

2017

Annual Report
Atradius Finance B.V.



Contents

Report of the Management Board.....	3
Company financial statements 2017.....	7
Other information.....	20

Report of the Management Board

01

Report of the Management Board

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

The sole shareholder of Atradius Finance B.V. is Atradius N.V. (together with its subsidiaries referred to as Atradius), which is a company incorporated and domiciled in Amsterdam, the Netherlands. The ultimate parent and the ultimate controlling party of Atradius is Grupo Catalana Occidente, S.A. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

Risk management

The Company is part of Atradius and relies for its risk management on the Atradius risk management framework. The information found in this report, therefore, is consistent, where relevant for Atradius Finance, with the notes on risk and capital management found in the 2017 annual report of Atradius N.V. The corporate bodies and committees as described operate at Atradius level.

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

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

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

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

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

For further information we refer to Note 4 'Risk and capital management' in the 2017 Atradius N.V. consolidated financial statements.

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

Financial performance

The result for the year of the Company is mainly driven by the interest margin on the loan granted to Atradius Insurance Holding N.V and the issued guaranteed subordinated loan. The interest margin and the net operating expenses are not expected to change significantly over the duration of the loans.

Ratings

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

The subordinated notes issued by the Company have been assigned a debt rating of 'bbb-, outlook stable' by A.M. Best and 'Baa3, outlook stable' by Moody's.

Amsterdam, 20 March 2018

The Management Board

Claus Gramlich-Eicher
Dirk Hagener
Fiona Bejjdorff

Conformity statement

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

- The Atradius Finance B.V. 2017 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Atradius Finance B.V.;
- The Atradius Finance B.V. 2017 annual report gives a true and fair view of the position of Atradius Finance B.V. at the end of the reporting period and of the development and performance of the business during the financial year 2017, together with a description of the principal risks Atradius Finance B.V. is being confronted with.

Amsterdam, 20 March 2018

The Management Board

Claus Gramlich-Eicher

Dirk Hagener

Fiona Beijdorff

Company Financial Statements

02

Company financial statements 2017

Contents

Company financial statements.....	9
Notes to the financial statements	
1 General information.....	11
2 Summary of significant accounting policies.....	11
3 Management of financial risk.....	14
4 Notes to the statement of financial position.....	16
5 Notes to the income statement.....	17
6 Personnel.....	17
7 Related party transactions.....	18
8 Auditor fees.....	18
9 Remuneration of the Management Board.....	18
10 Events after the reporting period.....	19
11 Proposed profit appropriation.....	19

Company financial statements

Company statement of financial position (after profit appropriation)

Assets	Note	31.12.2017	31.12.2016
Financial assets			
Loans and receivables	4.1.1	248,000	248,000
Other assets	4.1.2	3,683	3,688
Cash and cash equivalents	4.1.3	1,134	967
Total		252,817	252,655
Equity			
Capital and reserves attributable to the equity holders of the Company	4.2.1	620	637
Total		620	637
Liabilities			
Subordinated loan	4.3.1	248,614	248,447
Payables	4.3.2	12	-
Other liabilities	4.3.3	3,571	3,571
Total		252,197	252,018
Total equity and liabilities		252,817	252,655

Company income statement

	Note	2017	2016
Interest income	5.1	13,293	13,293
Interest expense	5.2	(13,293)	(13,283)
Net income from investments		0	10
Net operating expenses	5.3	(22)	(22)
Result for the year before tax		(22)	(12)
Income tax (expense) / income		5	3
Result for the year		(17)	(9)
Total result for the year		(17)	(9)

Company statement of changes in equity

Attributable to the owners of the Company			
	Share capital	Retained earnings	Total equity
Balance at 1 January 2016	18	628	646
Total result for the year	-	(9)	(9)
Balance at 31 December 2016	18	619	637
Balance at 1 January 2017	18	619	637
Total result for the year	-	(17)	(17)
Balance at 31 December 2017	18	602	620

Company statement of cash flows

	2017	2016
I. Cash flows from operating activities		
Interest received - loans and receivables	13,293	13,293
Cash payments to suppliers and related parties	(1)	(72)
Net cash (used in)/generated by operating activities	13,292	13,221
II. Cash flows from financing activities		
Interest paid - subordinated loan (bond)	(13,125)	(13,125)
Net cash (used in)/generated by financing activities	(13,125)	(13,125)
Changes in cash and cash equivalents (I + II)	167	96
Cash and cash equivalents at the beginning of the year	967	871
Cash and cash equivalents at the end of the year	1,134	967

The non-cash changes in liabilities arising from financing activities during the year are EUR 167 thousand.

Notes to the company financial statements

1 General information

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

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

These financial statements have been authorised for issue by the Management Board on 20 March 2018.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also comply with Part 9 of Book 2 of the Dutch Civil Code.

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 Company's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

2.2 New and revised standards

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

2.2.1 Standards, amendments and interpretations effective in 2017

The Amendments to IAS 7 Statement of Cash Flows, has been adopted in 2017. The Amendments require entities to provide disclosures that will enable investors to evaluate changes in liabilities from financing activities, including changes arising from cash flows and non-cash flows changes. The Company included the required disclosures.

2.2.2 Standards, amendments and interpretations not yet adopted

The following relevant standards and amendments are effective for annual periods beginning after 31 December 2017 and have not been early adopted by the Company:

- IFRS 9 Financial Instruments (effective 1 January 2018). This standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The standard is not expected to have a material impact on the financial statements;
- Annual improvements cycle 2014-2016 Cycle (effective 1 January 2018). The Cycle introduces limited amendments to the following standards: IAS 28 Investments in Associates and Joint ventures and IFRS 1 First time adoption of

International Financial Reporting Standards. The amendments are not expected to have an impact on the financial statements.

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

- Annual improvements cycle 2015-2017 Cycle (effective 1 January 2019). The Cycle introduces limited amendments to the following standards: IFRS 3 Business combinations, IFRS 11 Joint arrangements, IAS 12 Income taxes and IAS 23 Borrowing costs. The amendments are not expected to have a material impact on the financial statements;
- IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019). The interpretation is not expected to have a material impact on the financial statements.

2.3 Changes in presentation

The information contained in this financial statements referred to 2016 are disclosed solely for comparative purposes with the current period presentation.

The income statement of 2016, disclosed solely for comparative purposes, differs from the income statement approved for the 2016 year-end due to a reclassification of EUR 10 thousand from the line interest expense to Net operating expenses. This amendment has no impact on equity or the total result for 2016.

2.4 Segment reporting

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

2.5 Financial assets

The Company classifies its financial assets depending on the purpose for which they are acquired. The Company determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

2.5.1 Loans and receivables

Loans and receivables are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell in the short-term. 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.

2.5.2 Impairment of financial assets

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

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 Company 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.

2.6 Cash and cash equivalents

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

2.7 Capital and reserves

2.7.1 Share capital

Share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.7.2 Retained earnings

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

2.8 Subordinated loans

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

2.9 Taxation

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 in other comprehensive income, in which case it is recognised in other comprehensive income.

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

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

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

2.10 Statement of income

2.10.1 Income

Net income from investments

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

2.10.2 Expenses

Net operating expenses

Net operating expenses comprise administrative expenses.

2.11 Statement of cash flows

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

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

- Cash flows are inflows and outflows of cash and cash equivalents;
- Operating activities are the principal revenue-producing activities of the Company and other activities that are not financing activities;
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company.

3 Management of financial risk

3.1 Financial risk

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

3.1.1 Credit risk

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

3.1.2 Liquidity risk

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

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

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities (and related assets) based on the earliest contractual repayment date. When the Company has a choice of when an amount is paid, the financial liability is allocated to the latest period in which the Company can be required to pay. The Company's options to redeem the subordinated

notes (see Note 4.3.1) and to terminate the loan (see Note 4.1.1) prior to their contractual maturity dates are not reflected in the tables below.

At 31 December 2017	Contractual cash flows (undiscounted)				Carrying value
	0-1 years	1-3 years	3-5 years	>5 years	
Interest bearing assets					
Granted loan	13,293	26,586	26,586	504,231	248,000
Interest bearing liabilities					
Subordinated notes	13,125	26,250	26,250	507,822	248,614

At 31 December 2016	Contractual cash flows (undiscounted)				Carrying value
	0-1 years	1-3 years	3-5 years	>5 years	
Interest bearing assets					
Granted loan	13,293	26,586	26,586	518,012	248,000
Interest bearing liabilities					
Subordinated notes	13,125	26,250	26,250	521,439	248,447

3.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of the financial assets or financial liabilities will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. The Company is only exposed to interest rate risk.

3.1.3.1 Interest rate risk

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

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

	Weighted average effective interest rate %	
	2017	2016
Interest bearing assets		
Granted loan	5.36%	5.36%
Interest bearing liabilities		
Subordinated notes	5.35%	5.35%

3.1.3.2 Currency risk

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

3.1.3.3 Equity price risk

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

4 Notes to the statement of financial position

4.1 Assets

4.1.1 Financial assets

The financial assets relate to a loan granted on 23 September 2014 to Atradius Insurance Holding N.V., a related party, of EUR 248 million, with an original maturity of 30 years. The loan bears interest on the principal amount consisting of a fixed rate of interest of 5.360% per annum payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 5.031% per annum payable quarterly for the remaining 20 years. Provided that notice has been given to the other parties, the Company and Atradius Insurance Holding N.V. have the possibility to terminate this loan on 23 September 2024 and each interest payment date thereafter, without any penalties.

The fair value of the loan at year-end 2017 is estimated at EUR 295 million (2016: EUR 234 million). The estimate is calculated in line with the estimate for the subordinated notes (see Note 4.3.1). The loan is classified as a level 2 financial instrument under the fair value hierarchy since it is related to the subordinated notes (see Note 4.3.1). There have been no transfers into or out of Level 2 of the fair value hierarchy during 2016 and 2017.

4.1.2 Other assets

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

4.1.3 Cash and cash equivalents

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

4.2 Equity

4.2.1 Capital and reserves

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

4.3 Liabilities

4.3.1 Subordinated loan

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

The subordinated notes issued by the Company have been assigned a debt rating of 'bbb-, outlook stable' by A.M. Best and 'Baa3, outlook stable' by Moody's.

The fair value estimate of the notes at year-end is EUR 295 million (2016: EUR 234 million) and is classified as Level 2 under the fair value hierarchy as it is based on binding quotes from independent brokers.

There have been no transfers into or out of Level 2 of the fair value hierarchy during 2016 and 2017.

4.3.2 Payables

Payables are all current and relate mainly to operating costs.

4.3.3 Miscellaneous liabilities and accruals

The other liabilities consist of the accrued interest balance on the bonds at the end of the reporting period of EUR 3.6 million (2016: EUR 3.6 million).

5 Notes to the income statement

5.1 Interest income

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

5.2 Interest expense

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

5.3 Net operating expenses

This amount consists of administrative expenses.

6 Personnel

The company has no employees (2016: nil).

7 Related party transactions

At 31 December 2017	Interest income related parties	Interest expense related parties	Amounts owed by related parties	Amounts owed to related parties
Atradius Insurance Holding N.V.	13,293	-	251,605	-
Atradius Crédito y Caucción S.A. de Seguros y Reaseguros	-	-	1,134	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,098	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	715	-	11,636
Bilbao Compañía Anónima de Seguros y Reaseguros	-	159	-	2,717
Total	13,293	2,972	252,739	54,353

At 31 December 2016	Interest income related parties	Interest expense related parties	Amounts owed by related parties	Amounts owed to related parties
Atradius Insurance Holding N.V.	13,293	-	251,605	-
Atradius Crédito y Caucción S.A. de Seguros y Reaseguros	-	-	967	-
Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros	-	2,104	-	40,000
Seguros Catalana Occidente S.A. de Seguros y Reaseguros	-	225	-	11,291
Bilbao Compañía Anónima de Seguros y Reaseguros	-	31	-	2,000
Total	13,293	2,360	252,572	53,291

Subordinated loan

Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, a subsidiary of the ultimate parent of Atradius has purchased on 23 September 2014 EUR 40 million (16.0%) of the guaranteed subordinated notes. During 2017 and 2016 additional guaranteed subordinated notes were purchased by Seguros Catalana Occidente S.A. de Seguros y Reaseguros (EUR 11.6 million, 4.6%) and Bilbao Compañía Anónima de Seguros y Reaseguros (EUR 2.7 million, 1.1%). Both companies are also subsidiaries of the ultimate parent of Atradius.

The interest expense relating to this portion in 2017 was EUR 2.9 million (2016 EUR 2.4 million).

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

8 Auditor fees

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

9 Remuneration of the Management Board

There was no remuneration for members of the Management Board in 2017 and 2016.

10 Events after the reporting period

There are no events to report.

11 Proposed profit appropriation

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

Other Information

03

12 Statutory appropriation of result

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

Independent auditor's report

To the shareholders of Atradius Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS THE YEAR ENDED 31 DECEMBER 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements the year ended 31 December 2017 of Atradius Finance B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Atradius Finance B.V. as at 31 December 2017, and of its result and its cash flows for the year ended 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2017.
2. The following statements for the year ended 31 December 2017: the income statement, the statement of changes in equity and the statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Atradius Finance B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 390,000. The materiality is based on a percentage of interest income. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with Management Board that misstatements in excess of € 19,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to Management Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How our audit addressed the key audit matter
<p>Valuation of granted loan and subordinated debt</p> <p>The key risk in our audit of the company relates to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The main exposure to credit risk is under the loan granted by the company to its affiliate Atradius Insurance Holding N.V. The loan is related to the issued subordinated notes (subordinated loan liability on the balance sheet). Atradius Insurance Holding N.V. is a subsidiary of Atradius N.V., the shareholder of the company, who acts as a guarantor under the subordinated notes.</p>	<p>In our audit procedures, we gave special attention to the credit risk's potential impact of the valuation of the granted loan to Atradius Insurance Holding N.V. We also recalculated the effective interest rate based on the transaction costs and proceeds of issuance received by the company. We further evaluated the adequacy of the disclosure in the annual report, note 3, 4.1.1, 4.3.1 and 7.</p>

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Report of the Management Board
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by Management Board as auditor of Atradius Finance B.V. on 8 April 2008, as of the audit for the year 2008 and have operated as statutory auditor ever since that date.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Management Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

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

Amsterdam, 20 March 2018

Deloitte Accountants B.V.

Signed on the original: R.J.M Maarschalk