included within cash and cash equivalents. These assets are included within financial investments.

2.17 Capital and reserves

2.17.1 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.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly related incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly related incremental transaction costs and the related income tax effects.

2.17.2 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.

2.17.3 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.

2.17.4 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; and
- 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.

2.17.5 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 the Group's 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 the Group cannot recover any surplus through refunds from the pensions vehicle due to solvency and/or control requirements.

2.17.6 Retained earnings

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

2.17.7 Non-controlling interests

Non-controlling interests represent the proportion of shareholders' equity that is attributable to minority shareholders. Non-controlling interests are initially measured either at their fair value at the acquisition date or at the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of the acquisition. The calculation of the percentage attributable to the non-controlling interests includes any equity interest that is not held indirectly through subsidiaries.

Non-controlling interests are presented within equity separately from the equity attributable to the equity holders of the Company. Similarly, the statement of comprehensive income presents total comprehensive income for the period showing separately the amounts attributed to the equity holders of the Company and non-controlling interests. In transactions with non-controlling interests that do not result in a change in control over a subsidiary, the difference between the fair value of the consideration paid or received and the change in the non-controlling interests is recognised directly in equity.

2.18 Subordinated loans

Subordinated loans are recognised initially at fair value, net of transaction costs incurred. Subordinated loans are 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 loans using the effective interest method. Interest payable is reported under other liabilities.

2.19 Insurance contracts

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts under which the Group accepts a significant insurance risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain event.

Contracts which transfer significant insurance risk are accounted for in accordance with IFRS 4 Insurance Contracts.

Insurance contracts are 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 the Group's bonding customer fails to perform a contractual obligation relative to the beneficiary.

Although the overall accounting principles are the same for the Group, Compañía Española de Seguros y Reaseguros de Crédito y Caución S.A.u. ('Crédito y Caución') continues to apply its existing earnings and provisioning practices in applying these principles as allowed under IFRS 4.25. The differences in application lead to different allocations in the individual lines of the consolidated financial statements. Further reference is made to specific information included on Crédito y Caución in Note 4.2.7 and Note 19.

2.19.1 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.

2.19.2 Provision for unearned premium

The recognition of unearned premium per product is discussed in Note 4.2.7.1.

2.19.3 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 the Group has taken up to the end of the reporting period. The Group does not discount its liabilities (other than the recoveries on the Instalment Credit Protection (ICP) product) given the cycle of the Group's business. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group 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.

Based on the type of business, the following methods are used to determine the provision for outstanding claims:

- direct insurance business: provisions are calculated based on statistical methods. For large cases, individual assessments are made. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience and other known trends and developments;
- bonding: provisions are calculated on a case-by-case basis; and
- reinsurance business: 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 4.2.7.

2.19.4 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.

2.19.5 Reinsurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group 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 the Group under which the contract holder is another insurer (reinsurance business) are included in insurance contracts.

The benefits to which the Group 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.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group 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.

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

2.19.6 Income from reinsurance contracts

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

2.19.7 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, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group 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.

2.19.8 Salvage and subrogation reimbursements

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

Estimates of salvage recoveries 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.

Subrogation reimbursements are also considered as an allowance in the measurement of the provision for claims and are recognised in other assets when the claim is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.20 Provisions

Provisions for restructuring, onerous contracts and litigation are recognised when the Group 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.

2.21 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.

2.22 Employee benefits

2.22.1 Post-employment benefits

The Group 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. The Group 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 the Group may pay contributions into a separate entity or fund. The Group, and in some cases the employees who are participating, fund a defined benefit plan and the Group 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. The Group 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 Group 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. If the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period), the related past service costs are amortised on a straight-line basis over the vesting period. The Group 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 the Group 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, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group 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.

2.22.2 Other long-term employee benefits

The Group 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.

The Group's 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.

2.22.3 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. The Group 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 Group liability is included as part of the provisions.

2.22.4 Profit sharing and bonus plans

The Group 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 Company's shareholders. The Group recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 Income tax

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

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 the Group 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.

2.24 Consolidated income statement

2.24.1 Income

Revenue comprises the fair value for services, net of value added tax, after eliminating revenue within the Group. 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 the reinsurance premium, excluding tax.

Written premium includes an estimate of premium not yet invoiced for which the Group 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. Pipeline premium is included as the part of premium earned but not yet invoiced at the end of the reporting period.

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 and joint ventures

Associates and joint ventures 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 and joint ventures 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, increases in the fair value of financial investments at fair value through profit or loss, rental income from investment property and gains on derivatives 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 the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income from debt securities classified as at fair value through profit or loss is recognised as interest in the income statement using the effective interest method. Dividend income from equity instruments classified as at fair value through profit or loss is recognised as dividends in the income statement on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. For all financial investments classified as at fair value through profit or loss, changes in fair value are recognised as gains or losses within net income from investments in the income statement.

Investment expenses comprise decreases in the fair value of financial investments at fair value through profit or loss, impairment losses recognised on financial investments and investment property, and losses on derivatives that are recognised in the income statement.

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.

Foreign currency gains and losses are reported on a net basis and consist of transaction and translation results.

2.24.2 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 paid claims.

Net operating expenses

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

Finance income

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

Interest income is 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.

Finance expenses

Finance expenses includes interest, amortisation of discount on subordinated loans, foreign exchange results and the net interest on the net defined benefit liability (asset) related to defined benefit plans (see also Note 2.22).

Interest 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.

Income tax

The total sum of income tax recognised in the income statement is the sum of current tax expense (or recovery) plus the change in deferred tax assets and liabilities during the period, net of tax amounts recognised in other comprehensive income or directly in equity or arising from a business combination.

2.25 Leases

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

2.25.1 The Group 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.

2.25.2 The Group 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.

2.26 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 the Group 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 the Group.

3 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported assets and liabilities and contingent assets and liabilities. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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

The Group 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. The Group 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, the Group engages an external independent valuation company to perform the valuation. The Group Investment Committee works actively 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, 8 and 17.

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 the Group's 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 the Group's 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

The Group 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, the Group 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, the Group would have suffered an additional EUR 0.5 million loss before tax (2012: EUR 0.1 million loss before tax), 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, the Group 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, the Group 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.

The Group 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, the Group 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 18.

4 Risk and capital management

4.1 Risk management

As a global insurance provider, the Group recognises the importance of risk management. The Group continues to strengthen its risk management capabilities by broadening its scope and enhancing the associated internal control systems within the organisation.

The relationship between risk and capital is fundamental for the Group. Understanding how risk-taking consumes capital allows management to steer the Group and take strategic decisions based on risk. These decisions are increasingly being driven by the outcome of Atradius’ economic capital model. This model is used for specific risk assessment activities and allows the Group to better monitor and manage risk levels within the organisation through the allocation of risk-based capital. In addition, risk management and the relationship between risk and capital play a central role in the forthcoming regulatory regime, Solvency II.

4.1.1 The risk landscape

Economic uncertainty continues to be high and the number of payment defaults remain at an elevated level. Any deterioration, either gradual or more abrupt, can impact the Group in several ways. An increase in insolvency rates may lead to higher than expected claims. Payment defaults as a direct or indirect result of an exit of one or more countries from the Euro zone, or a sovereign default, may also lead to higher than expected claims. In addition, the Group might, in the near term, not be able to make the desired investment returns. The impact may not be limited to the Group’s future performance; it may also cause negative development on claims provisions. Many, in particular large, customers expect their credit insurer to have a medium to high investment grade rating. A deterioration in one or more of the Group’s credit ratings issued by rating agencies is likely to have a significant negative impact on our revenue. As part of the rating process, rating agencies also account for risk arising from exposure to sovereign risk. The Group’s largest exposure concentration in this respect is to the Kingdom of Spain. The Group’s credit quality is connected to Spain in several ways: through our investment portfolio,

operational cash, reinsurance, our core insurance business and through our main shareholder. A deterioration in the credit ratings of Spain may lead to a downgrade of the Group's credit ratings.

The business model of Crédito y Caución differs from that of the rest of the Group in several ways. To a large extent this is for reasons specific to the Spanish market and Crédito y Caución's customer portfolio and distribution network. An important difference is that Crédito y Caución predominantly serves a portfolio of small and medium-sized Spanish customers through a network of tied agents. The rest of the Group, although also serving small customers, mainly targets medium-sized and large companies either directly or through broker channels. The Group intends to keep the business model of Crédito y Caución intact as it believes this to be critical to the profitability and development of the Spanish portfolio.

Centre of expertise underwriting - underwriting performed by the centres that are closest to the buyer - is in place. This means that all Crédito y Caución buyers in markets outside Spain, Portugal and Andorra are underwritten in the respective centres of the rest of the Group. Conversely, all buyers of the rest of the Group that are based in Spain, Portugal and Andorra are underwritten by Crédito y Caución. This helps ensure a consistent stance on risk per buyer and robust control over exposure accumulations across the Group. These underwriting processes are supported by data links between the core buyer underwriting systems.

4.1.2 The risk management and internal control framework

The Management Board is ultimately responsible for risk management and internal control within the Group. Without affecting this responsibility in any way, the authority to take decisions in this context has been delegated to the Risk Strategy Management Board (RSMB). The RSMB consists of all members of the Management Board, as well as the Director of Group Risk Management, the Director of Strategy and Corporate Development and the Director of Finance. The RSMB's responsibilities include the development of the framework to manage risk and the ongoing 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.

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

The responsibilities of the Audit Committee include supervising, monitoring and advising 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.

Central to the risk governance framework is the risk governance structure. The risk governance structure defines the process by which the Group decides what risks it takes on and how it manages those risks. Risk boundaries are part of the risk governance structure. The purpose of risk boundaries is to have a clear and Group-wide aligned understanding of what business the Group wants to underwrite and what lines are not to be crossed. Risk boundaries are used to steer and govern the business and apply to all Atradius employees working in risk and/or policy underwriting. The risk governance structure consists of a number of bodies that act under the delegated authority of the RSMB.

4.1.3 Risk classification

The Group has classified its risks 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 are the risks associated with financial instruments and 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 and sensitivity to insurance risk

The Group distinguishes two main direct insurance products: credit insurance and bonding. In addition, the Group 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 categories have particular risk characteristics.

Traditional credit insurance

In traditional credit insurance, the Group 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 the Group. 'Buyers' are the customers of the Group's insured customers, i.e., the parties that the Group insures credit risk on. In order to mitigate the risk of adverse selection, the traditional credit insurance products of the Group 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 the Group decides which customers to accept as policyholders and the terms and conditions of cover that are offered. Buyer underwriting is the process by which the Group 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 the Group 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 the Group. Credit limits are an important risk management instrument for the Group as they cap the amount that we would have to pay out to a customer in the event of a claim. Moreover, the Group can, in principle, withdraw the credit limit on a buyer at any time if circumstances demand: for instance if we believe that we are no longer comfortable with our aggregate exposure on a buyer, or if, in our judgement, the buyer will no longer be able or willing to make its trade payments. Credit limits may be subject to specific conditions and the Group can also set conditions for cover on a country or withdraw cover on a country altogether. These are important tools in managing our political risk exposure.

Credit insurance customers fall roughly into one of three categories: small and medium-sized companies, large locally based companies and multinationals. Most customers, irrespective of their size, are served by our core Modula product. This product offers flexibility in a structured, modular and controllable manner, and can be tailored to most customers' needs, with a greater level of flexibility for larger customers. As a general rule, our ability to manage and control risks under our Modula policies is not affected by this flexibility but when a change to cover terms is required that may materially affect this ability, it must be formally approved by the Group Product Committee.

For small and medium-sized companies, we offer additional products based on the Modula concept that specifically cater to their needs. For most of these additional products, the risk characteristics do not materially differ from a traditional credit insurance product.

Multinationals will typically require the most tailored policies: it is generally the case that large customers need larger credit limits on their buyers to mitigate the risk of larger losses. This possible greater risk is however offset as these policies often include larger (sometimes annual aggregate) deductibles and, in the main, larger buyers are less likely to default on payments.

Instalment credit protection

The Instalment Credit Protection (ICP) unit insures its customers against non-payment of scheduled instalment payments. Its exposure in 2013 was approximately 56% retail and 44% corporate (2012: 55% and 45% respectively), where retail exposure originates from consumer credit extended by financial institutions. Corporate exposure typically relates to the leasing to corporations of equipment such as cars and to a lesser extent computer hardware and other equipment. A small part of the portfolio consists of cover for corporate loans provided by banks. The retail exposure is by its nature highly diversified. In the corporate sector, no single risk exceeds EUR 7 million (2012: EUR 7 million).

Special products

The Group's 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. At the end of 2013, total potential exposure (TPE) associated with this business stood at EUR 10.9 billion (2012: EUR 8.8 billion).

As single transaction cover means that, unlike in the case of traditional credit insurance, there is not a spread of insured business, there is a potentially higher risk on the Group. However, this is mitigated in part by tighter restrictions on the special products business that we accept: as a result of which the acceptance rate is low. Significant emphasis placed on policy underwriting, especially in relation to the quality and experience of the customer and its ability to react to changing

circumstances. In addition, the analysis of the nature and terms of the underlying contract plays an important role in the underwriting process.

Bonding

The Group issues surety bonds for customers in Italy, France, Spain, the Nordic region and, from January 2014, also in Germany. 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 the Group.

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 the Group to the beneficiary, a recovery action is taken against the customer who remains ultimately liable. If the Group 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.

Reinsurance

The Group underwrites reinsurance programmes for the credit insurance and bonding business written by primary insurers. This business is conducted by Atradius Reinsurance Ltd. (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 60 countries (2012: over 60 countries) worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of around 60% credit insurance and 40% bonding (2012: 62% and 38% respectively), based on premium volume.

The type of credit insurance and bonding products Atradius Re reinsures are similar to those issued directly and described above.

Most reinsurance business is on a quota share basis, where there is a close relationship between insurer and Atradius Re on monitoring and controlling the volume of business ceded within prescribed underwriting guidelines. The rest of the portfolio predominantly consists of excess of loss cover, typically connected to the quota share business. The number of stop-loss treaties is limited.

Atradius Re has reinsurance treaties with certain clients under the terms of which collateral has been provided, or could be required to be provided, in order to meet the security or local regulatory requirements of those clients.

4.2.2 Risk mitigating procedures and controls - insurance risk

Authorities and risk governance

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.

In addition to the product specific authorities and governance described below, the Group's reinsurance structure imposes checks on the largest exposures. Exposures beyond a certain threshold are subject to special acceptance by our leading reinsurers. The authority structure takes into account all sources of exposure on a buyer through direct business, i.e., including exposure for special products and bonding, although threshold amounts depend on the source of exposure.

Credit insurance

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.

Buyer underwriting takes place in Risk Services centres which are falling under the responsibility of Chief Risk Officer, thus ensuring a separation of responsibilities for buyer and policy underwriting up to and including Management Board level. 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.

Even Directors of Risk Services centres can only approve capacities to a certain threshold and individual credit limits up to a lower threshold. In addition, the signature of at least one other qualified Buyer Underwriter is always required. Beyond these thresholds, the local credit committee of the Risk Services centres takes the decisions. The local credit committees again can only sign off amounts up to certain thresholds and beyond those thresholds the Group credit committee takes the decisions. The Group credit committee thus underwrites the largest buyers in terms of exposure.

At Crédito y Caución staff in branches (policy underwriting staff and branch managers) have well-defined authorities specifying how to underwrite new business and maintain existing policies. Large policies and extraordinary conditions or premium rates need to be approved by Crédito y Caución's Director of Business and Corporate Strategy, who is responsible for technical policy underwriting, and has no commercial interest.

Buyer underwriters also have well-defined authorities specifying who can set what capacity on a buyer or who can sign off what limit. As amounts rise, decisions need authorisation by more senior officials up to the Director of Buyer Underwriting. The Large Risk department regularly monitors buyers with an exposure above a certain threshold. Higher amounts require the authorisation of Crédito y Caución's credit committee. Exposures that meet the conditions relating to combined exposure at Group level are subject to review and approval by the Group credit committee.

Bonding

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 Group credit committee mentioned above.

At Crédito y Caución all bonds are centrally underwritten by the Bonding Department, reporting to the Director of Business and Corporate Strategy. The related set up and monitoring of Bonding lines is performed by Buyer Underwriting.

Special products

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 a dedicated Risk Services team which has 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 Group Risk Management unit ensures adherence to the risk governance model monitors the portfolio risk and ensures compliance with the terms of the reinsurance treaty.

Instalment credit protection

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 the Group.

Risk underwriting is performed by the risk underwriting teams within ICP. 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 which is authorised to approve exposures up to EUR 5 million, and finally to the Management Board member responsible for instalment credit protection.

Reinsurance

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.

The primary insurer writes traditional credit and/or bonding insurance and reports to Atradius Re the aggregate total potential exposure including the list of buyers over certain limits according to the reinsurance agreement conditions. These conditions are reviewed regularly to monitor insurance performance and buyer stability. Underwriters estimate the premium income, ultimate loss ratio and ultimate commission and brokerage costs. These values are then applied to an actuarial risk earnings model to evaluate the appropriate earned income, claims provisions setting and costs basis for each reinsurance contract. The reinsurance contract performance and TPE values are reviewed within the control limits set by the underwriting guidelines, economic capital requirements and regulatory solvency requirements. Any business that exceeds the standard control limits requires the Reinsurance Inwards Committee's review and approval prior to commitment.

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.

4.2.3 Risk management tools

The Group 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 two systems: the main system covering all credit insurance underwritten with the exception of Crédito y Caución's and another covering Crédito y Caución business. These systems enable the Group to set system specific limits by buyer or buyer group. Information exchange between the two systems takes place regularly in support of the Centre of Expertise underwriting structure. For the largest exposures, which fall in the scope of the Group Credit Committee, the Group sets limits at the aggregate level.

Management information derived from these systems allows the Group to monitor aggregate exposure by country, customer or buyer sector and in many other ways. Information on Crédito y Caución bonding exposure is stored, together with credit exposure, identifiable as bonding exposure. While information on other bonding portfolios is not held in these systems, the Group monitors the exposure from these portfolios together with exposure from credit insurance. Exposure from the instalment credit protection business is monitored separately.

All buyers with significant exposure are reviewed at least annually. The Group 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. The Group 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. The pricing system is forward-looking in the sense that it takes into account the Group's risk outlook as captured in country, sector and buyer ratings. It prices policies according to the credit risk under the policy, taking into account each customer's buyers.

Crédito y Caución operates a risk and cost-based pricing system for credit insurance, which produces a starting price for all new policies. Crédito y Caución's Commercial units have limited capacity to modify the price suggested by the model. The whole process is supported by the policy underwriting tool, which guarantees the implementation of the pricing model and the users' authorities. The implementation of the pricing system is constantly monitored.

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. The reinsurance system provides triangulation reporting, earnings estimates, categorisation of risks and market summary details. Performance development and exposures related to each reinsurance treaty are reviewed quarterly within certain limits and exception reporting. The reinsurance system automatically provides a suite of exception reports which provide the underlying performance data for review by our reinsurance accounts, risk management, actuarial and finance areas. In addition to monitoring and recording TPE by treaty assumed on the reinsurance system, Atradius Re also uses a buyer database to monitor individual reported buyer exposure limits issued by the original cedant that are in excess of agreed reporting thresholds. These reported limits are reviewed and compared with existing information at least annually. The Group uses the economic capital model as a tool to monitor the economic capital required by the reinsurance portfolio. This is calculated and reviewed quarterly.

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.

4.2.4 Reinsurance programme

The Group 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 the Group or quota share arrangements relating to specific transactions/policies. The reinsurance treaties are renewed annually, although some treaties can be multi-year. On renewal, the Group reassesses the structure of the treaties, 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, including the cost of the synthetic capital that reinsurance provides as measured by the economic capital model, the probability of exhausting the excess of loss cover and the impact on capital requirements of the rating agency model.

For the underwriting year 2013, two major quota share reinsurance treaties were in place: one covering the majority of Atradius' business, including the Italian bonding business and the French excise bond business. A second quota share treaty covers the business of Crédito y Caución. In addition, a single excess of loss programme, covering the own retention under the quota share treaties, consists of a series of excess of loss treaties (by buyer and/or buyer group). With regard to the reinsurance panel, it is the Group's policy to select only reinsurers that have a high quality standard of solvency/rating.

The normal minimum requirement is an 'A' level rating, although there are some minor exceptions. The reinsurance treaties provide for the Group to either terminate the reinsurance relationship with a reinsurer that is downgraded below 'A' in the course of the reinsurance year or else to seek collateral if the relationship is to continue.

Quota share treaties

For the underwriting year 2013, the treaty for Atradius, excluding Crédito y Caución, has a quota share with 52.5% (2012: 52.5%) own retention. This programme covers Atradius' direct business, the Italian bonding business, the French excise bond business and part of instalment credit protection. For other, older, treaty years Atradius has a separate quota share treaty for the Italian bonding business with retention which varies by year: between 25% and 40%. For the underwriting year 2013, the quota share treaty for Crédito y Caución, which applies to Spain, Andorra, Portugal and Brazil, has a retention of 55% (2012: 55%).

For the underwriting year 2013 (as well as 2012), the quota share treaties of Atradius and Crédito y Caución have a sliding scale ceding commission arrangement, under which the ceding commission paid to the Group by the reinsurers depends on the ceded underwriting year loss ratio. As a consequence, risks affecting the loss ratio of the Group will also pose a risk to the level of ceding commission received, increasing the overall volatility of the net result.

For 2014, similar quota share treaties will apply with the retention under the main Atradius quota share treaty being increased from 52.5% to 55% to align it with the retention under the Crédito y Caución treaty.

Excess of loss treaties

There is a combined excess of loss programme for the Group. In doing so, the Group has mitigated the likelihood of it retaining two separate retentions if a common buyer were to fail. Atradius Re purchased an excess of loss retrocession programme providing protection for the non-Group (reinsurance) business above a retention of EUR 7.5 million in 2013.

For the underwriting year 2013, although the excess of loss treaties covered the combined retention for the Group, the attachment point of the excess of loss treaties has been set such that the net retention for business ceded under this treaty structure for any buyer or buyer group does not exceed EUR 15.8 million (2012: EUR 15.8 million) for the Group. 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 or buyer group will exceed the top end of the excess of loss coverage of EUR 315.0 million net of quota share (2012: EUR 315.0 million). In calculating the loss under the excess of loss coverage, no allowance is made for the reinstatement premium that has to be paid in order to reinstate the excess of loss cover after a claim on the layers.

As a result of accumulations of risk between business reinsured under the main treaty structure and business reinsured by other treaties, the Group's overall net retention across all business on some buyer groups can be larger than the sum of the self retention and reinstatement premiums of both programmes. The effective loss may also be enlarged due to a possible impact on the ceding commission received under the quota share treaties.

4.2.5 Concentration risk

The Group 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 2013 and 2012 in terms of the sum of credit limits registered by the Group 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 the Group has issued does not necessarily give rise to credit risk at a specific point in time. The Group 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 the Group's 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 the Group's 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) only.

Buyer country	of which	TPE 2013 (EUR million)	%	TPE 2012 (EUR million)	%
Germany, Central and Eastern Europe, Greece, Malta, Cyprus and Turkey	Germany	72,844	15.8%	70,266	15.8%
	Central and Eastern Europe	34,907	7.6%	31,853	7.1%
	Other	6,234	1.3%	5,151	1.1%
Spain, Portugal, France, Italy, Belgium and Luxembourg	Spain and Portugal	81,486	17.7%	90,084	20.2%
	France	37,135	8.1%	37,426	8.4%
	Italy	23,717	5.2%	24,170	5.4%
	Belgium, Luxembourg	13,335	2.9%	12,796	2.9%
The Netherlands, Nordic countries (Denmark, Finland, Norway, Sweden) and Baltic	The Netherlands	22,325	4.8%	24,898	5.6%
	Nordic	20,652	4.5%	19,823	4.5%
	Other	1,179	0.3%	1,000	0.2%
United Kingdom and Ireland	United Kingdom	31,698	6.9%	28,760	6.5%
	Ireland	2,921	0.6%	2,586	0.6%
USA, Canada, Mexico, Central America and Brazil	USA	28,951	6.3%	23,697	5.3%
	Other	16,668	3.6%	13,796	3.0%
Australia and New Zealand	Australia, New Zealand	9,554	2.1%	9,668	2.2%
Rest of the world	Other	56,788	12.3%	49,872	11.2%
Total		**460,394**	**100%**	**445,846**	**100%**

Of the increase in TPE compared to 2012, EUR (9.0) billion is caused by movements in foreign exchange rates (see Note 2.7.3). The following table shows the distribution of TPE over buyer industry sector.

Industry sector	TPE 2013 (EUR million)	TPE 2012 (EUR million)
Chemicals	56,282	49,339
Electronics	55,912	50,957
Metals	50,907	54,037
Consumer durables	50,468	48,642
Food	42,564	40,476
Transport	38,366	35,248
Construction	33,459	35,287
Machines	29,390	30,065
Agriculture	22,808	22,146
Services	21,386	20,974
Construction materials	20,031	20,250
Textiles	16,261	16,101
Finance	11,755	11,453
Paper	10,805	10,871
Total	**460,394**	**445,846**

The following table shows TPE aggregated by group of buyers. This is the method of aggregation that is relevant for the Group's excess of loss treaties. For instance, assuming real outstanding exposure of 20% of TPE, then only buyers with TPE in excess of around EUR 150 million could give rise to hits to an excess of loss treaty (2012: the same).

Value band	Number of Buyers	TPE (EUR million)	Number of Buyers	TPE (EUR million)
Eur million	2013		2012	
0 – 20	2,388,711	266,243	2,435,854	265,193
20 – 100	1,851	75,603	1,799	72,702
100 – 250	316	47,136	281	42,508
250 – 500	95	32,046	89	30,086
500 – 1000	30	20,059	25	16,857
1000 – and more	12	19,307	12	18,500
Total	**2,391,015**	**460,394**	**2,438,060**	**445,846**

Exposure for bonding and for instalment credit protection have entirely different characteristics and therefore have not been included in these tables. The bonding exposure is EUR 21.2 billion (2012: EUR 20.5 billion). Exposure for instalment credit protection amounts to EUR 2.1 billion (2012: EUR 2.1 billion).

4.2.6 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 the Group 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.

The Group's 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 the Group views these risk factors in the context of its overall business strategy.

4.2.7 Sources and assumptions

4.2.7.1 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 4.2.6.

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 claims provisions for claims 'incurred but not reported', the IBNR. The accounting polices and estimation methods for setting UPR and IBNR vary by product and in part also by entity within the Group:

- 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 the Group's estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received;
- for the credit insurance business of Crédito y Caución, 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 Crédito y Caución'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 credit insurance business of Crédito y Caución, bonding, instalment credit protection and reinsurance when using the claims development tables in Note 19 to evaluate the accuracy with which the Group 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, for the Group excluding Crédito y Caución, the main method for setting claims reserves produces estimates for future claims payments by the country of the customer, split between frequency claims and large claims. Sources of uncertainty for these estimates include the following:

- for reported claims: the amounts that will be paid out as a percentage of the pro-forma liability under the claim;
- for claims that have not yet been reported: 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. These parameters are reviewed at least three times a year, and they are adjusted as required by the statistical evidence available at the time. Factors other than strict statistical evidence may also lead to an adjustment of parameters, e.g. knowledge of changes in business processes, changes in portfolio composition, and the Group's view of economic developments;
- by the nature of the product, very few claims will have been reported for the most recent four to six months (depending on the country of the customer). Consequently, the expected number of claims for risks taken on during the most recent months is a separate source of uncertainty in the estimation of future claims payments, and one that is sensitive to the development of claims experience after the end of the reporting period; and
- the inflow by number and size of large cases.

The Crédito y Caución claims reserves have not only a different definition of IBNR but also a different definition of recoveries. For the Group, excluding Crédito y Caución, provisions for expected recoveries for traditional credit insurance relate to recoveries after indemnification, i.e., recoveries after the Group, excluding Crédito y Caución, has made the claims payment. At Crédito y Caución the expected recoveries are set as expected recoveries on incurred loss amounts. Only part of those recoveries will be realised as recoveries after indemnification, while the rest will reduce the amount of claims payments. As a consequence, the expected recoveries for Crédito y Caución are substantially higher, as a percentage of claims provisions gross of recoveries, than those for traditional credit insurance for the rest of the Group. In addition, due to, among others, the absolute size and the long period over which these recoveries are realised, there may be a higher degree of uncertainty in the estimated recoveries. Atradius presents its claims reserves net of expected recoveries and in this presentation the claims provisions for traditional credit insurance at Crédito y Caución and the other Group companies are comparable, although they are set based on different methodologies.

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.

4.2.7.2 Assumptions, change in assumptions and sensitivity

The risks associated with credit insurance and bonding are complex, as will be clear from the above 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 2014 will be around 22% above the level of end 2013 (previous year: around 22%). 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 24 million, gross of reinsurance (2012: EUR 26 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.

The assumption used for Crédito y Caución is that the claims inflow in early 2014 will be at the same level as at the end 2013 (this assumption was also made for 2012).

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, seem to 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.

Realised recoveries can deviate from expected recoveries. The largest component of the expected recoveries (EUR 491.9 million, 2012: EUR 567.8 million) relates to instalment credit protection (EUR 137.2 million, 2012: EUR 148.0 million) and the credit insurance book of Crédito y Caución (EUR 113.6 million, 2012: EUR 186.5 million). For instalment credit protection, a reduction of 5 percent points in ultimate recoveries for underwriting years 2010-2013 reduces future undiscounted recoveries by approximately EUR 10 million (2012: EUR 10 million). For Crédito y Caución, a 1 percent point change in the expected recovery rates for claims declared or to be declared since 2012 or later amounts to approximately EUR 7 million gross of reinsurance (2012: EUR 7 million gross of reinsurance).

4.3 Financial risk

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

- Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: equity price risk, interest rate risk and currency risk;
- Credit risk is the risk of potential loss resulting from clients or counterparties who are unable to meet their payment obligations in full when due;
- Liquidity risk is the risk that the Group is unable to meet its payment obligations, when due, at a reasonable cost.

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 or future cash flows of the financial assets or financial liabilities will fluctuate due to changes in market prices. Market risk comprises three types of risk: equity price risk, interest rate risk and currency risk.

The Group 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 the Group's insurance liabilities and aims to define the Strategic Asset Allocation (SAA) so that these commitments can be met while maximising the expected investment return.

The investment decisions within the SAA boundaries are taken by the Group Investment Committee (GIC) which is governed by the Atradius Group Investment Policy. These decisions are based on the risk tolerance, which may change from time to time as it is driven by economic circumstances, development of the Group's business, credit rating requirements, regulatory and economic capital requirements, and shareholders' preferences. Therefore, these investment decisions are dynamic, which implies that the GIC may adopt a strong risk adverse asset allocation when its credit rating or capital position is under pressure, while it may adopt a less risk adverse approach when it is higher in the targeted credit rating scale or its capital is in surplus. In addition to making investment decisions, the GIC also reviews the investment portfolio in respect of risk and performance: for instance by verifying that asset classes remain within SAA boundaries and by assessing the investment portfolio against the SAA benchmark.

4.3.1.1 Fair value of financial assets and liabilities

The following table presents the estimated fair values of the Group's financial assets and liabilities. The aggregation of the fair values presented below does not represent, and should not be construed as representing, the underlying value of the Group.

2013	Available for-sale	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	Total estimated fair value	Carrying amount
Investment portfolio						
Equity securities:	**538,353**	**-**	**-**	**-**	**538,353**	**538,353**
Shares	2,052	-	-	-	2,052	2,052
Investment funds	536,301	-	-	-	536,301	536,301
Debt securities:	**1,045,027**	**-**	**-**	**-**	**1,045,027**	**1,045,027**
Government bonds	368,846	-	-	-	368,846	368,846
Corporate bonds	652,846	-	-	-	652,846	652,846
Structured debt	23,335	-	-	-	23,335	23,335
Loans	**-**	**-**	**506**	**-**	**506**	**506**
Short-term investments	**-**	**-**	**220,292**	**-**	**220,292**	**220,292**
Cash held for investments	**-**	**-**	**31,613**	**-**	**31,613**	**31,613**
Sub total	**1,583,380**	**-**	**252,411**	**-**	**1,835,791**	**1,835,791**
Receivables and accrued interest	-	-	186,815	-	186,815	186,815
Cash and cash equivalents	-	-	178,258	-	178,258	178,258
Total financial assets	**1,583,380**	**-**	**617,484**	**-**	**2,200,864**	**2,200,864**
Subordinated loan	-	-	-	89,800	89,800	119,521
Payables and accrued interest	-	-	-	196,548	196,548	196,548
Deposits received from reinsurers	-	-	-	51,683	51,683	51,683
Borrowings	-	-	-	6,541	6,541	6,541
Total financial liabilities	**-**	**-**	**-**	**344,572**	**344,572**	**374,293**

2012	Available for-sale	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	Total estimated fair value	Carrying amount
Investment portfolio						
Equity securities:	**845,250**	**-**	**-**	**-**	**845,250**	**845,250**
Shares	2,761	-	-	-	2,761	2,761
Investment funds	842,489	-	-	-	842,489	842,489
Debt securities:	**731,114**	**5,432**	**-**	**-**	**736,546**	**736,546**
Government bonds	572,488	-	-	-	572,488	572,488
Corporate bonds	129,676	-	-	-	129,676	129,676
Structured debt	28,950	5,432	-	-	34,382	34,382
Loans	**-**	**-**	**623**	**-**	**623**	**623**
Short-term investments	**-**	**-**	**165,590**	**-**	**165,590**	**165,590**
Cash held for investments	**-**	**-**	**6,356**	**-**	**6,356**	**6,356**
Sub total	**1,576,364**	**5,432**	**172,569**	**-**	**1,754,365**	**1,754,365**
Receivables and accrued interest	-	-	222,683	-	222,683	222,683
Cash and cash equivalents	-	-	191,591	-	191,591	191,591
Total financial assets	**1,576,364**	**5,432**	**586,843**	**-**	**2,168,639**	**2,168,639**
Subordinated loan	-	-	-	85,400	85,400	118,803
Payables and accrued interest	-	-	-	208,780	208,780	208,780
Deposits received from reinsurers	-	-	-	55,573	55,573	55,573
Borrowings	-	-	-	3,614	3,614	3,614
Total financial liabilities	**-**	**-**	**-**	**353,367**	**353,367**	**386,770**

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, the Group 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 the Group 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 the Group.

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.

Debt and equity securities and derivatives at fair value through profit or loss

The fair values of securities at fair value through profit or loss are 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.

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 loan

The fair value of the subordinated loan is estimated using discounted cash flows based on interest rates that apply to similar instruments (see Note 17 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 2013	**Quoted prices in active markets – Level 1**[1]	**Valuation techniques based on observable market data – Level 2**[2]	**Valuation techniques incorporating information other than observable market data – Level 3**[3]	**Total**
Fair value through profit or loss:				
Debt securities – structured debt	-	-	-	-
Available–for–sale:				
Equity securities	583,353	-	-	538, 353
Debt securities:				
Government bonds	368,846	-	-	368,846
Corporate bonds	652,846	-	-	652,846
Structured debt	-	-	23,335	23,335
Total	**1,560,045**	**-**	**23,335**	**1,583,380**

Financial instruments measured at fair value Assets 2012	Quoted prices in active markets – Level 1[1]	Valuation techniques based on observable market data – Level 2[2]	Valuation techniques incorporating information other than observable market data – Level 3[3]	Total
Fair value through profit or loss:				
Debt securities – structured debt	-	-	5,432	5,432
Available–for–sale:				
Equity securities	845,250	-	-	845,250
Debt securities:				
Government bonds	572,488	-	-	572,488
Corporate bonds	129,676	-	-	129,676
Structured debt	-	-	28,950	28,950
Total	**1,547,414**	**-**	**34,382**	**1,581,796**

1) *Quoted prices in active markets – Level 1*
This category includes financial instruments whose 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.

2) *Valuation techniques based on observable market data – Level 2*
This category includes financial instruments whose 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.

3) *Valuation techniques incorporating information other than observable market data – Level 3*
This category includes financial investments whose 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 whose 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.

There have been no transfers between Level 1 or 2 in 2013 or 2012.

Structured debt

The Group holds structured debt which is classified as part of debt securities, since the underlying security is a debt instrument. All structured debt contains embedded derivatives. Structured debt that includes embedded derivatives which are closely related to the debt instrument (e.g. those which are used for interest related strategies) are accounted for as available-for-sale. Structured debt that includes embedded derivatives which are not closely related to the debt instrument (e.g. those which are used for foreign exchange rate strategies or index related strategies) are designated as fair value through profit or loss. One of the main risks on the structured debt is the default risk of the guarantor of the guarantor of the instrument.

The Group's structured debt instruments are infrequently traded on the financial markets and these have no quoted price. Therefore, the Group engages an independent valuation company to value the instruments. These values are calculated on a monthly basis and are a proxy for the fair values. The valuation company selects the appropriate yield curve and credit spread for each structured debt instrument and then discounts the expected cash flows to establish the fair values. If the structured debt instrument includes an embedded derivative, the valuation company uses valuation techniques, such as binomial option techniques to assess the value of this embedded derivative.

Structured debt is summarised in the following table:

Strategy	Nominal value	Fair value	Nominal value	Fair value
	2013		2012	
Interest	24,300	23,335	33,300	28,950
Other strategies	-	-	5,500	5,432
Total	**24,300**	**23,335**	**38,800**	**34,382**

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	
	2013	2012
Balance at 1 January	**34,382**	**33,078**
Total gains or losses:		
in income statement (net income from investments)	171	367
in other comprehensive income	2,712	3,958
Purchases		-
Sales	(13,930)	(3,021)
Settlements	-	-
Transfers out of Level 3	-	-
Balance at 31 December	**23,335**	**34,382**
Total gains/(losses) for the year included in the income statement for assets held at the end of the reporting period	**8**	**357**

There have been no transfers into or out of Level 3 of the fair value hierarchy during 2013 or 2012.

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.

The Group exposes itself to equity price risk by investing in equity instruments issued by corporations (direct equity instruments) and equity instruments issued by investment funds. These funds invest in other equity instruments or in debt instruments issued by corporations and governments. The market risk of equity instruments issued by investment funds that invest in debt instruments are measured and managed as interest rate and credit risk as the funds de facto are a portfolio of debt instruments (see Note 4.3.1.3 and Note 4.3.2 for more information).

The Group manages the equity price risk by holding a diversified and liquid portfolio of equity instruments within the bandwidths of the strategic asset allocation. In addition, the Group can at any time reduce its exposure to equity investments if a substantial risk is perceived in the financial markets. The Group holds a small portfolio of circa EUR 2.0 million (2012: EUR 2.8 million) of equity instruments of issued by corporations and it only invests in them due to regulatory requirements of certain countries.

The Group measures the equity price risk by analysing the Value-at-Risk and the capital models from the external credit assessment institutions. The Value-at-Risk measures the potential maximum loss on the Group's 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).

Investment funds

The investment funds in which the Group invests are exposed to market risk, counterparty risk, liquidity risk and currency risk (i.e., general investment fund risks). Some markets in which the investment funds invest may prove at times to be illiquid, insufficiently liquid or highly volatile. This may affect the price at which the investment funds may liquidate positions to meet redemption requests or other funding requirements. The investment funds may be invested in securities denominated in a number of different currencies other than the reference currency in which the investment funds are denominated. In that case, changes in foreign currency exchange rates will affect the value of the participations held in such investment funds. The values of fixed income securities held by investment funds will generally inversely vary with

the changes in interest rates and such variation may affect the price of the investment funds accordingly. The management company of investment funds may engage in securities lending programmes, in which the underlying securities are lent out to counterparties over a period of time. A default by a counterparty, or fall in the value of the collateral below that of the value of the securities lent, may result in a reduction in the value of the fund. Some investment funds may engage in various portfolio strategies in an attempt to reduce certain risks of its investments or to enhance return. These strategies include the use of options, warrants, forward currency exchange contracts, swaps and future contracts and options on futures contracts. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that any of these strategies will meet the expected targets. The net asset values of the investment funds are published daily on banking business days of the country in which the investment funds are registered. Indicative intra-day net asset values, in cases applicable, are published by providers of financial data. The investment funds can be traded on banking business days of the country in which the investments are traded.

The investment funds in which the Group invests are managed in accordance with the investment objectives and restrictions as stipulated in the prospectus of these investment funds. The price and income from the Group's investments in investment funds are dependent on the price and income of the underlying securities and the Group may not recover the full amount invested. The Group does not invest or hold any participation in investment funds which requires the Group to invest more than its full amount invested.

Equity instruments issued by investment funds

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

		Weight in %		Weight in %
	2013		2012	
Active fixed income funds	127,252	23.7%	352,821	41.9%
Passive equities exchange traded funds	188,319	35.1%	78,700	9.3%
Absolute return funds	-	0.0%	67,338	8.0%
Active money market funds	220,730	41.2%	340,455	40.4%
Other funds	-	0.0%	3,175	0.4%
Total	**536,301**	**100.0%**	**842,489**	**100.0%**

Active fixed income funds

The portfolio of active fixed income funds consists of four funds (2012: two funds). The largest fund invests in a diversified portfolio of debt instruments issued by corporations. These debt instruments are fixed or floating rate, investment grade and have a maximum maturity of five years and are denominated in Euro. The three smaller funds invest in debt instruments issued by Brazilian corporations and the Brazilian government. These debt instruments are denominated in Brazilian Real, EUR 18.0 million (2012: EUR 9.0 million).

The Group exposes itself to equity price risk by investing in equity instruments issued by active fixed income funds. However, as these funds only invest in debt instruments, the equity price risk of those funds are based on the underlying interest rate risk and credit risk of those debt instruments. See Note 4.3.1.3 and Note 4.3.2 for more information on interest rate risk and credit risk.

Passive equities exchange traded funds

The portfolio of passive equities exchange traded funds consists of three funds (2012: one fund). Two of the funds invest in a portfolio of equity instruments that aims to replicate the diversified portfolio of equity instruments that represent the Dow Jones Euro Stoxx 50mm Index. The other fund invests in a portfolio of equity instruments that aims to replicate the diversified portfolio of equity instruments that represent the Mexican Stock Exchange Index.

Absolute return funds

The portfolio of absolute return funds has been sold during 2013. The absolute return funds invest in portfolio of financial instruments that aim to achieve positive returns in both positive and negative markets, independent of traditional performance benchmarks such as the general indices. To reach this goal, the funds use more complex investment strategies.

Active money market funds

The portfolio of active money market funds consists of four funds. (2012: three funds). These funds invest in portfolio money market instruments that are denominated in Euro, US Dollar and British Pound. The funds aim to maintain a weighted average maturity of maximum 90 days.

4.3.1.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has various positions, the value of which is affected by fluctuations in interest rates. The Group measures the interest rate sensitivity of the investment portfolio and certain key liabilities including the subordinated loan and insurance contracts. The Group has a policy of using debt instruments and cash instruments to manage the interest rate risk. The net interest rate sensitivity of the Group is maintained within prudent limits by means of buying or selling interest sensitive securities. If the need arises, the Group can reduce, within a reasonable time frame, its net exposure to interest rate sensitivity by using investments or other capital market instruments.

The table in Note 4.3.3 summarises the weighted average effective interest rate at the end of the reporting period by type of interest bearing assets and liabilities as of that date. The table indicates the estimated amount and timing of the main cash flows of interest and non-interest bearing assets and liabilities.

Profile

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

Fixed rate instruments – carrying amount	2013	2012
Financial assets[1)]	1,045,027	736,546
Financial liabilities[2)]	(119,521)	(118,803)
Total	**925,506**	**617,743**

Variable rate instruments – carrying amount		
Financial assets[3)]	430,163	363,537
Financial liabilities[4)]	(58,224)	(59,187)
Total	**371,939**	**304,350**

1) *Fixed rate financial assets include debt securities;*
2) *Fixed rate financial liabilities include the subordinated loan;*
3) *Variable rate financial assets include cash and cash equivalents, short-term investments and cash held for investments;*
4) *Variable rate financial liabilities include borrowings and deposits received from reinsurers.*

The maturity profile of the fixed income portfolio is shown in the following table (discounted amounts):

Debt securities – Maturity	Exposure			
	EUR million	Weight in %	EUR million	Weight in %
Years	2013		2012	
0 - 1	40	3.8%	43	5.9%
1 - 3	807	77.2%	590	80.1%
3 - 5	172	16.5%	79	10.7%
5 - 10	3	0.3%	8	1.0%
10 +	23	2.2%	17	2.3%
Total	**1,045**	**100.0%**	**737**	**100.0%**
Duration	1.4 years		1.8 years	
Average maturity	1.4 years		1.8 years	

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.

The Group 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.

4.3.1.4 Value-at-Risk

The Group 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 the Group's equity securities and debt securities on portfolio level.

Value-at-Risk	**EUR million**	**% of the market value**	**EUR million**	**% of the market value**
	2013		**2012**	
Equity securities:				
Shares (including equity funds)	80.8	42.2%	45.6	53.9%
Absolute return funds	-	-	6.2	9.2%
Debt securities:				
Government bonds (including government bond funds)	9.5	2.5%	26.8	4.5%
Corporate bonds (including corporate bond funds)	26.4	3.3%	14.9	2.9%
Structured debt	5.2	20.1%	8.6	25.0%
Total	97.0	5.3%	70.8	4.1%

The VaR of the individual portfolio components is based on the VaR of the direct holdings in financial investments. For the directly held securities, the VaR is calculated based on each and every individual holding. For investment funds, the VaR is calculated for the investment fund itself and not for the look-through holdings of that fund, as the individual holdings in the investment funds cannot be traded independently: i.e., only the investment fund itself can be traded. Total portfolio VaR might not be equal to the sum of the VaR of the individual portfolio components because the correlation among them could be lower than one. The VaR percentage increased from 4.1% at the end of 2012 to 5.3% at the end of 2013. At the same time, the VaR value increased from EUR 70.8 million at the end of 2012 to EUR 97.0 million at the end of 2013. The growth in VaR percentage and VaR value has been driven by higher volatility on the financial markets.

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 differences taken to other comprehensive income arise on the translation of the net investment in foreign subsidiaries and associated companies. During 2013, the Euro weakened against some of the non-Euro functional currencies (see Note 2.7.3) resulting in a foreign currency loss in other comprehensive income of EUR 16.7 million, net of tax (2012: a foreign currency gain in other comprehensive income of EUR 0.9 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.

The Group's exposure to foreign currency exchange rate risk, arising from monetary financial assets and liabilities denominated in non-functional currencies as at 31 December 2013 and 31 December 2012, is presented in the following table:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2013			2012		
EUR	157,944	158,235	(291)	130,103	139,213	(9,110)
GBP	20,294	23,591	(3,297)	25,329	22,209	3,120
USD	143,371	180,005	(36,634)	167,049	203,149	(36,100)
AUD	14,464	12,650	1,814	35,705	37,512	(1,807)
CAD	6,281	2,926	3,355	7,661	3,654	4,007
PLN	29,308	20,840	8,468	24,407	20,997	3,410
BRL	11,823	19,900	(8,077)	7,131	14,847	(7,716)
Other	79,981	109,321	(29,340)	86,583	108,219	(21,636)
Total	**463,466**	**527,468**	**(64,002)**	**483,968**	**549,800**	**(65,832)**

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 2012. 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 the Group's gross and net positions in major currencies (both monetary and non-monetary items):

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
	2013			2012		
EUR	2,826,675	1,706,427	1,120,248	2,826,601	1,819,135	1,007,466
GBP	117,583	110,661	6,922	118,462	120,354	(1,892)
USD	251,478	206,713	44,765	278,413	222,218	56,195
AUD	68,413	44,844	23,569	81,760	51,327	30,433
CAD	19,420	10,602	8,818	23,623	13,580	10,043
PLN	38,933	33,376	5,557	30,522	31,479	(957)
BRL	48,207	40,416	7,791	40,705	31,061	9,644
Other	327,124	257,870	69,254	337,123	251,716	85,407
Total	**3,697,833**	**2,410,909**	**1,286,924**	**3,737,209**	**2,540,870**	**1,196,339**

4.3.2 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurance contracts;
- amounts due from reinsurers in respect of claims;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- counterparty risk related to debt securities;
- deposits withheld by banks and ceding companies; and
- counterparty risk related to cash and cash equivalents and other receivables.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The Group 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, the Group 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 the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Group procedures on credit exposures to individual policyholders.

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 the Group 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 the Group has indirectly invested (through an investment fund) falls below the minimum credit rating or is not rated, it should be reviewed by the GIC to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer (per legal entity and at Group level) is 5% of the market value of the financial investments of the legal entity or the Group. The concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The GIC 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 2013 and as at 31 December 2012, are presented in the following tables:

At 31 December 2013 (EUR million)	**AAA**	**AA**	**A**	**BBB**	**Other**	**Non-rated**	**Total**
Receivables, claims, commissions and deposits arising from reinsurance:							
Receivables, claims and commissions arising from reinsurance	-	232	266	25	2	22	547
Deposits received from reinsurers	-	(23)	(17)	(2)	(5)	(5)	(52)
Debt securities:							
Government bonds [1]	150	203	8	2	-	6	369
Corporate bonds	-	99	527	20	2	5	653
Structured debt	-	3	3	8	2	7	23
Short-term investments:							
Deposits withheld by ceding companies	-	6	14	10	2	7	39
Bank deposits under short-term investments	28	14	40	131	-	-	213
Cash and cash equivalents	-	8	32	133	4	1	178
Total	**178**	**542**	**873**	**327**	**7**	**43**	**1,970**

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At 31 December 2012 (EUR million)	AAA	AA	A	BBB	Other	Non-rated	Total
Receivables, claims, commissions and deposits arising from reinsurance:							
Receivables, claims and commissions arising from reinsurance	-	285	267	31	4	20	607
Deposits received from reinsurers	-	(26)	(24)	(3)	(3)	-	(56)
Debt securities:							
Government bonds [1)]	236	317	5	2	-	12	572
Corporate bonds	-	22	98	5	3	2	130
Structured debt	2	2	7	6	2	15	34
Short-term investments:							
Deposits withheld by ceding companies	-	5	14	13	-	7	39
Bank deposits under short-term investments	21	14	33	65	-	-	133
Cash and cash equivalents	-	8	150	23	4	7	192
Total	**259**	**627**	**550**	**142**	**10**	**63**	**1,651**

1) The Group has no government bonds invested in Spain, Portugal, Greece and Ireland. In 2013, the Group divested its government bonds in Italy (2012: EUR 18 thousand).

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, the Group uses Moody's or Bloomberg Composite Ratings.

4.3.3 Liquidity risk

The Group has an ongoing requirement for liquidity to fund such items as claims, reinsurance flows and operational costs. Premium, fees, investment income, incoming reinsurance flows and recoveries are the Group's main sources of liquidity used to service the ongoing liquidity requirements.

The Group is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For the Group, 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 Group level, in close coordination with local operations. The Group's 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 the Group should only invest in financial instruments that can be liquidated in less than four business days. The Group is liquid with EUR 221 million (2012: EUR 340 million) investments in money market funds which can be liquidated on a daily basis with settlement on the liquidation date. The Group is able to access credit facilities to prevent certain liquidity shortages which may arise due to short-term cash flow variances. The Group maintains two uncommitted credit lines in the form of an overdraft facility for a total amount of EUR 53 million (2012: EUR 53 million). The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting the Group to reduce its cash balances and to benefit from a more substantial and stable investment portfolio. Finally, the Group has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows the Group to ask the reinsurers to anticipate the payment of a large claim upon Group 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.

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

At 31 December 2013		Contractual cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities							
Subordinated loan	7.60%	-	-	5,947	14,578	141,866	119,521
Bank overdrafts	0.84%	6,541	-	-	-	-	6,541
Deposits received from reinsurers	1.69%	-	16,723	34,960	-	-	51,683
Total		**6,541**	**16,723**	**40,907**	**14,578**	**141,866**	**177,745**
Non-interest bearing liabilities							
Insurance contracts		-	575,461	383,641	415,941	(3,839)	1,486,294
Payables		-	193,159	-	-	-	193,159
Total		**-**	**768,620**	**383,641**	**415,941**	**(3,839)**	**1,679,453**

At 31 December 2012		Contractual cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities							
Subordinated loan	7.43%	-	-	7,050	16,480	144,671	118,803
Bank overdrafts	0.98%	3,614	-	-	-	-	3,614
Deposits received from reinsurers	1.79%	-	18,680	36,893	-	-	55,573
Total		**3,614**	**18,680**	**43,943**	**16,480**	**144,671**	**177,990**
Non-interest bearing liabilities							
Insurance contracts		-	634,530	423,020	410,075	(1,365)	1,592,783
Payables		-	205,573	-	-	-	205,573
Total		**-**	**840,103**	**423,020**	**410,075**	**(1,365)**	**1,798,356**

At 31 December 2013		Contractual cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets							
Debt securities	0.81%	-	46,775	32,108	985,937	31,024	1,045,027
Deposits withheld by ceding companies	1.00%	-	-	31,902	7,337	-	39,239
Bank deposits under short-term investments	1.80%	65,107	38,138	28,808	49,000	-	181,053
Bank deposits under cash and cash equivalents	1.00%	-	138	-	-	-	138
Cash held for investments	0.00%	31,613	-	-	-	-	31,613
Cash	0.00%	178,120	-	-	-	-	178,120
Total		**274,840**	**85,051**	**92,818**	**1,042,274**	**31,024**	**1,475,190**
Non-interest bearing assets							
Other financial assets		-	538,859	-	-	-	538,859
Reinsurance contracts		-	253,560	169,040	183,272	(1,692)	654,891
Receivables		-	134,745	33,096	-	-	167,841
Total		**-**	**927,164**	**202,136**	**183,272**	**(1,692)**	**1,361,591**

At 31 December 2012		Contractual cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets							
Debt securities	0.77%	-	31,365	29,822	667,526	31,579	736,546
Deposits withheld by ceding companies	1.00%	-	4,133	29,635	5,549	-	39,317
Bank deposits under short-term investments	1.76%	44,233	26,904	3,362	51,774	-	126,273
Bank deposits under cash and cash equivalents	1.00%	-	138	-	-	-	138
Cash held for investments	0.00%	6,356	-	-	-	-	6,356
Cash	0.00%	191,453	-	-	-	-	191,453
Total		**242,042**	**62,540**	**62,819**	**724,849**	**31,579**	**1,100,083**
Non-interest bearing assets							
Other financial assets		-	845,873	-	-	-	845,873
Reinsurance contracts		-	276,476	184,312	178,671	(595)	693,982
Receivables		-	166,854	44,113	-	-	210,967
Total		**-**	**1,289,203**	**228,425**	**178,671**	**(595)**	**1,750,822**

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. The Group uses this definition which is in line with industry practice as well as the European Union Solvency II Framework Directive.

Within the Group, the Operational Risk Management (ORM) unit, which is part of the Group Risk Management department, 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 Legal and Compliance. At the highest level, operational risk is overseen by the Operational Risk Platform, which has a reporting line through to the Management Board.

The ORM unit uses a framework for management of operational risk, which is based in part on the Committee of Sponsoring Organisations' Enterprise Risk Management (COSO ERM) Integrated Framework. Assurance methods continue to be developed and enhanced year on year, including risk registers, risks and control self assessments and business continuity plans. Additionally, risks and the related controls are discussed at all levels, locations and units across the business, including with the Management 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 the Group provides fraud awareness training to employees to help identification of fraudulent buyers. Internal fraud is addressed through manual and automated operational controls such as the segregation of duties, the application of signing authorities and role-based system privileges and authorities.

More details on certain key 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 the Group, the lines of business and functional areas are responsible for managing their operational risks. Atradius Leadership Team members, assisted by 'risk champions', maintain local risk registers. The content of the registers provides input to local management meetings and is also formally reviewed during meetings with 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, the Group 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, the Group 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

The Group 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. The ORM unit co-ordinates the documentation, maintenance and continual testing of practical plans for recovering key business activities within acceptable timeframes.

During 2013 the Group performed an analysis of the new ISO Business Continuity Management standard 22301 and found existing internal practice to be in line with the overall provisions of the standard.

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 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 complied with across the Group 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 the Group is sufficiently capitalised to be able to survive by maintaining ample available capital after meeting its financial obligations;
- to meet the local regulatory capital requirements of all Group entities, including branches and subsidiaries within the Group worldwide;
- to manage the capital adequacy of the Group and its entities, taking into account the economic and accounting views, the assessment of the external rating agencies and regulatory capital requirements;
- to optimise capital structure by efficiently allocating funds across the Group's entities and minimising the overall cost of funding while preserving financial flexibility.

In 2013, the capital of the Group has been managed according to the Group guidelines and in close cooperation with the units involved in managing the different factors related to capital. The Group entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements.

4.5.2 The Group's objectives, policies and processes with regard to capital

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

The Group has embedded in its procedures the necessary tests to ensure compliance with externally imposed regulations and internally imposed requirements for capital adequacy. Such compliance is ensured by:

- monitoring duration of assets and liabilities;
- incorporating a view on business expectations such as expected future investments in new businesses, revenues, claims, reinsurance expectations and dividends as these impact both available and required capital; 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 minimum solvency capital required is maintained, which is in excess of the strict requirements such that large loss events do not impair the ability of the Group to carry on its normal course of business.

4.5.3 Regulatory capital requirements

In each country in which the Group 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.

4.5.4 Regulatory capital

The following table summarises the minimum required capital for the main regulated legal entities of the Group and the regulatory capital held against each of them, both according to regulatory requirements. The statutory capital available, the minimum capital requirement and surplus for each insurance company in each country is subject to local regulatory requirements, which differ from jurisdiction to jurisdiction. Data for the current year is, in general, an estimate that is updated once the regulatory accounts are filed.

2013	The Netherlands	Spain	Ireland	USA	Mexico
Regulatory capital held (preliminary estimates)	279,369	187,980	311,904	46,629	16,888
Minimum legal regulatory capital (preliminary estimates)	72,093	49,257	71,758	1,431	4,623

2012	The Netherlands	Spain	Ireland	USA	Mexico
Regulatory capital held (final)[1)]	272,608	180,814	304,874	47,473	18,252
Minimum legal regulatory capital (final)[1)]	70,335	51,128	71,758	1,496	4,707

1) Comparative regulatory capital balances have been changed to reflect the final amounts of 2012 (compared to the preliminary amounts presented in the 2012 financial statements).

The five main regulated legal entities and respective territories are Atradius Credit Insurance N.V. in the Netherlands, Crédito y Caución in Spain, Atradius Reinsurance Ltd. in Ireland, Atradius Trade Credit Insurance, Inc. in the USA and Atradius Seguros de Crédito, S.A. in Mexico.

The minimum regulatory capital of all European entities is based on the EU insurance directive. This directive prescribes a calculation based on average gross earned premium or average gross incurred claims allowing for a maximum reinsurance percentage of 50%. The higher of the two calculations is the basis for the minimum regulatory capital. In case the net claims provisions are higher than in the previous period, the minimum regulatory capital requirement cannot be lower than the one of the previous period.

Atradius Credit Insurance N.V. is located in the Netherlands and operates globally through a branch structure. Atradius Credit Insurance N.V., including all its branches, is regulated by the Dutch Central Bank (de Nederlandsche Bank, DNB). For Atradius Credit Insurance N.V., the year-end 2013 requirement is formed by the premium based calculation, which exceeds the claims based requirement. Certain branches of Atradius Credit Insurance N.V. are also subject to local regulatory capital requirements (Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, Switzerland and Turkey). However, the capital allocated to these branches is part of the consolidated capital of Atradius Credit Insurance N.V. in the Netherlands and the local regulatory requirements imposed on these branches do not constitute a burden in excess of the one imposed upon Atradius Credit Insurance N.V.

Crédito y Caución is regulated in Spain by the Dirección General de Seguros y Fondos de Pensiones (DGSFP). At year-end 2013, the capital requirement is formed by the claims based calculation which is higher than the premium based calculation.

Atradius Reinsurance Ltd. is regulated in Ireland by the Central Bank of Ireland (CBI). At year-end 2013, the premium based calculation is higher than the claims based calculation and is lower than the minimum capital requirement at the end of the preceding year. However, as the net claims provision at the end of 2013 is higher than the net claims provision at the beginning of 2013, the minimum capital requirement for year-end 2013 cannot be reduced below that of the preceding year.

Atradius Trade Credit Insurance, Inc. is regulated in the USA by the Maryland Insurance Administration (MIA). The required capital is determined to be the 'authorised control level risk based capital' based on the National Association of Insurance Commissioners' Risk Based Capital model (RBC). RBC is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying factors to various asset, premium, reinsurance, claim, expense and reserve items, with the factors determined as higher for those items with greater underlying risk and lower for less risky items.

Atradius Seguros de Crédito, S.A. is regulated in Mexico by the Comisión Nacional de Seguros y Finanzas (CNSF). The minimum solvency requirement is based on the higher of a premium or claims based calculation with additional capital required based on the quality and concentration level of the reinsurance panel. At year-end 2013 the premium based calculation is higher.

In addition to other applicable regulatory requirements, in the Netherlands, Spain and Ireland, insurers and reinsurers respectively, are required to maintain equalisation provisions to protect against the impact of large claims and catastrophes. The way in which these equalisation provisions are established is set out in the local country regulations based on a pre-established formula applicable to certain lines of business and may be capped at a maximum level. Equalisation provisions represent a major difference between local GAAP and IFRS, since they are not allowed under the latter.

4.6 Solvency II

In the 4th quarter of 2013, a provisional agreement by European political stakeholders paved the way for Solvency II to become effective in January 2016. In addition, national supervisors are expected to implement parts of the new regime starting on 1 January 2014.

The Group has been actively involved in preparations for Solvency II as part of a framework set out by its ultimate parent company Grupo Catalana Occidente, S.A. Also, the Group remains active in industry working groups and has contributed to studies undertaken by EIOPA and the European Commission on design and calibration of the Standard Formula.

The Group maintains a programme structure to oversee and steer progress on implementation and communicates on a regular basis with the relevant supervisory authorities to ensure that progress is aligned with regulatory expectations. It is well-placed to address the introduction of new requirements both in 2014 and 2016.

4.7 Economic capital

Economic capital models measure economic risks and determine the amount of capital required to support these risks. These models permit easy comparison between products, industry sectors and geographic locations. The Group and its ultimate parent company Grupo Catalana Occidente, S.A. recognise the importance of these models and are developing the required infrastructure to implement such models. The Group believes that all of its stakeholders will benefit from this investment.

For an economic capital model to be practical for risk management, it must reflect economic reality to a fair extent in order to provide valuable information about risks and their impact on capital requirements.

The model must be sufficiently sophisticated and tailored to reflect the reality of the Group's activities and risks. The Group has developed an internal model to determine the economic capital requirements for the insurance risk for all material products: credit insurance (including special products), bonding, instalment credit protection and reinsurance business.

The structure of the model is in line with industry standard models for credit risk and specifically calibrated for the features of our products. In order to adequately capture the insurance nature of the products, including the features of the reinsurance treaties with which the risks are reinsured, a model infrastructure was built in-house and tailored to our products' specific characteristics.

To complete the overall estimate of the capital required at Group level, risk types other than insurance risk have been modelled with simpler models as placeholders.

The results, broken down to various relevant dimensions, are reported to the RSMB on a quarterly basis. In addition, the model results are included in Atradius' monthly management reporting, reaching a wider senior audience both inside the Group and in its ultimate parent company, Grupo Catalana Occidente, S.A. The model is used to advise on the economic benefits and other aspects of various reinsurance options during the reinsurance renewal process. In addition, the model is used for specific ad hoc risk assessment tasks.

5 Segment information

Operating segments are identified on the basis of internal reports about components of the Group 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 2013	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,186,450	97,553	128,072	1,412,075	-	-	-	1,412,075
Service and other income	110,421	-	-	110,421	55,931	-	-	166,352
Intersegment revenue	-	-	-	-	4,117	(4,117)	-	-
Total revenue	**1,296,871**	**97,553**	**128,072**	**1,522,496**	**60,048**	**(4,117)**	**-**	**1,578,427**
Insurance premium ceded to reinsurers	(580,198)	(49,091)	(13,082)	(642,371)	-	-	-	(642,371)
Total segment income after reinsurance	**716,673**	**48,462**	**114,990**	**880,125**	**60,048**	**(4,117)**	**-**	**936,056**
Insurance claims and loss adjustment expenses	(571,686)	(59,044)	(64,044)	(694,774)	-	3,044		(691,730)
Insurance claims and loss adjustment expenses recovered from reinsurers	253,641	28,207	4,840	286,688	-	-	-	286,688
Net insurance claims	**(318,045)**	**(30,837)**	**(59,204)**	**(408,086)**	**-**	**3,044**	**-**	**(405,042)**
Gross operating expenses	(453,772)	(31,223)	(51,409)	(536,404)	(55,170)	1,073	(9,952)	(600,453)
Commission received for business ceded to reinsurers	198,419	15,189	3,694	217,302	-	-	-	217,302
Net operating expenses	**(253,353)**	**(16,034)**	**(47,715)**	**(319,102)**	**(55,170)**	**1,073**	**(9,952)**	**(383,151)**
Operating segment result	**143,275**	**1,591**	**8,071**	**152,937**	**4,878**	**-**	**(9,952)**	**147,863**
Share of income of associated companies								5,804
Net income from investments								29,262
Finance income								4,102
Finance expenses								(13,267)
Result for the year before tax								**173,764**
Income tax (expense)/ income								(39,261)
Result for the year								**134,503**

Business segment 2013	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Total segment assets	**572,977**	**226,982**	**20,703**	**802,662**	**4,420**	**(2,350)**	**-**	**822,732**
Total segment assets include:								
Reinsurance contracts	430,334	207,185	17,372	654,891	-	-	-	654,891
Receivables	142,643	19,797	3,331	165,771	4,420	(2,350)		167,841
Total segment liabilities	**1,037,627**	**357,875**	**281,901**	**1,677,403**	**10,915**	**(8,865)**	**-**	**1,679,453**
Total segment liabilities include:								
Insurance contracts	869,161	336,468	280,665	1,486,294	-	-	-	1,486,294
Payables	168,466	21,407	1,236	191,109	10,915	(8,865)	-	193,159

Business segment 2012	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Insurance premium revenue	1,213,569	93,576	132,702	1,439,847	-	-	-	1,439,847
Service and other income	107,474	-	-	107,474	54,310	-	-	161,784
Intersegment revenue	-	-	-	-	4,981	(4,981)	-	-
Total revenue	**1,321,043**	**93,576**	**132,702**	**1,547,321**	**59,291**	**(4,981)**	**-**	**1,601,631**
Insurance premium ceded to reinsurers	(594,547)	(48,271)	(10,764)	(653,582)	-	-	-	(653,582)
Total segment income after reinsurance	**726,496**	**45,305**	**121,938**	**893,739**	**59,291**	**(4,981)**	**-**	**948,049**
Insurance claims and loss adjustment expenses	(691,616)	(26,869)	(73,069)	(791,554)	-	3,504		(788,050)
Insurance claims and loss adjustment expenses recovered from reinsurers	327,755	12,271	12,651	352,677	-	-	-	352,677
Net insurance claims	**(363,861)**	**(14,598)**	**(60,418)**	**(438,877)**	**-**	**3,504**	**-**	**(435,373)**
Gross operating expenses	(447,994)	(31,559)	(53,196)	(532,749)	(52,701)	1,477	(9,078)	(593,051)
Commission received for business ceded to reinsurers	189,021	14,455	2,781	206,257	-	-	-	206,257
Net operating expenses	**(258,973)**	**(17,104)**	**(50,415)**	**(326,492)**	**(52,701)**	**1,477**	**(9,078)**	**(386,794)**
Operating segment result	**103,662**	**13,603**	**11,105**	**128,370**	**6,590**	**-**	**(9,078)**	**125,882**
Share of associated companies								7,722
Net income from investments								22,619
Finance income								6,639
Finance expenses								(11,524)
Result for the year before tax								**151,338**
Income tax (expense)/ income								(37,692)
Result for the year								**113,646**

Business segment 2012	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Group costs	Total
Total segment assets	**660,593**	**212,658**	**29,137**	**902,388**	**4,790**	**(2,229)**	**-**	**904,949**
Total segment assets include:								
Reinsurance contracts	484,298	190,589	19,095	**693,982**	-	-	-	693,982
Receivables	176,295	22,069	10,042	**208,406**	4,790	(2,229)	-	210,967
Total segment liabilities	**1,120,516**	**347,041**	**313,926**	**1,781,483**	**25,184**	**(8,311)**	**-**	**1,798,356**
Total segment liabilities include:								
Insurance contracts	963,600	315,760	313,423	**1,592,783**	-	-	-	1,592,783
Payables	156,916	31,281	503	**188,700**	25,184	(8,311)	-	205,573

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 60% credit insurance contracts and approximately 40% bonding (2012: 62% and 38% respectively), based on premium volume.

Reportable segments' assets are reconciled to total assets in the following table:

	2013	2012
Segment assets for reportable segments	**822,732**	**904,949**
Unallocated:		
Intangible assets	171,447	161,414
Property, plant and equipment	125,732	130,970
Investment property	11,542	11,523
Investment in associated companies	34,177	36,147
Financial investments	1,835,791	1,754,365
Deferred income tax assets	100,197	113,353
Current income tax assets	19,251	18,672
Other assets	398,706	414,225
Cash and cash equivalents	178,258	191,591
Total assets	**3,697,833**	**3,737,209**

Reportable segments' liabilities are reconciled to total liabilities in the following table:

	2013	2012
Segment liabilities for reportable segments	**1,679,453**	**1,798,356**
Unallocated:		
Subordinated loan	119,521	118,803
Employee benefit liabilities	94,840	100,949
Deferred income tax liabilities	110,320	110,752
Current income tax liabilities	21,417	11,330
Other liabilities and provisions	378,817	397,066
Borrowings	6,541	3,614
Total liabilities	**2,410,909**	**2,540,870**

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:

	2013	2012
Spain, Portugal and Brazil	391,647	430,017
France, Belgium, Italy and Luxembourg	293,028	286,318
Germany, Central and Eastern Europe	256,330	244,155
United Kingdom and Ireland	249,041	251,649
The Netherlands	125,849	138,367
Nordic countries	95,861	94,373
North America	75,310	69,714
Oceania and Asia	91,360	87,038
Total	**1,578 427**	**1,601,631**

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

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 *	
	2013	2012	2013	2012	2013	2012
Spain, Portugal and Brazil	786,353	804,485	123,377	127,479	3,640	3,512
France, Belgium, Italy and Luxembourg	412,784	419,489	12,345	13,227	1,492	3,037
Germany, Central and Eastern Europe	335,053	339,812	5,278	5,625	1,369	1,599
United Kingdom and Ireland	1,058,205	1,071,565	22,303	18,934	10,942	9,299
The Netherlands	646,568	666,406	22,218	15,184	9,599	8,015
Nordic countries	201,751	190,403	1,645	2,073	427	722
North America	130,904	130,268	2,561	2,713	244	126
Oceania and Asia	126,215	114,781	1,316	957	877	162
Total	**3,697,833**	**3,737,209**	**191,043**	**186,192**	**28,590**	**26,472**

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

6 Intangible assets

2013	Goodwill	Agent networks	Non-patented technology	Trade names	Insurance portfolios	Software	Total
At cost at 1 January	**118,450**	**12,008**	**4,991**	**2,825**	**4,707**	**128,576**	**271,557**
Additions	-	-	-	-	-	22,628	22,628
Disposals	-	-	-	-	(78)	(6,102)	(6,180)
Effect of movements in foreign exchange rates	(38)	-	-	-	(43)	(781)	(862)
At cost at 31 December	**118,412**	**12,008**	**4,991**	**2,825**	**4,586**	**144,321**	**287,143**
Accumulated amortisation and impairments at 1 January	**(735)**	**(4,003)**	**(1,664)**	**(2,825)**	**(4,651)**	**(96,265)**	**(110,143)**
Amortisation charge for the year	-	(801)	(333)	-	(16)	(11,187)	(12,337)
Amortisation on disposals	-	-	-	-	78	6,102	6,180
Effect of movements in foreign exchange rates	-	-	-	-	25	579	604
Accumulated amortisation and impairments at 31 December	**(735)**	**(4,804)**	**(1,997)**	**(2,825)**	**(4,564)**	**(100,771)**	**(115,696)**
Balance at 1 January	**117,715**	**8,005**	**3,327**	**-**	**56**	**32,311**	**161,414**
Balance at 31 December	**117,677**	**7,204**	**2,994**	**-**	**22**	**43,550**	**171,447**

2012	Goodwill	Agent networks	Non-patented technology	Trade names	Insurance portfolios	Software	Total
At cost at 1 January	**118,421**	**12,008**	**4,991**	**2,825**	**4,724**	**113,481**	**256,450**
Additions	-	-	-	-	-	14,731	14,731
Disposals	-	-	-	-	-	(458)	(458)
Effect of movements in foreign exchange rates	29	-	-	-	(17)	822	834
At cost at 31 December	**118,450**	**12,008**	**4,991**	**2,825**	**4,707**	**128,576**	**271,557**
Accumulated amortisation and impairments at 1 January	**(735)**	**(3,203)**	**(1,331)**	**(2,260)**	**(4,636)**	**(83,582)**	**(95,747)**
Amortisation charge for the year	-	(800)	(333)	(565)	(21)	(12,281)	(14,000)
Amortisation on disposals	-	-	-	-	-	198	198
Effect of movements in foreign exchange rates	-	-	-	-	6	(600)	(594)
Accumulated amortisation and impairments at 31 December	**(735)**	**(4,003)**	**(1,664)**	**(2,825)**	**(4,651)**	**(96,265)**	**(110,143)**
Balance at 1 January	**117,686**	**8,805**	**3,660**	**565**	**88**	**29,899**	**160,703**
Balance at 31 December	**117,715**	**8,005**	**3,327**	**-**	**56**	**32,311**	**161,414**

Goodwill

If applicable, impairment of goodwill is recognised as a separate item in the income statement. During 2013 there was no impairment charge (2012: no impairment charge).

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

Cash-Generating Units	2013	2012
Crédito y Caución	98,797	98,797
Atradius Trade Credit Insurance Inc.	4,750	4,750
Atradius Collections B.V.	6,426	6,426
ACI N.V. France	2,767	2,767
ACI N.V. (Nordic bonding)	2,633	2,671
Other	2,304	2,304
Total	**117,677**	**117,715**

The Nordic Bonding unit includes the Group's 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 used is 8.20% (2012: 8.18%) 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% (2012: 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 local regulatory solvency requirements and minimum shareholders equity required (non-distributable).

Insurance portfolios

Amortisation charges of insurance portfolios are included in the insurance premium revenue and insurance claims and loss adjustment expenses for which the allocation is based on the discounted impact related to the provision for unearned premium and the provision for outstanding claims.

Software

In 2013, there was no impairment of software (2012: no impairment charge).

7 Property, plant and equipment

2013	Land & buildings	Fixtures & fittings	IT hardware	Total
At cost at 1 January	**109,040**	**53,879**	**49,772**	**212,691**
Additions	6	2,439	3,359	5,804
Disposals	(121)	(4,280)	(2,340)	(6,741)
Transfer to investment property	(154)	-	-	(154)
Effect of movements in foreign exchange rates	(145)	(556)	(711)	(1,412)
At cost at 31 December	**108,626**	**51,482**	**50,080**	**210,188**
Accumulated depreciation and impairments at 1 January	**(6,278)**	**(38,444)**	**(36,999)**	**(81,721)**
Depreciation charge for the year	(1,007)	(3,940)	(5,104)	(10,051)
Depreciation on disposals	48	4,100	2,336	6,484
Transfer to investment property	(30)	-	-	(30)
Effect of movements in foreign exchange rates	22	348	492	862
Accumulated depreciation and impairments at 31 December	**(7,245)**	**(37,936)**	**(39,275)**	**(84,456)**
Balance at 1 January	**102,762**	**15,435**	**12,773**	**130,970**
Balance at 31 December	**101,381**	**13,546**	**10,805**	**125,732**

2012	Land & buildings	Fixtures & fittings	IT hardware	Total
At cost at 1 January	**116,417**	**52,226**	**46,029**	**214,672**
Additions	70	3,745	7,926	11,741
Disposals	(8,833)	(2,353)	(4,562)	(15,748)
Transfer from investment property	1,267	-	-	1,267
Effect of movements in foreign exchange rates	119	261	379	759
At cost at 31 December	**109,040**	**53,879**	**49,772**	**212,691**
Accumulated depreciation and impairments at 1 January	**(10,348)**	**(36,048)**	**(36,436)**	**(82,832)**
Depreciation charge for the year	(1,297)	(4,482)	(4,801)	(10,580)
Depreciation on disposals	5,486	2,170	4,521	12,177
Transfer from investment property	(105)	-	-	(105)
Effect of movements in foreign exchange rates	(14)	(84)	(283)	(381)
Accumulated depreciation and impairments at 31 December	**(6,278)**	**(38,444)**	**(36,999)**	**(81,721)**
Balance at 1 January	**106,069**	**16,178**	**9,593**	**131,840**
Balance at 31 December	**102,762**	**15,435**	**12,773**	**130,970**

The depreciation expense on property for own use is reported as part of net operating expenses.

The fair value of land and buildings for own use is presented in the following table:

	2013	2012
Spain	83,891	84,213
Italy	19,500	20,590
France	-	280
Mexico	3,724	3,552
Other	743	804
Total	**107,858**	**109,439**

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. The Group usually revalues land and buildings every two to three years. In Spain, the latest valuations on most of the land and buildings were conducted in December 2012 by Inmoseguros Tasaciones S.A.U., in Italy in February 2013 by DTZ and in Mexico in January 2013 by Banco Mercantil del Norte.

In March 2013, property located in France was sold for EUR 230 thousand. The realised gain is reported as part of net operating expenses.

All property own use is classified as being included in Level 2 of the fair value hierarchy (as in 2012), based on the inputs and valuation techniques used. 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.

8 Investment property

	2013	2012
At cost at 1 January	**14,288**	**15,808**
Additions	158	-
Disposals	-	(288)
Transfer from/(to) property, plant and equipment	154	(1,267)
Effect of movements in foreign exchange rates	(41)	35
At cost at 31 December	**14,559**	**14,288**
Accumulated depreciation and impairments at 1 January	**(2,765)**	**(2,470)**
Depreciation charge for the year	(189)	(152)
Depreciation on disposals	-	85
Impairment loss	(97)	(330)
Transfer from property, plant and equipment	30	105
Effect of movements in foreign exchange rates	4	(3)
Accumulated depreciation and impairments at 31 December	**(3,017)**	**(2,765)**
Balance at 1 January	**11,523**	**13,338**
Balance at 31 December	**11,542**	**11,523**

The fair value and classification of the use of investment property is presented in the following table:

2013	Residential	Office	Retail	Total
Spain	-	9,760	-	9,760
Italy	-	1,005	420	1,425
Mexico	-	-	1,445	1,445
The Netherlands	-	906	-	906
Sweden	141	-	-	141
Total	**141**	**11,671**	**1,865**	**13,677**

2012	Residential	Office	Retail	Total
Spain	-	9,306	-	9,306
Italy	-	1,279	527	1,806
Mexico	-	-	1,522	1,522
The Netherlands	-	1,230	-	1,230
Sweden	146	-	-	146
Total	**146**	**11,815**	**2,049**	**14,010**

Fair value measurement

Land and buildings have been valued by independent real estate valuators, which are registered in the relevant countries and have appropriate qualifications and experience in the valuation of properties. The majority of the property is located in Spain (71% of the total fair value). The Group usually revalues all properties every two years. In Spain, the latest valuations on the majority of the buildings were conducted in December 2012 by Inmoseguros Tasaciones S.A.U. in Italy in May 2013 by Roux Italy S.R.L., in the Netherlands in November 2013 by Lengkeek taxaties B.V. and in Mexico in January 2013 by Banco Mercantil del Norte.

In 2013, there was an impairment of EUR 97 thousand (2012: EUR 330 thousand), as a result of lower market valuations due to the economic circumstances in Spain.

Investment properties in Italy with a market value of EUR 548 thousand are subject to a mortgage (2012: EUR 638 thousand). All investment property is classified in Level 2 of the fair value hierarchy (as in 2012), based on the inputs and valuation techniques used.

Refer to Note 7 (Property, plant and equipment) for descriptions of valuation techniques and significant inputs used for the valuation of the properties. There has been no change in the valuation techniques used compared to prior year.

The following tables show the direct operating expenses (including repairs and maintenance) arising from investment property:

	2013	2012
Investment property which generated rental income	211	122
Investment property which did not generate rental income	57	134
Total	**268**	**256**

Except for the investment property in Italy and Sweden, rental income is generated under a number of operating lease contracts. These contracts have remaining terms of between 1 and 10 years.

During the year an amount of EUR 0.5 million (2012: EUR 0.5 million) has been recognised as rental income from investment property for these lease contracts.

The following table shows the future expected rental income arising from these contracts:

	2013	2012
Less than one year	642	693
Between one and five years	1,841	2,039
More than five years	-	-
Total	**2,483**	**2,732**

9 Investments in associated companies

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

	2013	2012
Balance at 1 January	**36,147**	**30,750**
Share of profit/(loss)	5,804	7,722
Share of other comprehensive income	243	(243)
Dividends received	(5,333)	(2,949)
Disposals	(511)	-
Revaluations	28	(11)
Effect of movements in foreign exchange rates	(2,201)	878
Balance at 31 December	**34,177**	**36,147**

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.

The fair value of the investments in associated companies is EUR 157 million (2012: EUR 167 million). The fair value of the associated companies is determined based on value in use calculations, for which a discounted cash flow model is used. 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. 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 2%. The 8.20% discount rate used (2012: 8.16%) is close to cost of equity. Based on this review, the Group has concluded that no investments should be impaired (2012: no investments were impaired).

	Country of incorporation	% interest held	Nature of relationship	Type of business
Graydon Holding N.V., Amsterdam	The Netherlands	45.00%	Associate	Information services
CLAL Credit Insurance Ltd., Tel Aviv	Israel	20.00%	Associate	Credit insurance
Al Mulla Atradius Insurance Consultancy & Brokerage L.L.C., Dubai	UAE	49.00%	Associate	Dormant
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	Chile	50.00%[1)]	Associate	Credit insurance
The Lebanese Credit Insurer s.a.l., Beirut	Lebanon	48.90%	Associate	Credit insurance
Les Assurances des Crédits Commerciaux S.A., Tunis	Tunisia	34.99%[2)]	Associate	Credit insurance - legally merged with Cotunace on 1 January 2013

1) Minus one share

2) Interest held at 31 December 2012; after legal merger reduced to 3.9% and therefore at 31 December 2013 presented as an equity investment being part of financial assets

The following tables show summarised financial information of the Group's interest in associated companies:

2013	Goodwill	Net assets	Carrying amount	Share of profit / (loss)	Dividends received
Graydon Holding N.V., Amsterdam	-	9,126	9,126	3,397	3,796
CLAL Credit Insurance Ltd., Tel Aviv	380	6,105	6,485	1,054	-
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	1,611	14,726	16,337	670	1,537
The Lebanese Credit Insurer s.a.l., Beirut	-	2,229	2,229	687	-
Les Assurances des Crédits Commerciaux S.A., Tunis	-	-	-	(4)	-
Total	**1,991**	**32,186**	**34,177**	**5,804**	**5,333**

2012	Goodwill	Net assets	Carrying amount	Share of profit / (loss)	Dividends received
Graydon Holding N.V., Amsterdam	-	9,541	9,541	3,187	1,800
CLAL Credit Insurance Ltd., Tel Aviv	380	4,873	5,253	787	-
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	1,611	17,598	19,209	3,910	1,149
The Lebanese Credit Insurer s.a.l., Beirut	-	1,629	1,629	(190)	-
Les Assurances des Crédits Commerciaux S.A., Tunis	-	515	515	28	-
Total	**1,991**	**34,156**	**36,147**	**7,722**	**2,949**

The following tables show summarised financial information of the associated companies:

2013	Total				
	Assets	Liabilities	Revenue	Net Assets	Result for the year
Graydon Holding N.V., Amsterdam	51,835	31,555	62,756	20,280	7,549
CLAL Credit Insurance Ltd., Tel Aviv	56,411	25,886	10,580	30,525	5,272
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	83,366	53,915	31,541	29,451	1,340
The Lebanese Credit Insurer s.a.l., Beirut	6,775	2,218	1,800	4,557	1,403
Les Assurances des Crédits Commerciaux S.A., Tunis	-	-	-	-	-

2012	Total				
	Assets	Liabilities	Revenue	Net Assets	Result for the year
Graydon Holding N.V., Amsterdam	50,785	29,583	64,474	21,202	7,082
CLAL Credit Insurance Ltd., Tel Aviv	46,150	21,783	19,899	24,367	3,936
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	72,778	37,583	35,916	35,195	7,820
The Lebanese Credit Insurer s.a.l., Beirut	5,714	2,383	3,822	3,331	(388)
Les Assurances des Crédits Commerciaux S.A., Tunis	5,144	3,673	1,297	1,471	80

Commitments and contingent liabilities

There are no commitments relating to the investments.

The following table shows the contingent liabilities relating to the investments:

	Type	Description	2013	2012
Al Mulla Atradius Insurance Consultancy & Brokerage L.L.C., Dubai	Bank guarantee	Guarantee for licences for Al Mulla	97	101

Transactions with associated companies are disclosed in Note 37.

10 Financial investments

Financial investments classified by measurement category and nature 2013	Available - for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	538,353	-	-	538,353
Debt securities	1,045,027	-	-	1,045,027
Loans	-	-	506	506
Short-term investments	-	-	220,292	220,292
Cash held for investments	-	-	31,613	31,613
Total	**1,583,380**	**-**	**252,411**	**1,835,791**

Financial investments classified by measurement category and nature 2012	Available - for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	845,250	-	-	845,250
Debt securities	731,114	5,432	-	736,546
Loans	-	-	623	623
Short-term investments	-	-	165,590	165,590
Cash held for investments	-	-	6,356	6,356
Total	**1,576,364**	**5,432**	**172,569**	**1,754,365**

Movements in available for-sale financial investments	Equity securities		Debt securities		Total	
	2013	2012	2013	2012	2013	2012
Balance at 1 January	**845,250**	**752,409**	**731,114**	**599,552**	**1,576,364**	**1,351,961**
Additions	218,097	522,430	976,095	692,604	1,194,192	1,215,034
Disposals	(553,928)	(453,314)	(634,433)	(561,417)	(1,188,361)	(1,014,731)
Amortisation charge for the year	-	-	(18,917)	(10,339)	(18,917)	(10,339)
Revaluations through other comprehensive income	34,853	23,425	714	11,188	35,567	34,613
Effect of movements in foreign exchange rates	(5,919)	300	(9,546)	(474)	(15,465)	(174)
Balance at 31 December	**538,353**	**845,250**	**1,045,027**	**731,114**	**1,583,380**	**1,576,364**

The impairment on equity investments is EUR 0 million (2012: EUR 0.1 million) and EUR 0.1 million on debt investments (2012: EUR 0.1 million).

11 Reinsurance contracts

	2013	2012
Reinsurers' share of insurance liabilities		
Provision for unearned premium	131,252	133,999
Claims provisions	523,639	559,983
Total	**654,891**	**693,982**
Current	462,986	505,283
Non-current	191,905	188,699

Amounts due from reinsurers in respect of claims already paid by the Group on the contracts that are reinsured are included in the receivables (see Note 12).

The changes in the reinsurers' share of insurance liabilities are included in Note 19.

12 Receivables

	2013	2012
Accounts receivable on insurance and reinsurance business	**130,671**	**169,174**
Amounts owed by policyholders and direct insurance operations	107,534	121,896
Receivables arising out of reinsurance	23,137	47,278
Other accounts receivable	**37,170**	**41,793**
Total	**167,841**	**210,967**

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 the Group has a large number of internationally dispersed debtors (see Note 4.3.2).

An amount of EUR 82.3 million (2012: EUR 115.4 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 57.6% (2012: 58.0%) relate to receivables ageing less than three months.

All receivables are considered on an individual basis for impairment testing. As of 31 December 2013, receivables of EUR 33.3 million (2012: EUR 29.0 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 31.0 million (2012: EUR 31.5 million). This balance takes into account that a portion of the impaired receivables will be recovered. The Group does not hold any collateral over these balances.

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

	2013	2012
Balance at 1 January	**31,538**	**31,169**
Impairment of receivables	784	3,625
Receivables written off during the year as uncollectable	(90)	(2,047)
Unused amounts reversed	(1,216)	(1,209)
Balance at 31 December	**31,016**	**31,538**

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.

13 Deferred acquisition costs

	2013	2012
Balance at 1 January	**70,737**	**63,664**
Change in deferred acquisition costs	(3,602)	8,945
Effect of movements in foreign exchange rates	(3,590)	(1,872)
Balance at 31 December	**63,545**	**70,737**
Current	44,447	51,020
Non-current	19,098	19,717

14 Miscellaneous assets and accruals

	2013	2012
Pipeline premium	232,357	249,413
Ceded return premium	27,530	31,867
Prepayments	22,508	21,188
Accrued interest	18,974	11,716
Reimbursement rights	10,343	6,126
Other	23,449	23,178
Total	**335,161**	**343,488**

Pipeline premium relates to shipments made by the Group's policyholders for which the Group 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 18).

15 Cash and cash equivalents

	2013	2012
Cash at bank and on hand	178,120	191,453
Short-term bank deposits	138	138
Cash and cash equivalents	**178,258**	**191,591**
Cash and cash equivalents	178,258	191,591
Bank overdrafts	(6,541)	(3,614)
Cash and cash equivalents in the statement of cash flows	**171,717**	**187,977**

The Group manages the cash by using a cross-border cash pooling agreement. The related zero balancing and interest compensation 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.

16 Capital and reserves

16.1 Share capital

Balance at 1 January and 31 December	2013	2012
Authorised share capital	250,000	250,000
Issued and fully paid share capital	79,122	79,122

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 (2012: the same) of which 79,122,142 ordinary shares were issued and fully paid (2012: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

16.2 Share premium reserve

	2013	2012
Balance at 1 January	**801,428**	**844,946**
Dividends	(43,517)	(43,518)
Balance at 31 December	**757,911**	**801,428**

16.3 Revaluation reserve

	2013	2012
Balance at 1 January	**21,378**	**(6,829)**
Change in revaluation reserve – gross	35,487	33,685
Change in revaluation reserve – tax	(8,201)	(6,753)
Net (gains)/losses transferred to net profit on disposal – gross	(14,256)	1,362
Net (gains)/losses transferred to net profit on disposal – tax	3,216	(87)
Balance at 31 December	**37,624**	**21,378**

16.4 Currency translation reserve

	2013	2012
Balance at 1 January	**(21,576)**	**(22,476)**
Change in currency translation reserve – gross	(19,821)	971
Change in currency translation reserve – tax	3,078	(71)
Balance at 31 December	**(38,319)**	**(21,576)**

The Group’s significant foreign currencies and sensitivity to fluctuations are set out in Note 4.3.

16.5 Pension reserve

	2013	2012
Balance at 1 January	**(124,823)**	**(92,111)**
Recognised actuarial gains/(losses)	**188**	**(61,817)**
Change in pension reserve – gross	2,536	(83,297)
Change in pension reserve – tax	(2,348)	21,480
Effect of the asset ceiling	**(14)**	**29,105**
Change in pension reserve – gross	(19)	38,634
Change in pension reserve – tax	5	(9,529)
Balance at 31 December	**(124,649)**	**(124,823)**

16.6 Retained earnings

	2013	2012
Balance at 1 January	**440,851**	**327,191**
Result for the year	134,522	113,660
Reduction in non-controlling interests	(138)	-
Balance at 31 December	**575,235**	**440,851**

16.7 Dividend distribution

The Group's 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 retained earnings in the Company financial statements cannot be used for dividend distribution since this balance is insufficient. Therefore, if any distribution takes place, the Group distributes dividends out of the share premium reserve (see Note 5.2 in the Company financial statements).

17 Subordinated loan

	2013	2012
Balance at 1 January	**118,803**	**118,085**
Accretion of interest	718	718
Balance at 31 December	**119,521**	**118,803**

In September 2004, Atradius Finance B.V., a subsidiary of the Company, issued guaranteed subordinated bonds with a nominal value of EUR 1,000 each for an aggregate amount of EUR 120 million (the 'Bonds'). Atradius Finance B.V. may redeem the Bonds, in whole but not in part, on 3 September 2014 and thereafter on each interest payment date. Unless previously redeemed, the Bonds will be redeemed at maturity on 3 September 2024. The Bonds bear interest at a fixed rate of 5.875% per annum, payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 2.75% per annum, payable quarterly for the remaining 10 years. The Bonds are issued by Atradius Finance B.V. and guaranteed by the Company as first priority guarantor and its subsidiary Atradius Credit Insurance N.V. as second priority guarantor. The Bonds are listed on the Luxembourg Stock Exchange.

The bonds are measured at amortised cost. As the Bonds are not actively traded in the market, the fair value estimate of the Bonds as at year-end 2013, amounting to EUR 89.8 million (2012: EUR 85.4 million), has been based on the present value of the Bonds' cash flows discounted using the Euro government bond yield curve as benchmark and applying an appropriate risk spread.

The credit spread of 545 bps applied (2012: 586 bps) is estimated using the credit spreads of market quoted subordinated bond issues from similar issuers and with similar rating and maturity profiles. The fair value estimate of the Bonds 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 subordinated loan is classified as a Level 2 financial instrument under the fair value hierarchy (as in 2012) as the credit spreads used are market observable.

18 Employee benefit assets and liabilities

	2013	2012
Retirement benefits	90,494	96,069
Other long-term employee benefits	4,346	4,880
Total	**94,840**	**100,949**

18.1 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% (2012: 93%) of the defined benefit obligation. The other plans relate to Spain, Switzerland, Italy, Sweden, Norway, Belgium, Mexico and France. The recognition of assets and liabilities is determined separately for each plan.

Within the Group 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 9.1 million in 2013 (2012: EUR 7.3 million).

Pension assets and liabilities

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

	Defined benefit obligation		Fair value of plan assets		Impact of minimum funding requirement / Asset ceiling		Net defined benefit (asset) liability	
	2013	2012	2013	2012	2013	2012	2013	2012
Balance at 1 January	**576,662**	**446,463**	**480,598**	**417,061**	**5**	**38,638**	**96,069**	**68,040**
Included in the income statement:					-			
Current service cost	11,645	8,319	-	-	-	-	11,645	8,319
Past service cost	(1,414)	(435)	-	-	-	-	(1,414)	(435)
Interest cost/income	21,810	22,916	18,501	21,937	-	2,125	3,309	3,104
Administration costs	278	387	-	-	-	-	278	387
Effect of movements in foreign exchange rates	(4,132)	3,704	(3,142)	2,919	-	-	(990)	785
Total included in the income statement	**28,187**	**34,891**	**15,359**	**24,856**	**-**	**2,125**	**12,828**	**12,160**
Included in OCI:								
Remeasurement loss (gain):								
Actuarial loss (gain) arising from:								
- demographic assumptions	2,110	658	-	-	-	-	2,110	658
- financial assumptions	8,035	112,438	-	-	-	-	8,035	112,438
- experience adjustments	240	(1,918)	-	-	-	-	240	(1,918)
- adjustments for restrictions on the net defined benefit asset	-	-	-	-	(5)	(40,758)	(5)	(40,758)
Return on plan assets excluding interest income	-	-	12,762	25,976	-	-	(12,762)	(25,976)
Effect of movements in foreign exchange rates	(563)	1,033	(428)	814	-	-	(135)	219
Total included in OCI	**9,822**	**112,211**	**12,334**	**26,790**	**(5)**	**(40,758)**	**(2,517)**	**44,663**
Other:								
Contributions paid by the employer	(2,915)	(5,294)	18,903	28,794	-	-	(21,818)	(34,088)
Plan participants contributions	2,034	2,039	2,034	2,039	-	-	-	-
Benefits paid	(13,400)	(13,648)	(14,809)	(18,942)	-	-	1,409	5,294
Additional benefits	4,523	-	-	-	-	-	4,523	-
Total other	**(9,758)**	**(16,903)**	**6,128**	**11,891**	**-**	**-**	**(15,886)**	**(28,794)**
Balance at 31 December	**604,913**	**576,662**	**514,419**	**480,598**	**-**	**5**	**90,494**	**96,069**

Financial instruments not qualifying as plan assets

The defined benefit plans in Spain are partially insured with Seguros Catalana Occidente S.A. These insurance policies do not qualify as an insurance policy under IAS 19, therefore the fair value of the insurance policy is treated as a reimbursement right, which is recorded as part of other assets for an amount of EUR 10.3 million (2012: EUR 6.1 million). In 2013 additional reimbursement rights of EUR 4.5 million are recognised related to additional benefits for the same amount as disclosed in the table above. At the end of 2013, the defined benefit obligation related to the reimbursement rights amounts to EUR 21.2 million (2012: EUR 17.5 million).

For one of the German plans, assets of EUR 16.5 million (2012: EUR 13.7 million) are classified as financial investments since in the event of bankruptcy, these assets are not fully secured for the members of the pension plans and therefore under IAS 19 cannot be recognised as plan assets.

Experience adjustments

Experience adjustments are the actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the period and actual experience during the period (they exclude changes in assumptions). Experience adjustments give information about the reliability of the amounts recognised based on those assumptions.

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 (closed to new employees).	Pension entitlements are based on a percentage of the average salary (closed to new employees).
Number of participants	225 active members (2012: 236 active members). 0 inactive members (2012: 0 inactive members).	507 active members (2012: 519 active members). 375 inactive members (2012: 358 inactive members).	388 active members (2012: 397 active members). 1,279 inactive members (2012: 1,247 inactive members).
Defined benefit obligation	EUR 213 million (2012: EUR 196 million).	EUR 91 million (2012: EUR 88 million).	EUR 247 million (2012: EUR 243 million).
Plan assets	EUR 193 million (2012: EUR 163 million).	EUR 49 million (2012: EUR 48 million). Assets of EUR 16.5 million (2012: EUR 13.7 million) are recognised as part of the financial investments.	EUR 239 million (2012: EUR 239 million).
Remeasurement gain (loss) through OCI	EUR 7.6 million - gain (2012: EUR 0.4 million - loss).	EUR 0.8 million - loss (2012: EUR 20.6 million - loss).	EUR 8.2 million - loss (2012: EUR 13.5 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 salaries of all participants which can not be below the cost-effective premium for that year.
Employee contributions	In 2013 contributions amounted to 2.5% of the eligible salary; these will increase to 5% by 2015.	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 Stoxx 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.

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	2013	2012
Cash and cash equivalents	2,875	2,087
Equity instruments categorised by industry type:		
Consumer markets	42,312	33,288
Financial	42,271	31,853
Health	19,132	14,890
Industrial	22,742	18,252
Real estate	11,879	11,010
Oil & Gas	15,316	13,391
Technology	20,432	16,272
Other	27,359	30,577
Total equity instruments	201,443	169,533
Debt instruments by issuer type:		
Government bonds	64,689	105,813
Corporate bonds	78,972	73,877
Total debt instruments	143,661	179,690
Investment funds:		
Active fixed investment funds	125,651	90,014
Other investment funds	11,383	16,403
Total investment funds	137,034	106,417
Derivatives - interest rate swaps	-	420
Insurance contracts	18,647	11,939
Real estate	10,759	10,512
Total	**514,419**	**480,598**

All equity securities and government bonds have quoted prices in active markets. The plan assets do not include any of the Group's own financial instruments, nor any property occupied or other assets used by the Group.

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 31.6 million (2012: EUR 48.1 million).

In 2014 the Group expects to contribute approximately EUR 16.3 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	
	2013	2012	2013	2012	2013	2012
Discount rate	4.50%	4.75%	3.50%	3.50%	3.50%	3.50%
Price inflation rate	3.50%	3.00%	2.00%	2.00%	2.00%	2.00%
Expected increase of future salaries	3.50%	4.00%	3.05%	3.05%	2.00%	2.00%
Expected increase of future benefit levels	3.20%	3.00%	1.75%	1.75%	1.00%	1.00%
Mortality table	1PM/ FAL09M (medium cohort 1.5% floor, year of use)	1PM/ FAL09M (medium cohort 1.5% floor, year of use)	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Prognosetafel 2012-2062 + adjusted experience	Prognosetafel 2012-2062 + adjusted experience
Duration in years	21	22	17	18	19	19

An approximation of the sensitivity of the relevant actuarial assumptions, holding other assumptions constant, would impact the total defined benefit obligation of all pension plans by the amounts shown below:

	Defined benefit obligation	
	Increase	Decrease
Discount rate (1% movement)	(99,101)	131,770
Price inflation rate (1% movement)	73,461	(63,595)
Future salary growth (1% movement)	24,409	(22,799)
Future pension growth (1% movement)	94,625	(76,914)
Future mortality (+1 year)	26,418	-

18.2 Other long-term employee benefits

	2013	2012
Early retirement	1,754	1,677
Jubilee	2,320	2,558
Other	272	645
Total	**4,346**	**4,880**

18.3 Defined benefit costs

A total defined benefit cost of EUR 10.3 million (2012: EUR 9.4 million) is recognised in the income statement under net operating expenses (see Note 28). EUR 9.9 million (2012: EUR 8.3 million) relates to pension plans and EUR 0.4 million (2012: EUR 1.1 million) to other long-term employee benefits.

19 Insurance contracts

Credit insurance	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
		2013			2012	
Claims reported and loss adjustment expenses	260,969	(145,710)	115,259	311,264	(175,895)	135,369
Claims incurred but not reported	490,898	(224,915)	265,983	549,564	(243,697)	305,867
Claims provisions	**751,867**	**(370,625)**	**381,242**	**860,828**	**(419,592)**	**441,236**
Provision for unearned premium	263,497	(77,081)	186,416	285,062	(83,801)	201,261
Total	**1,015,364**	**(447,706)**	**567,658**	**1,145,890**	**(503,393)**	**642,497**
Bonding						
Claims reported and loss adjustment expenses	255,465	(143,121)	112,344	226,282	(131,576)	94,706
Claims incurred but not reported	59,750	(9,893)	49,857	64,661	(8,815)	55,846
Claims provisions	**315,215**	**(153,014)**	**162,201**	**290,943**	**(140,391)**	**150,552**
Provision for unearned premium	155,715	(54,171)	101,544	155,950	(50,198)	105,752
Total	**470,930**	**(207,185)**	**263,745**	**446,893**	**(190,589)**	**256,304**
Total insurance contracts	**1,486,294**	**(654,891)**	**831,403**	**1,592,783**	**(693,982)**	**898,801**
Current	1,031,663	(454,572)	577,091	1,159,693	(505,283)	654,410
Non-current	454,631	(200,319)	254,312	433,090	(188,699)	244,391

The liabilities for gross claims reported, loss adjustment expenses and claims incurred but not reported are net of expected recoveries from salvage and subrogation. Salvage and subrogation at 31 December 2013 amount to EUR 491.9 million (2012: EUR 567.8 million).

19.1 Claims development tables

The claims development tables provide an overview of how the Group's recognised claims costs for underwriting years 2004-2013 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 2013. 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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	557.8	653.8	737.3	787.9	1,438.9	749.0	515.2	739.7	809.6	682.1	
one year later	611.0	702.7	769.9	1,050.7	1,992.9	644.8	500.3	694.4	764.0		
two years later	607.0	689.2	744.4	1,069.4	2,116.2	620.6	451.2	670.4			
three years later	606.1	672.6	742.9	1,081.1	2,122.5	592.0	437.4				
four years later	596.3	669.5	738.5	1,084.9	2,136.2	578.7					
five years later	598.4	663.7	743.0	1,094.0	2,126.1						
six years later	593.9	661.8	738.0	1,090.5							
seven years later	589.4	658.1	736.1								
eight years later	587.3	656.2									
nine years later	586.1										
Current estimate of cumulative claims	586.1	656.2	736.1	1,090.5	2,126.1	578.7	437.4	670.4	764.0	682.1	8,327.6
Cumulative payments to date	584.0	654.1	734.5	1,081.5	2,104.7	585.7	441.0	648.8	609.8	148.6	7,592.7
Claims provision at 31 December 2013 in respect of 2004 - 2013	2.1	2.1	1.6	9.0	21.4	(7.0)	(3.6)	21.6	154.2	535.5	734.9
In respect of prior years (before 2004)											17.0
Total											**751.9**

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 Crédito y Caución, the reinsurance business and instalment credit protection. The premium earned for underwriting years 2010-2012 in the current financial year for these blocks of business was EUR 132.1 million.

The claims development tables are presented on a gross basis. For credit insurance, 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. Risk mitigation for claims incurred in the different underwriting years varies between 45% for the more recent years to 53% for the older years (as a result of a relative low retention rate for these years). Due to the longer tail of instalment credit protection and reinsurance business, risk mitigation on the remaining claims provision is not fully in line with the general quota share treaties as these follow different risk mitigation strategies. This effect does not fundamentally change the overall impact of the effect of risk mitigation due to the relative size of this type of business. The overall impact of risk mitigation (for all underwriting years combined) is approximately 49%.

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	34.0	8.6	12.5	8.8	13.2	10.7	10.2	19.3	19.0	21.7	
one year later	37.1	9.6	8.5	25.6	33.2	22.1	25.7	48.8	48.7		
two years later	39.8	17.8	21.6	29.2	38.8	30.7	36.4	60.8			
three years later	42.9	24.4	24.5	34.0	45.6	34.8	43.4				
four years later	49.3	22.9	27.8	30.1	49.3	36.2					
five years later	45.5	21.8	21.6	29.3	50.6						
six years later	46.2	20.9	22.1	31.8							
seven years later	46.4	22.1	25.9								
eight years later	42.4	23.6									
nine years later	43.7										
Current estimate of cumulative claims	43.7	23.6	25.9	31.8	50.6	36.2	43.4	60.8	48.7	21.7	386.4
Cumulative payments to date	34.0	16.0	20.2	23.7	35.6	18.2	18.5	30.5	12.8	4.1	213.6
Claims provision at 31 December 2013 in respect of 2004 - 2013	9.7	7.6	5.7	8.1	15.0	18.0	24.9	30.3	35.9	17.6	172.8
In respect of prior years (before 2004)											142.4
Total											**315.2**

The claims costs do not include an estimate for future claim payments on cases where the Group does not yet have adverse information. This explains the increase in claims costs over time. For bonding, the Group 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 can not be seen in the table above. The premium earned for underwriting years 2010-2012 in the current financial year was EUR 60.2 million.

As described in Note 4.2.7, bonding tends to be longer tail business and around half of the bonds written have tenors of over two years. The development for 2010, 2011 and 2012 add up to EUR 48.7 million, 84% of the premium earned for these years in 2013.

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. Risk mitigation for claims incurred in the different underwriting years varies between 32% for the more recent years to 62% for the older years (as a result of a relative low retention rate for these older years). There is a further impact as a result of the non-ceding of inward reinsurance business which reduces the risk mitigation effect. The overall impact of risk mitigation (for all underwriting years combined) is approximately 49%.

19.2 Insurance liabilities and reinsurance assets

19.2.1 Changes in insurance liabilities and reinsurance assets

Credit insurance	Gross	Reinsurance	Net	Gross	Reinsurance	Net
		2013			2012	
Balance at 1 January	**860,828**	**(419,592)**	**441,236**	**839,152**	**(406,788)**	**432,364**
Claims paid in the year	(661,630)	293,819	(367,811)	(662,563)	327,379	(335,184)
Increase/(decrease) in liabilities arising from claims	571,318	(251,907)	319,411	689,822	(340,412)	349,410
Foreign exchange rate and other movements	(18,649)	7,055	(11,594)	(5,583)	229	(5,354)
Balance at 31 December	**751,867**	**(370,625)**	**381,242**	**860,828**	**(419,592)**	**441,236**
Claims reported and loss adjustment expenses	260,969	(145,710)	115,259	311,264	(175,895)	135,369
Claims incurred but not reported	490,898	(224,915)	265,983	549,564	(243,697)	305,867
Total	**751,867**	**(370,625)**	**381,242**	**860,828**	**(419,592)**	**441,236**
Bonding						
Balance at 1 January	**290,943**	**(140,391)**	**150,552**	**281,088**	**(147,434)**	**133,654**
Claims paid in the year	(57,054)	21,914	(35,140)	(52,991)	19,394	(33,597)
Increase/(decrease) in liabilities arising from claims	85,237	(34,780)	50,457	62,879	(12,265)	50,614
Foreign exchange rate and other movements	(3,911)	243	(3,668)	(33)	(86)	(119)
Balance at 31 December	**315,215**	**(153,014)**	**162,201**	**290,943**	**(140,391)**	**150,552**
Claims reported and loss adjustment expenses	255,465	(143,121)	112,344	226,282	(131,576)	94,706
Claims incurred but not reported	59,750	(9,893)	49,857	64,661	(8,815)	55,846
Total	**315,215**	**(153,014)**	**162,201**	**290,943**	**(140,391)**	**150,552**
Claims provisions	**1,067,082**	**(523,639)**	**543,443**	**1,151,771**	**(559,983)**	**591,788**

19.2.2 Provision for unearned premium

Credit insurance	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
	2013			2012		
Balance at 1 January	**285,062**	**(83,801)**	**201,261**	**279,823**	**(87,189)**	**192,634**
Movement in the period	(12,904)	3,578	(9,326)	10,146	(2,449)	7,697
Foreign exchange rate and other movements	(8,661)	3,142	(5,519)	(4,907)	5,837	930
Balance at 31 December	**263,497**	**(77,081)**	**186,416**	**285,062**	**(83,801)**	**201,261**
Bonding						
Balance at 1 January	**155,950**	**(50,198)**	**105,752**	**149,222**	**(50,564)**	**98,658**
Movement in the period	6,276	(5,439)	837	7,283	671	7,954
Foreign exchange and rate other movements	(6,511)	1,466	(5,045)	(555)	(305)	(860)
Balance at 31 December	**155,715**	**(54,171)**	**101,544**	**155,950**	**(50,198)**	**105,752**
Provision for unearned premium	**419,212**	**(131,252)**	**287,960**	**441,012**	**(133,999)**	**307,013**

19.3 Government schemes

During the credit crisis of 2008, governments were seeking to support the economy and trade through the following credit insurance related initiatives:

- Top-up cover and ground-up cover schemes: support to customers by reinstating or issuing new limits on buyers partly or fully withdrawn by the credit insurer;
- Stop-loss scheme: support to the credit insurance industry via stop-loss agreements, effectively supporting the economy as well.

The Group participated in both types of schemes and where necessary had a reinsurance relationship with the relevant governments.

The general features of the reinstatement of cover schemes are:

- The Group on behalf of the government reinstates partly or fully withdrawn credit limits;
- The Group accounts for these schemes and the government reimburses the Group for the expenses.

A stop-loss scheme only existed in Spain. This reinsurance was provided by Consorcio de Compensación de Seguros ('CCS') via a stop-loss contract which the Group cancelled in 2009. The Group has a repayment commitment related to this scheme that is calculated with reference to an 'Account of Experience' which balances inputs and outputs (stop-loss premium, the stop-loss indemnities and 5% administration costs) and, if the balance is negative, CCS is entitled to a partial compensation consisting of 20% of the cedant's positive technical result per year after cancellation of the scheme. After five years the account will be considered settled.

All government schemes are accounted for as reinsurance contracts as stated in Note 2.19.5. The CCS estimated compensation is part of the net insurance claims.

The impact of these government schemes on the Group's income statement is presented in the following table:

	2013	2012
Net premium earned	99	69
Net insurance claims	(7,262)	14,962
Other income	229	110
Total gain/(loss)	**(6,934)**	**15,141**

20 Provisions

2013	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**3,849**	**119**	**2,244**	**6,212**
Additional provisions	4,655	-	1,362	6,017
Unused amounts reversed	(1,242)	-	(910)	(2,152)
Utilised	(2,307)	(44)	(1,410)	(3,761)
Effect of movements in foreign exchange rates	5	(3)	1	3
Balance at 31 December	**4,960**	**72**	**1,287**	**6,319**
Current	3,349	50	-	3,399
Non-current	1,611	22	1,287	2,920

2012	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**4,775**	**174**	**2,153**	**7,102**
Additional provisions	224	-	232	456
Unused amounts reversed	(486)	-	(66)	(552)
Utilised	(661)	(59)	(75)	(795)
Effect of movements in foreign exchange rates	(3)	4	-	1
Balance at 31 December	**3,849**	**119**	**2,244**	**6,212**
Current	1,741	51	-	1,792
Non-current	2,108	68	2,244	4,420

Restructuring

As at 31 December 2013, the restructuring provision comprises termination benefits of EUR 4.9 million for 65 positions of which 35 employees are still part of the workforce, accounting for EUR 3.8 million of the provision. The remainder relates to a deferred payment for 30 employees who have already left the workforce.

Onerous contracts

The provision for onerous contracts represents the future lease payments that the Group is presently obliged to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the use of the leased premises and sub-lease arrangements where applicable.

Litigation

The litigation provision is related to disputes with third parties that are not related to the insurance business of the Group. 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 the Group. The use in 2013 relates to the settlement with the Spanish tax authorities and resolved legal procedures.

These provisions have not been discounted to reflect present value since the effect of discounting is not material.

21 Deferred and current income tax

Current income tax

	2013	2012
Current income tax assets	19,251	18,672
Current income tax liabilities	21,417	11,330
Total	**(2,166)**	**7,342**

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

	2013	2012
Deferred income tax assets before set-off	113,432	126,510
Set-off of deferred tax positions	(13,235)	(13,157)
Net deferred tax assets as presented in the statement of financial position	**100,197**	**113,353**
Deferred income tax liabilities before set-off	123,555	123,909
Set-off of deferred tax positions	(13,235)	(13,157)
Net deferred tax liabilities as presented in the statement of financial position	**110,320**	**110,752**

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

	2013	2012
Balance at 1 January	**2,601**	**(1,673)**
Charge (credit) to other comprehensive income for the year	(6,728)	7,202
Charge (credit) to the income statement for the year	(6,034)	(2,807)
Effect of movements in foreign exchange rates	38	(121)
Balance at 31 December	**(10,123)**	**2,601**

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

Deferred income tax assets before set-off

2013	Financial investments	Tax losses carried forward	Technical balances	Pensions	Fiscal goodwill	Other	Total
Balance at 1 January	**2,350**	**31,711**	**24,019**	**25,348**	**23,216**	**19,866**	**126,510**
Recognised in other comprehensive income for the year	(1,838)	-	-	(3,516)	-	-	(5,354)
Recognised in the income statement for the year	(137)	(7,304)	(2,518)	(73)	1,144	2,966	(5,922)
Effect of movements in foreign exchange rates	(29)	(718)	(461)	(215)	(24)	(355)	(1,802)
Balance at 31 December	**346**	**23,689**	**21,040**	**21,544**	**24,336**	**22,477**	**113,432**

2012	Financial investments	Tax losses carried forward	Technical balances	Pensions	Fiscal goodwill	Other	Total
Balance at 1 January	**3,793**	**33,171**	**36,906**	**17,237**	**25,718**	**27,849**	**144,674**
Recognised in other comprehensive income for the year	(1,039)	-	-	7,281	-	-	6,242
Recognised in the income statement for the year	(596)	(1,780)	(11,903)	567	(2,514)	(8,999)	(25,225)
Effect of movements in foreign exchange rates	192	320	(984)	263	12	1,016	819
Balance at 31 December	**2,350**	**31,711**	**24,019**	**25,348**	**23,216**	**19,866**	**126,510**

One of the main Group subsidiaries, Atradius Credit Insurance N.V., the Netherlands (ACI N.V.), operates in a branch structure. ACI N.V. is part of the fiscal unity in the Netherlands, headed by Atradius N.V. Due to the branch structure, until the end of 2011 losses of foreign branches could immediately be offset against the current tax liability of the fiscal unity of which ACI N.V. is part. However, as Dutch tax law provides for recapture rules once foreign branches become profitable again, a corresponding deferred income tax liability is recognised.

From 1 January 2012 the law in the Netherlands changed: losses of foreign branches can no longer be offset against Dutch taxable income. Instead all results from foreign branches are exempt from tax in the Netherlands. However, losses incurred before 2012 are still subject to the recapture rule.

Deferred income tax assets are recognised, amongst other things, for tax losses carried forward and the fiscal goodwill resulting from the legal restructuring that took place during 2004/2005 (mainly in Italy and Germany) to the extent that the realisation of the related tax benefit through the future taxable profits is likely to occur. In 2013, EUR 7.7 million deferred tax assets on the losses carried forward were written down (2012: EUR 4.6 million), which is partly offset by the reversals of the impairments, prior year adjustments and foreign exchange movement. The fiscal goodwill is amortised over a period of 15 years (Germany) or 18 years (Italy).

The expiration of these unrecognised tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	2013	2012
1 – 3 years	3,785	7,704
4 – 9 years	2,689	3,836
Indefinite	41,592	17,205
Total	**48,066**	**28,745**

The Group has unrecognised tax losses carried forward balances amounting to EUR 48.1 million (2012: EUR 28.7 million).

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

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

Deferred income tax liabilities before set-off

2013	Financial investments	Technical balances	Pensions	Equalisation provisions	Property, plant and equipment	Other	Total
Balance at 1 January	**(6,639)**	**(13,951)**	**-**	**(52,304)**	**(19,973)**	**(31,042)**	**(123,909)**
Recognised in other comprehensive income for the year	(2,547)	-	1,173	-	-	-	(1,374)
Recognised in the income statement for the year	24	4,776	(2,154)	(8,914)	14	6,142	(112)
Effect of movements in foreign exchange rates	187	268	3	1,260	-	122	1,840
Balance at 31 December	**(8,975)**	**(8,907)**	**(978)**	**(59,958)**	**(19,959)**	**(24,778)**	**(123,555)**

2012	Financial investments	Technical balances	Pensions	Equalisation provisions	Property, plant and equipment	Other	Total
Balance at 1 January	**(4,567)**	**(28,341)**	**(1,273)**	**(66,130)**	**(20,502)**	**(25,534)**	**(146,347)**
Recognised in other comprehensive income for the year	(3,710)	-	4,670	-	-	-	960
Recognised in the income statement for the year	1,597	14,530	(3,367)	14,469	529	(5,340)	22,418
Effect of movements in foreign exchange rates	41	(140)	(30)	(643)	-	(168)	(940)
Balance at 31 December	**(6,639)**	**(13,951)**	**-**	**(52,304)**	**(19,973)**	**(31,042)**	**(123,909)**

The deferred income tax charged or credited to other comprehensive income during the year is presented in the following table:

	2013	2012
Revaluation reserve in shareholders equity related to:		
Available-for-sale financial investments	(4,385)	(4,749)
Pension reserve in shareholders equity related to:		
Recognised actuarial gains/(losses)	(2,348)	21,480
Effect of the asset ceiling	5	(9,529)
Total	**(6,728)**	**7,202**

The current income tax credited to other comprehensive income during the year is presented in the following table:

	2013	2012
Revaluation reserve in shareholders equity related to:		
Available-for-sale financial investments	(600)	(2,091)
Currency translation reserve in shareholders equity related to:		
Currency translation reserve	3,078	(71)
Total	**2,478**	**(2,162)**

22 Payables

	2013	2012
Accounts payable on insurance and reinsurance business	**165,599**	**171,490**
Payables arising out of reinsurance operations	79,596	64,171
Amounts due to policyholders	72,853	78,402
Amounts due to intermediaries	12,146	13,618
Current account Dutch state	1,004	15,299
Trade and other accounts payable	**27,560**	**34,083**
Accounts payable	19,799	27,101
Other accounts payable	7,761	6,982
Total	**193,159**	**205,573**

The payables arising out of reinsurance include an amount of EUR 16.5 million (2012: EUR 9.2 million) related to the stop-loss arrangement with Consorcio de Compensación de Seguros (see Note 19.3). The payables due are substantially all current.

23 Other liabilities

	2013	2012
Ceded pipeline premium	77,512	77,982
Return premium	59,770	70,007
Deposits received from reinsurers	51,683	55,573
Unearned reinsurance commission	42,631	39,080
Other accruals	41,817	42,808
Payroll and bonus accruals	37,714	36,699
Reinsurance accruals	36,903	43,608
IPT and stamp duties payable	10,926	11,807
Other taxes	10,153	10,083
Interest payable	2,506	2,308
Sundry creditors	883	899
Total	**372,498**	**390,854**

Other liabilities are substantially all current.

24 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2013			2012	
Written premium	1,249,495	(586,123)	663,372	1,301,995	(607,425)	694,570
Change in provision for unearned premium	12,904	(3,578)	9,326	(10,146)	2,449	(7,697)
Other movements	(234)	142	(92)	(1,768)	829	(939)
Total	**1,262,165**	**(589,559)**	**672,606**	**1,290,081**	**(604,147)**	**685,934**
Bonding						
Written premium	156,184	(58,254)	97,930	157,022	(48,757)	108,265
Change in provision for unearned premium	(6,276)	5,439	(837)	(7,283)	(671)	(7,954)
Other movements	2	3	5	27	(7)	20
Total	**149,910**	**(52,812)**	**97,098**	**149,766**	**(49,435)**	**100,331**
Total premium earned	**1,412,075**	**(642,371)**	**769,704**	**1,439,847**	**(653,582)**	**786,265**

25 Service and other income

	2013	2012
Collections and recovery services	39,643	38,338
Information services and fees	110,421	107,474
Other service income	16,288	15,972
Total	**166,352**	**161,784**

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.

26 Net income from investments

Net investment income by type of investment	2013	2012
Income		
Debt securities available-for-sale	12,796	13,977
Debt securities at fair value through profit or loss	200	367
Loans	10	11
Equity securities available-for-sale	17,302	16,008
Other investments	2,369	2,006
Total income from financial investments	**32,677**	**32,369**
Investment property	493	1,837
Total investment income	**33,170**	**34,206**
Expenses		
Debt securities available-for-sale	(1,411)	(2,662)
Equity securities available-for-sale	(178)	(6,872)
Handling expenses	(2,033)	(1,571)
Total expenses from financial investments	**(3,622)**	**(11,105)**
Investment property	(286)	(482)
Total investment expenses	**(3,908)**	**(11,587)**
Net income from investments	**29,262**	**22,619**
Share of income of associated companies	5,804	7,722
Net income from investments including associated companies	**35,066**	**30,341**

Net investment income by nature of income/(expense)	2013	2012
Income		
Interest	12,100	11,417
Dividends	4,683	12,005
Realised gains	15,886	9,898
Unrealised gains	8	357
Rental income from investment property	493	529
Total	**33,170**	**34,206**
Expenses		
Handling expenses	(2,033)	(1,570)
Realised losses	(1,469)	(9,418)
Impairment loss	(217)	(447)
Depreciation of investment property	(189)	(152)
Total	**(3,908)**	**(11,587)**
Net income from investments	**29,262**	**22,619**
Share of income of associated companies	5,804	7,722
Net income from investments including associated companies	**35,066**	**30,341**

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 9.7 million (2012: EUR 9.4 million); this is derived from government and corporate bonds.

Net gains/(losses) by type of investment	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2013		2012	
Investment property	(97)	-	(330)	1,308
Debt securities	(120)	1,976	(51)	1,975
Equity securities	-	12,441	(66)	(2,803)
Total	**(447)**	**14,417**	**(447)**	**480**

Net gains/(losses) by category				
Investment property	(97)	-	(330)	1,308
Financial assets classified as available-for-sale	(120)	14,256	(117)	(838)
Financial assets classified as fair value through profit or loss	-	161	-	10
Total	**(217)**	**14,417**	**(447)**	**480**

27 Insurance claims

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2013			2012	
Claims paid in the year	661,630	(293,819)	367,811	662,563	(327,379)	335,184
Change in claims provisions	(90,311)	41,911	(48,400)	27,259	(13,033)	14,226
Claims handling expenses	33,391	-	33,391	33,528	-	33,528
Total	**604,710**	**(251,908)**	**352,802**	**723,350**	**(340,412)**	**382,938**
Bonding						
Claims paid in the year	57,054	(21,914)	35,140	52,991	(19,394)	33,597
Change in claims provisions	28,182	(12,866)	15,316	9,888	7,129	17,017
Claims handling expenses	1,784	-	1,784	1,821	-	1,821
Total	**87,020**	**(34,780)**	**52,240**	**64,700**	**(12,265)**	**52,435**
Total insurance claims	**691,730**	**(286,688)**	**405,042**	**788,050**	**(352,677)**	**435,373**

For more detail on the change in claims provisions, see Note 19.2.1.

28 Net operating expenses

	2013	2012
Total administrative expenses	419,182	411,575
Acquisition costs	177,669	190,421
Change in deferred acquisition costs	3,602	(8,945)
Gross operating expenses	**600,453**	**593,051**
Commissions received for business ceded to reinsurers	(217,302)	(206,257)
Total net operating expenses	**383,151**	**386,794**

Administrative expenses by type of business	**2013**	**2012**
Insurance and information expenses	389,235	383,145
Recoveries and collections expenses	44,598	43,198
Other service expenses	10,572	9,503
Group costs	9,952	9,078
Total gross administrative expenses	**454,357**	**446,924**
Claims handling expenses allocated to net claims charges	(35,175)	(35,349)
Total administrative expenses	**419,182**	**411,575**

Administrative expenses by nature	**2013**	**2012**
Employee benefit expenses (see table below)	275,230	266,654
Travelling and company cars	13,452	13,201
Information technology	26,894	34,108
Housing and office expenses	38,417	37,923
Other expenses	100,364	95,038
Total gross administrative expenses	**454,357**	**446,924**
Claims handling expenses allocated to net claims charges	(35,175)	(35,349)
Total administrative expenses	**419,182**	**411,575**

Other expenses include expenses for consultancy, communication, marketing, credit information, recovery and collection and professional fees.

As part of the gross administrative expenses, depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 22.4 million (2012: EUR 24.6 million).

Employee benefit expenses	**2013**	**2012**
Salaries and wages	214,665	211,625
Restructuring costs and termination benefits	3,413	(262)
Social security costs	37,676	38,637
Pension costs – defined contribution plans	9,142	7,253
Pension costs – defined benefit plans	10,334	9,401
Total employee benefit expenses	**275,230**	**266,654**

For an explanation of the employee benefit details see Note 18.

29 Finance income and expenses

Finance income	2013	2012
Other interest income	4,102	6,639
Total	**4,102**	**6,639**

Finance expenses	2013	2012
Interest and fees paid on the subordinated loan	7,771	7,771
Net interest on the net defined benefit liability	3,103	2,866
Other interest income	5,046	4,391
Foreign exchange (income)/expense	(2,653)	(3,504)
Total	**13,267**	**11,524**

The subordinated loan costs include the periodic interest expenses of EUR 7.0 million (2012: EUR 7.0 million) and the accretion of interest on the loan in the amount of EUR 0.7 million (2012: EUR 0.7 million).

30 Income tax

	2013	2012
Current tax	33,227	34,885
Deferred tax	6,034	2,807
Income tax expense/(income) for the year	**39,261**	**37,692**

The actual tax on the Group's result differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of Group companies and is analysed in the following table:

	2013	2012
Result before tax	**173,764**	**151,338**
Tax calculated at domestic tax rates applicable to results in the respective countries	44,101	32,833
Tax exempt income	(1,710)	(1,649)
Write down/(reversal) of deferred tax assets	3,593	3,625
Reassessment of prior year local tax positions	(8,709)	(5,320)
Other	1,986	8,203
Income tax expense/(income) for the year	**39,261**	**37,692**

The weighted average applicable tax rate was 25.4% (2012: 21.7%).

Deferred tax assets relating to losses carried forward in certain entities have been written down. This is included in 'write down (reversal) of deferred tax assets'.

Other differences in 2013 mainly relate to the effect of changes in income tax rates in the UK and Norway.

31 Earnings and dividends per share

Basic earnings per share	2013	2012
Result attributable to the equity holders of the Company	134,522	113,660
Weighted average number of ordinary shares in issue	79,122,142	79,122,142
Earnings per share (in Euro)	1.70	1.44

Basic earnings per share are calculated by dividing the result for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Dilution

There are no instruments with dilutive potential hence diluted earnings per share is the same as basic earnings per share.

Dividends per share

Dividends paid in 2013 amounted to EUR 43.5 million (2012: EUR 43.5 million), EUR 0.55 per share (2012: EUR 0.55 per share).

32 Assets not freely disposable

Assets that are not freely disposable consist of financial investments and cash that have been held mainly for local regulatory purposes and can be used to cover technical provisions. The amount of pledged financial assets not covering technical provisions is EUR 56.2 million (2012: EUR 53.5 million). The financial assets not freely disposable are presented in the following table:

	2013	2012
Debt securities	71,601	106,966
Equity securities	4,580	5,113
Short-term investments	132,648	108,298
Total	**208,829**	**220,377**

There are no terms and conditions relating to the assets not freely disposable represented in the above table which are individually significant.

33 Contingencies

The Group has contingent liabilities in respect of matters arising in the ordinary course of business. These contingencies are presented in the following table:

	2013	2012
BBV Central	492	695
Export Finance and Insurance Corporation	-	2,996
Banco Español de Crédito	1,130	1,130
Dun & Bradstreet Inc.	914	955
Hochtief Projektenwickelung GmbH	529	529
Other	349	358
Total	**3,414**	**6,663**

Most of the amounts stated above relate to bank guarantees. The lease agreement with Export Finance and Insurance Corporation expired on 30 September 2013, and was not renewed since ACI N.V. Australia branch relocated to another address.

34 Capital commitments

	2013	2012
Other financial obligations	19,235	26,793
Total	**19,235**	**26,793**

Other financial obligations include contracted obligations for future payments related to outsourcing, networking, imaging and licences.

35 Operating leases

Non cancellable operating lease commitments:

	2013	2012
Less than one year	20,694	20,987
Between one and five years	63,178	64,127
More than five years	33,079	37,147
Total	**116,951**	**122,261**

The Group 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 94% (2012: 92%) of the total future payments regarding operating leases.

During the year an amount of EUR 23.9 million (2012: EUR 22.3 million) has been recognised as expense.

36 Personnel

The number of employees working for the Group:

	2013	2012
Total average number of employees (full-time equivalent)	3,132	3,139
Total year end number of employees (full-time equivalent)	3,107	3,143
Total year end number of employees	3,257	3,315

37 Related party transactions

The shareholder structure of the Company is listed in the following table:

Shareholder	**Number of shares**	**Percentage of outstanding shares**	**Percentage of voting rights**	**Number of shares**	**Percentage of outstanding shares**	**Percentage of voting rights**
		2013			**2012**	
Grupo Compañía Española de Crédito y Caución, S.L. *	50,822,141	64.23%	64.23%	50,822,141	64.23%	64.23%
Grupo Catalana Occidente S.A.	28,300,001	35.77%	35.77%	28,300,001	35.77%	35.77%
Total	**79,122,142**	**100.00%**	**100.00%**	**79,122,142**	**100.00%**	**100.00%**

** As at 31 December 2013 Grupo Catalana Occidente, S.A. owns 73.84% of Grupo Compañía Española de Crédito y Caución, S.L.*

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

2013	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Reinsurance				
CLAL Credit Insurance Ltd., Tel Aviv	3,337	83	-	-
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	10,143	-	-	645
The Lebanese Credit Insurer S.A.L., Beirut	1,938	733	374	702
Insurance (other)				
Graydon Holding N.V., Netherlands	-	1,292	-	-
Reinsurance programme				
Seguros Catalana Occidente, S.A.	2,077	2,423	1,623	649
Employee benefits				
Seguros Catalana Occidente, S.A.	-	-	10,343	-

2012	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Reinsurance				
CLAL Credit Insurance Ltd., Tel Aviv	3,334	-	-	320
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	7,015	-	1,803	-
The Lebanese Credit Insurer S.A.L., Beirut	1,554	625	185	166
Les Assurances des Crédits Commerciaux S.A., Tunis*	658	-	127	-
Insurance (other)				
Graydon Holding N.V., Netherlands	-	1,372	-	-
Reinsurance programme				
Seguros Catalana Occidente, S.A.	2,395	2,567	2,019	620
Employee benefits				
Seguros Catalana Occidente, S.A.	-	-	6,126	-

** Liquidated 1 January 2013*

Reinsurance includes transactions with associated companies.

Sales consist of the net effect of Reinsurance business (premiums, claims, recoveries and commission) and for information services provided to the Group. Purchases consist of the net effect of (retro-) ceded insurance (premiums, claims, recoveries and commission). For employee benefits, purchases consist of pension contributions paid in the year; the amounts owed by related parties consists of the fair value of the related insurance policies as calculated under the requirements of IAS 19.

Terms and conditions of transactions with related parties

Seguros Catalana Occidente, S.A. participates in the credit insurance and bonding quota share reinsurance treaty for Crédito y Caución, with 1.47% of the total cession (45%) of this treaty.

No guarantees have been provided or received for any related party receivables for 2013 or 2012. For the years ending 31 December 2013 and 2012, the Group has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

The other relationships with the above stated related parties were as follows:

- Seguros Catalana Occidente, S.A. is a fellow subsidiary.

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

Compensation of key current and former management personnel of the Group

The following table provides details on the remuneration for members of the Management Board, Supervisory Board and other identified staff. Other identified staff are the members of the RSMB, not part of the Management Board, and other staff members that hold control positions.

On 31 December 2013, the Management Board consisted of five members (2012: four members), the Supervisory Board of nine members (2012: eight members) and other identified staff of six members (2012: six members).

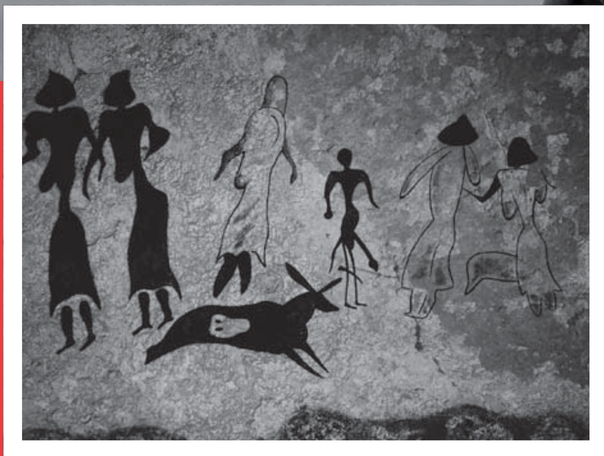
Remuneration	2013	2012
Management Board		
Short-term employee benefits[1)]	1,877	2,118
Long-term employee benefits	1,115	822
Post-employment benefits	338	345
Total compensation paid to Management Board members	**3,330**	**3,285**
Supervisory Board		
Short-term employee benefits[1)]	490	423
Total compensation paid to Supervisory Board members	**490**	**423**
Other identified staff		
Short-term employee benefits[1)]	1,160	1,135
Long-term employee benefits	410	393
Post-employment benefits	140	145
Total compensation paid to other identified staff	**1,710**	**1,673**

1) Short-term employee benefits include salaries, housing, social security, medical expenses, lease cars and other. A crisis tax levy of 16% as imposed by the Dutch government amounts to EUR 202,752 (2012: EUR 264,678). The crisis tax levy is payable by the employer and is charged over income of employees exceeding a EUR 150,000 threshold in 2013 (as in 2012). These expenses are included in the remuneration costs mentioned.

From the total compensation payable to Management Board members, EUR 2.2 million (2012: EUR 2.5 million) has been paid at the end of the reporting period. The remaining balance payable is subject to meeting the variable payable 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.

38 Events after the reporting period

There are no events to report.



The evolution of communication

From cave paintings to social media, Man has always sought ways to share information, observation and understanding. Throughout the centuries, and indeed millennia, simple pictures evolved into hieroglyphics and alphabetic writing systems – and as early as 1700 BC such a system is thought to have been created in Egypt.

Since the advent of simple smoke signals, a vital role of communication has been to convey strategic instructions and warnings. The semaphore system used by Napoleon as a military aid enabled the emperor to send such messages from Paris to his armies as far afield as Italy in a few hours.

Fast forward to the present day. Atradius' state-of-the-art technology enables us to alert our clients immediately of the risks that may hinder their trade across the globe, and thus help them to avoid serious financial loss.

Company financial statements 2013

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Company financial statements

Company statement of financial position (before profit appropriation)

Assets	Note	31.12.2013	31.12.2012 *Restated
Fixed assets		**1,292,351**	**1,203,365**
Property, plant and equipment	3	82	-
Investments in group companies	4	1,292,269	1,203,365
Current assets		**6,524**	**11,770**
Receivables from group companies		398	6,288
Cash and cash equivalents		6,126	5,482
Total		**1,298,875**	**1,215,135**
Equity			
Capital and reserves attributable to the equity holders of the Company	5		
Share capital		79,122	79,122
Share premium reserve		828,389	940,348
Legal reserve participations		433,783	365,664
Retained earnings		(188,892)	(302,414)
Result for the year (unappropriated)		134,522	113,660
Total		**1,286,924**	**1,196,380**
Liabilities			
Provision for deferred tax liabilities	6	**2,829**	**12,119**
Current liabilities		**9,122**	**6,636**
Payables to group companies		1,113	1,041
Trade and other payables		2	48
Other liabilities	7	3,742	4,062
Current income tax liabilities		4,265	1,485
Total		**11,951**	**18,755**
Total equity and liabilities		**1,298,875**	**1,215,135**

Company income statement

	2013	2012 *Restated
Income after tax from group companies	146,235	124,708
Other results after tax	(11,713)	(11,048)
Result for the year	**134,522**	**113,660**

** Certain amounts do not correspond to the 2012 financial statements and reflect the effect of a change in accounting policy for employee benefits; see Note 2.2.*

Company statement of changes in equity

	Share capital	Share premium reserve	Legal reserve participations	Retained earnings	Result for the year	Total
Balance at 1 January 2012	**79,122**	**1,098,716**	**254,727**	**(432,261)**	**129,847**	**1,130,151**
Impact of change in accounting policy (IAS 19, see Note 2.2)	-	-	(308)	-	-	**(308)**
Restated balance at 1 January 2012	**79,122**	**1,098,716**	**254,419**	**(432,261)**	**129,847**	**1,129,843**
Change in revaluation group companies	-	-	(4,501)	-	-	**(4,501)**
Change in currency translation reserve	-	-	896	-	-	**896**
Net income recognised directly in equity	**-**	**-**	**(3,605)**	**-**	**-**	**(3,605)**
Appropriation of prior year result	-	-	-	129,847	(129,847)	**-**
Result for the year	-	-	-	-	113,660	**113,660**
Change in regulatory reserve	-	(114,850)	114,850	-	-	**-**
Issue of share capital	-	-	-	-	-	**-**
Dividends	-	(43,518)	-	-	-	**(43,518)**
Restated balance at 31 December 2012	**79,122**	**940,348**	**365,664**	**(302,414)**	**(113,660)**	**1,196,380**
Balance at 1 January 2013	**79,122**	**940,348**	**365,664**	**(302,414)**	**113,660**	**1,196,380**
Change in revaluation group companies	-	-	16,420	-	-	**16,420**
Reduction of non-controlling interests	-	-	-	(138)	-	**(138)**
Change in currency translation reserve	-	-	(16,743)	-	-	**(16,743)**
Net income recognised directly in equity	**-**	**-**	**(323)**	**(138)**	**-**	**(461)**
Appropriation of prior year result	-	-	-	113,660	(113,660)	**-**
Result for the year	-	-	-	-	134,522	**134,522**
Change in regulatory reserve	-	(68,442)	68,442	-	-	**-**
Issue of share capital	-	-	-	-	-	**-**
Dividends	-	(43,517)	-	-	-	**(43,517)**
Balance at 31 December 2013	**79,122**	**828,389**	**433,783**	**(188,892)**	**134,522**	**1,286,924**

Notes to the Company financial statements

1 General information

Atradius N.V. (referred to as the "Company'), based in Amsterdam (The Netherlands), is the parent company of the Atradius Group.

The Company financial statements are part of the 2013 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 a number of Group companies.

The Company financial statements have been authorised for issue by the Management Board on 6 March 2014.

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.

2.2 Change in accounting policy

As explained in Note 2.3 of the consolidated financial statements, there has been a change in accounting policy due to the adoption of IAS 19R. The opening statement of financial position as at 1 January 2012 has been adjusted (negative impact of EUR 308 thousand). The implementation of IAS 19R had a negative impact (net of tax) of EUR 414 thousand on total equity as at 31 December 2012. Furthermore, the result for the year 2012 is EUR 3.6 million lower, which is offset by an increase in the legal reserve participations of EUR 3.2 million. The impact on the company financial statements is further detailed in the tables below.

Company statement of financial position

	Impact of implementing IAS 19R		
	As previously reported	As restated	Impact
1 January 2012			
Investments in group companies	1,137,174	1,136,866	(308)
Legal reserve participations	(254,727)	(254,419)	308
Total equity	(1,130,151)	(1,129,843)	308
31 December 2012			
Investments in group companies	1,203,779	1,203,365	(414)
Result for the year (unappropriated)	117,278	113,660	(3,618)
Legal reserve participations	(362,460)	(365,664)	(3,204)
Total equity	(1,196,794)	(1,196,380)	414

Company income statement

	Impact of implementing IAS 19R		
	As previously reported	As restated	Impact
For the year ended 31 December 2012			
Income after tax from group companies	128,326	124,708	(3,618)
Other results after tax	(11,048)	(11,048)	-
Impact on result for the year	**117,278**	**113,660**	**(3,618)**

For further details on this change, see Note 2.3 of the consolidated financial statements.

2.3 Investments in Group companies

The Group companies are valued using the equity method in accordance with the accounting principles applied in the consolidated financial statements.

2.4 Legal reserve participations

Legal reserve participations have to be created under Dutch legislation for the reserves established by subsidiaries that cannot be distributed.

3 Property, plant and equipment

Fixtures and fittings	2013	2012
At cost at 1 January	150	150
Additions	86	-
Disposals	(150)	-
At cost at 31 December	**86**	**150**
Accumulated depreciation and impairments at 1 January	(150)	(140)
Depreciation charge for the year	-	(10)
Disposals	146	-
Accumulated depreciation and impairments at 31 December	**(4)**	**(150)**
Balance at 1 January	**-**	**10**
Balance at 31 December	**82**	**-**

4 Investments in group companies

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

	2013	2012
Balance at 1 January	**1,203,365**	**1,136,866**
Share of profit/(loss)	146,235	124,708
Dividends received	(55,017)	(55,517)
Revaluation reserve and pension reserve movements	16,420	(4,501)
Foreign exchange reserve movements	(18,734)	1,809
Balance at 31 December	**1,292,269**	**1,203,365**

5 Capital and reserves

5.1 Share capital

Balance at 1 January and 31 December	2013	2012
Authorised share capital	250,000	250,000
Issued and fully paid share capital	79,122	79,122

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 (2012: the same) of which 79,122,142 ordinary shares were issued and full paid (2012: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

5.2 Share premium reserve

	2013	2012
Balance at 1 January	**940,348**	**1,098,716**
Transfer between legal reserve participations and share premium reserve	(68,442)	(114,850)
Dividends	(43,517)	(43,518)
Balance at 31 December	**828,389**	**940,348**

5.3 Legal reserve participations

	2013	2012
Balance at 1 January	**365,664**	**254,419**
Change in revaluation reserve and pension reserve group companies	16,420	(4,501)
Change in currency translation reserve	(16,743)	896
Change in regulatory reserve	68,442	114,850
Balance at 31 December	**433,783**	**365,664**

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 reserve in the consolidated financial statements, are presented together in the legal reserve participations 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 participations in the company financial statements;
- based on preliminary figures, the regulatory reserve mainly consists of the equalisation provision of EUR 316.5 million (2012: EUR 253.4 million) and the required solvency of EUR 199.2 million (2012: EUR 201.2 million) which are stipulated by local insurance regulators.

The Company can build up the regulatory reserve from its retained earnings or from the share premium reserve by deducting each increase in the regulatory reserve from either one of these components. The Company decided to build up the regulatory reserve from the share premium reserve in both 2012 and 2013.

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

	2013	2012
Revaluation reserve and pension reserve group companies	(44,675)	(61,095)
Currency translation reserve	(62,463)	(45,720)
Regulatory reserve	540,921	472,479
Total	**433,783**	**365,664**

5.4 Retained earnings

	2013	2012
Balance at 1 January	**(302,414)**	**(432,261)**
Reduction of non-controlling interests	(138)	-
Appropriation of prior year result	113,660	129,847
Balance at 31 December	**(188,892)**	**(302,414)**

6 Provision for deferred tax liabilities

	2013	2012
Balance at 1 January	**12,119**	**11,190**
Additional provisions	-	929
Utilised	(9,290)	-
Balance at 31 December	**2,829**	**12,119**

7 Other liabilities

	2013	2012
Other taxes	634	317
Long-term employee benefits	1,365	1,234
Other liabilities	1,743	2,511
Total	**3,742**	**4,062**

8 Contingencies

The Company has contingent liabilities in respect of bank and other guarantees and other matters 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 (2012: 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 Credit Insurance N.V., 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, like all other insurers, 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 first priority guarantor for the guaranteed subordinated loan issued by Atradius Finance B.V. (see Note 17 of the consolidated financial statements).

9 Personnel

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

	2013	2012
Total average number of employees (full-time equivalent)	5.5	5
Total year end number of employees	6	5

10 Auditor fees

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

2013	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	1,026	1,347	2,400
Other audit services	132	56	188
Fiscal advisory services	-	29	29
Non-audit services	-	32	32
Total	**1,158**	**1,491**	**2,649**

2012	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	984	1,347	2,331
Other audit services	127	61	188
Fiscal advisory services	-	40	40
Non-audit services	-	98	98
Total	**1,111**	**1,546**	**2,657**

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

11 Remuneration of Management Board and Supervisory Board

For information on remuneration of the members of the Management Board and the Supervisory Board: see Note 37 of the consolidated financial statements.

Other information

Proposed profit appropriation

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.

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 53.8 million out of the share premium reserve.

Events after the reporting period

There are no events to report.

Amsterdam, 6 March 2014

The Supervisory Board

Ignacio Álvarez (Chairman)

Francisco Arregui (Vice-Chairman)

Paul-Henri Denieuil (Honorary Chairman)

Xavier Freixes

Désirée van Gorp

Bernd Hinrich Meyer

José Ruiz

Hugo Serra

Dick Sluimers

The Management Board

Isidoro Unda (Chairman)

Dominique Charpentier

Claus Gramlich-Eicher

Christian van Lint

Andreas Tesch

Independent auditor's report

To the General Meeting of Atradius N.V

Report on the financial statements

We have audited the accompanying financial statements 2013 of Atradius N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as per 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the consolidated management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Atradius N.V. as per 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Atradius N.V. as per 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the consolidated management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the consolidated management report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 6 March 2014
Deloitte Accountants B.V.

Signed on the original: C.J. de Witt

Glossary

Atradius Modula

A family of modular credit insurance policies, offering companies greater flexibility to tailor their policies to their specific needs.

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 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.

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CIOO

Chief Insurance Operations Officer

CMO

Chief Market Officer

CRO

Chief Risk Officer

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 sum of the claims ratio and the expense ratio.

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.

European Economic Area (EEA)

The economic association of European countries, including all member countries of the European Union (EU) and Iceland, Norway, and Liechtenstein.

Euro zone

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 statement 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.

Global Reporting initiative (GRI)

A leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. Allied with the UN Global Compact.

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 France, 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 holder of an insurance policy for protection against the risk of non-payment by (foreign or domestic) buyers. Customers pay insurance premium to receive this protection.

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 reinsurance company for credit insurance and bonding business of primary insurers. This activity is performed by a dedicated team of underwriters at Atradius Reinsurance Ltd.

SME

Small and medium-sized enterprises.

Solvency II

An EU Directive that codifies the EU insurance regulation. It introduces a new regulatory framework and is expected to 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.

Whole turnover policy

Protection provided to the insured in the form of a credit insurance policy that covers the total trade receivables portfolio of an insured customer against the risk of non-payment of its buyers (for commercial risks) and the country of the buyers (for political risks).

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Disclaimer

The information in the chapter 'The global economic environment in 2013' is for general guidance on matters of interest only. While we have made every attempt to ensure that the information contained in this chapter 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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Overview of subsidiaries, branches, associated companies and minority shareholders

The following table sets forth, as at 31 December 2013, 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	UAE	49%
Atradius Collections B.V.	Netherlands	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
Hungary branch	Hungary	
Ireland branch	Ireland	
Poland branch	Poland	
Atradius Collections Holding B.V.	Netherlands	
Atradius Collections Limited	Hong Kong	
Atradius Collections Limited	United Kingdom	
Atradius Collections Pte. Limited	Singapore	
Atradius Collections Pty. Limited	Australia	
Atradius Collections S.A.	Belgium	
France branch	France	
Germany branch	Germany	
Italy branch	Italy	
Atradius Collections, S.A. de C.V.	Mexico	
Atradius Collections S.L.	Spain	
Atradius Collections, Inc.	USA	
Atradius Credit Information & Consulting (Shanghai) Co. Ltd.	China	
Atradius Credit Insurance Agency, Inc.	USA	
Atradius Credit Insurance N.V.	Netherlands	
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	
New Zealand branch	New Zealand	
Norway branch	Norway	
Poland branch	Poland	
Shanghai representative office	China	
Singapore branch	Singapore	
Slovakia branch	Slovakia	
Spain branch	Spain	
Sweden branch	Sweden	
Switzerland branch	Switzerland	
Turkey branch	Turkey	
United Kingdom branch	United Kingdom	

Name	Country	Ownership
Atradius Credit Management Services B.V.	Netherlands	
Atradius Credit Management Services (RUS) LLC	Russia	
Atradius Dutch State Business N.V.	Netherlands	
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	
United Kingdom branch	United Kingdom	
Atradius Insurance Holding N.V.	Netherlands	
Atradius Investments Limited	Ireland	
Atradius Participations Holding B.V.	Netherlands	
Atradius Pension Trustees Ltd.	United Kingdom	
Atradius Reinsurance Limited	Ireland	
Atradius Rus Credit Insurance LLC	Russia	
Atradius Seguros de Crédito, S.A.	Mexico	
Atradius Trade Credit Insurance, Inc.	USA	
CLAL Credit Insurance Ltd.	Israel	20%
Compagnie Tunisienne pour l'Assurance du commerce Extérieur S.A.	Tunisia	3.92%
Compañia Española de Seguros y Reaseguros de Crédito y Caución S.A.u.	Spain	
Portugal branch	Portugal	
Compania 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 à Exportaçao S.A.	Brazil	
Crédito y Caución Seguradora de Crédito e Garantias S.A.	Brazil	
DAP Holding N.V.	Netherlands	2.37%
Graydon Holding N.V.	Netherlands	45%
Hotel Maatschappij de Wittenburg B.V.	Netherlands	2.7%
Iberinform Internacional S.A.u.	Spain	
Iberinmobiliaria, S.A.u.	Spain	
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 N.V.	Netherlands	0.5%
PTI Credit Risk Consultancy Private Ltd.	India	
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

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