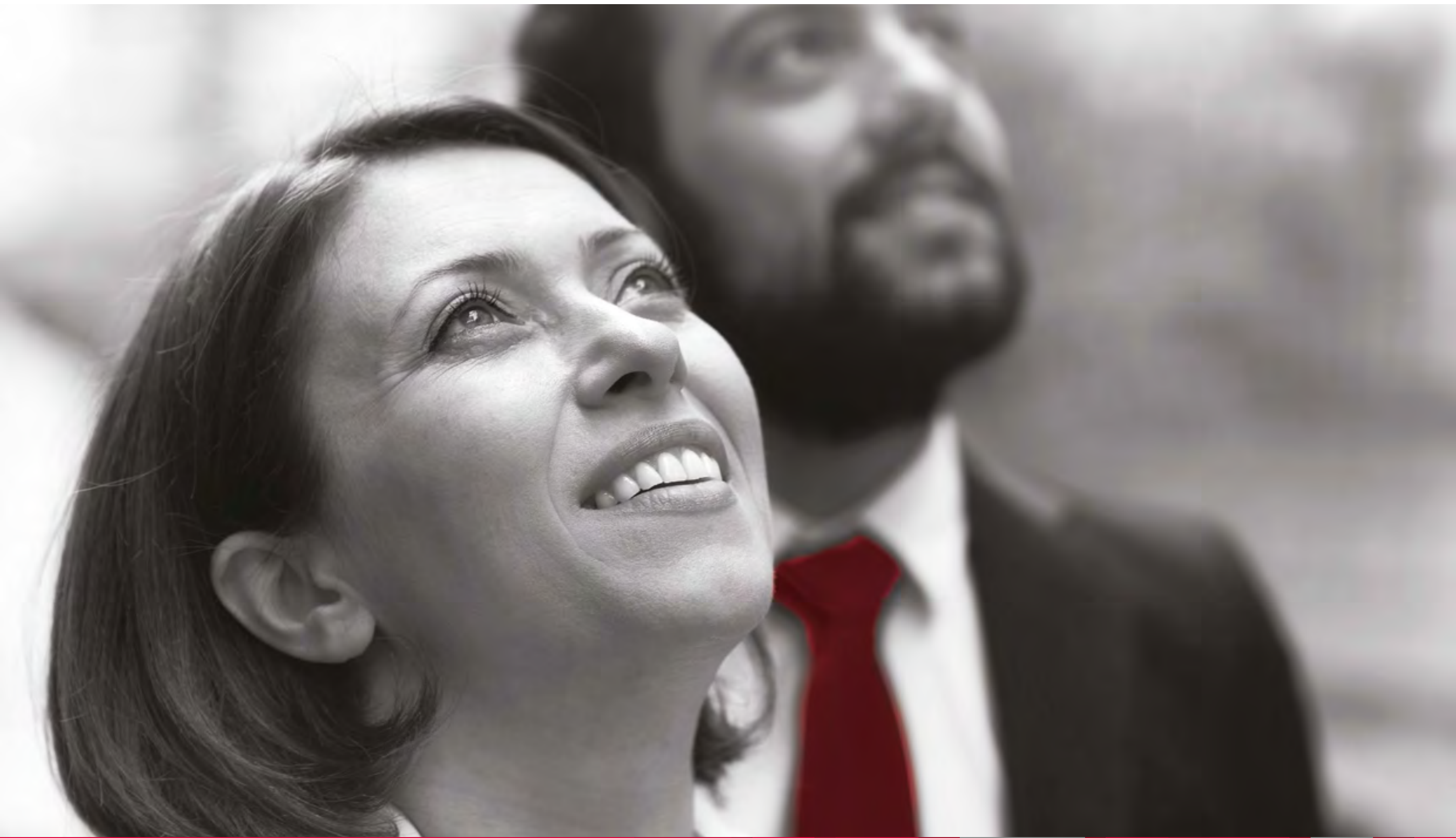
Atradius
Managing risk, enabling trade



Helping our customers grow

Annual Report 2014

Contents

This is Atradius

As the 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. Our core credit insurance product is complemented by bonding products, debt collection services 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 1.7 billion, 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.

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

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

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

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

2004 – Gerling NCM rebrands to Atradius.

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

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

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

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

Our 2014 performance at a glance

Another year of strong results with positive contributions across the Group

- Total revenue increased by 3.3% (3.6% at constant foreign exchange rates), increasing in Western Europe and showing good growth in new markets.
- A steady cash inflow from the Group's insurance business and positive performance of the investment portfolio contributed to a good investment result.
- Through effective risk management we improved our claims ratio to 40.7% despite the continuing challenging risk environment, while at the same time our risk acceptance remained high.
- The combined ratio ended at 77.3%, a 4.3 percentage point improvement on 2013, despite expenses being impacted by one-off expenses, and higher commissions paid.
- The result for the year was EUR 161.2 million: an improvement of 19.8% on 2013 with a major contribution from our Iberian region.
- Our equity position was strengthened by 8.2%, due mainly to profit generation.
- Our long term capital position improved by 16.7% following the increase of equity and the issuance of the EUR 250 million subordinated debt.

Management Board

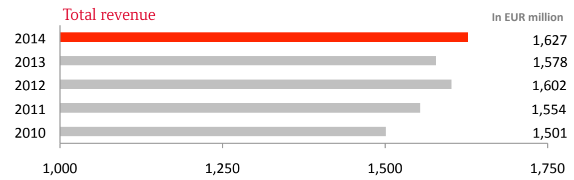
Isidoro Unda (Chairman)
Andreas Tesch
Christian van Lint
Dominique Charpentier
Claus Gramlich-Eicher

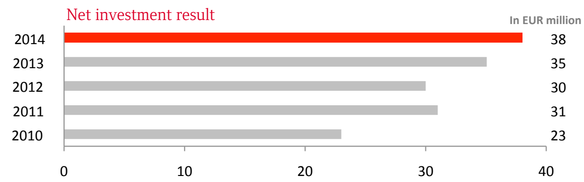
The Supervisory Board

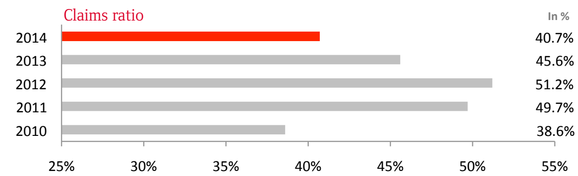
Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd Meyer
Dick Sluimers
José Ruiz
Xavier Freixes
Hugo Serra
Désirée van Gorp

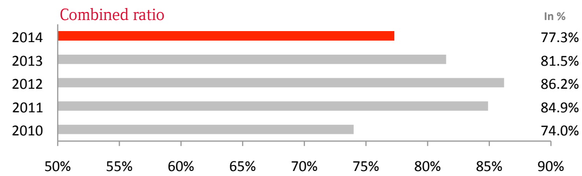
Supervisory Board Committees

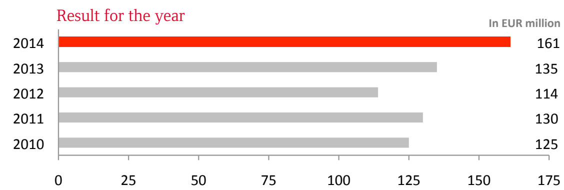
Audit Committee
Remuneration, Selection and Appointment Committee

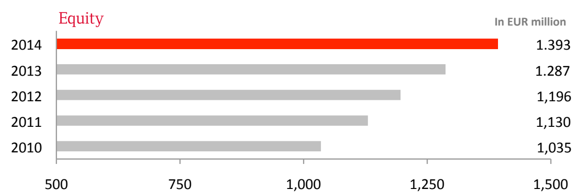












Ten years in figures

Financial Information (in EUR million)	2014	2013	2012	2011	2010	2009	2008[1]	2007	2006	2005
Insurance premium revenue	1,458.2	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
Service and other income	169.0	166.4	161.8	150.5	155.1	197.8	225.4	166.9	152.9	146.7
Total revenue	1,627.2	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
Net investment result[2]	37.8	35.1	30.3	31.1	22.7	68.3	47.8	79.7	55.5	45.9
Total income	1,665.0	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
Result for the year	161.2	134.5	113.6	129.8	124.9	(113.3)	(193.4)	164.2	105.3	100.3
Balance sheet information (in EUR million)										
Equity	1,393.0	1,286.9	1,196.3	1,129.8	1,035.2	905.0	1,005.5	854.0	690.2	605.1
Total assets	4,130.9	3,697.8	3,737.2	3,580.1	3,285.2	3,389.7	4,021.0	2,840.3	2,874.9	2,687.9
Insurance contracts	1,572.2	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
Shareholders information										
Return on equity[3]	12.0%	10.8%	9.8%	12.0%	12.9%	(12.0%)	(17.0%)	21.4%	16.3%	18.1%
Outstanding ordinary shares (at year-end, in million)	79.1	79.1	79.1	79.1	79.1	79.1	79.1	56.6	56.6	56.6
Dividend paid (in EUR million)	53.8	43.5	43.5	25.3	--	–	25.3	–	11.3	5.7
Technical ratios										
Gross claims ratio	40.7%	45.6%	51.2%	49.7%	38.6%	85.2%	98.3%	39.4%	45.0%	51.8%
Gross expense ratio	36.6%	35.9%	35.0%	35.2%	35.4%	36.6%	34.1%	38.4%	39.0%	40.8%
Gross combined ratio	77.3%	81.5%	86.2%	84.9%	74.0%	121.8%	132.4%	77.8%	84.0%	92.6%
Net claims ratio	42.6%	46.4%	49.1%	50.3%	44.6%	76.6%	96.9%	41.4%	45.8%	43.9%
Net expense ratio	35.8%	37.4%	37.5%	34.2%	39.3%	46.2%	32.3%	37.7%	41.0%	47.4%
Net combined ratio	78.4%	83.8%	86.7%	84.5%	83.9%	122.9%	129.2%	79.1%	86.8%	91.3%
Employees										
Headcount, at year end	3,298	3,257	3,315	3,304	3,318	3,627	4,106	3,604	3,545	3,452
Full-time equivalents (FTE), at year end	3,139	3,107	3,143	3,149	3,171	3,488	3,863	3,366	3,304	3,256
Full-time equivalents, average	3,132	3,132	3,139	3,159	3,318	3,662	3,851	3,335	3,280	3,444
Credit ratings										
A.M Best	A outlook stable									
Moody's	A3 outlook stable									

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

Helping our customers grow

Growth in business can mean many things. Growth in size and in brand reputation, growth in geographic reach, and much more.

For entrepreneurs just starting off on a new venture, it can be a case of getting a foothold in a competitive market and building a manageable portfolio of good customers. For more established companies, the task of managing trade receivables and ensuring steady cash flow can become more onerous. As a business grows in ambition, success can follow only if that ambition is matched by actions. This may entail organic growth, acquisitions, diversification of products and services or geographical growth. That can also add complexity to the credit management process: a process that often needs a helping hand from a reliable and skilled partner.

Whatever form business growth takes, Atradius can play a key role by giving valuable credit management support. Through our credit risk assessment we help our customers identify creditworthy new clients, allowing them to sell with confidence on competitive terms and to seek out new markets without fear of credit risk. Our credit insurance, bonding products and debt collection services also provide a safety net when risk becomes reality.

We provide a safety net when risk becomes reality

The fear of credit risk can be the greatest obstacle to growth. Businesses need to be sure that their clients – even their longstanding clients – remain able to fulfil their commercial obligations. With Atradius' help, that obstacle can be overcome. Moreover, as organisations grow geographically and become more complex in structure, our credit management service grows with them to meet their needs.

As you read through our Annual Report, you will find many examples of how we help our customers grow, and see the value that our customers place on their business partnership with Atradius reflected in our annual results.

A message from the Management Board

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

Dear stakeholder,

Helping our customers to grow by strengthening their credit and cash management is one of our guiding principles. We live this on a daily basis, because Atradius can progress only if our customers benefit from their association with us. Through our core product of credit insurance and our range of credit management services, the reassurance that we give our customers helps them to plan for their company's future success mitigating the credit risk of debt.

Developing and fostering long-lasting relationships takes real commitment

One key factor that our customers have told us they value is our unrivalled customer service. Our focus has indeed always been on developing long-lasting customer relationships, as evidenced by the many years that our loyal customers stay with us. Developing and fostering those long-lasting relationships takes real commitment towards our customers: to help them succeed and grow by supporting them in winning new business, entering new markets and ultimately by providing the safety net of financial protection.

2014 has been a positive year for Atradius, as we once again achieved good results and a best-in-class performance within our industry. The profit for the year amounted to EUR 161.2 million with a net combined ratio of 77.3%:

a particularly strong performance in light of the continuing uncertainties in the global economy. The main markets and business lines have all contributed to our results, specifically influenced by the positive results from the Iberian region, which made a remarkable recovery following the downturn in the Spanish economy. In September 2014 Atradius successfully issued EUR 250 million of dated subordinated notes. Shareholders' equity continued to increase and is now close to EUR 1.4 billion.

But most of all, these rewards are the consequence of the faith and trust that our customers continue to place in Atradius.

Ratings that reflect our good performance

Our achievements over the past year are reflected in the strong credit ratings assigned to the Atradius Group by A.M. Best (A outlook stable) and Moody's (A3 outlook stable): a testament to our sound technical performance, geographic diversification and strong competitive position within the global trade credit insurance market.

By helping our customers grow, we grow too

We grow by helping our customers to extend their business and that growth is not only in terms of the volumes of business that we insure, but also in the way that we progress as an organisation and in the range of products that we offer. Our aim is to be where our customers trade – and want to trade – and do so, by establishing ourselves in emerging markets, delivering innovative products and developing new ways to interact with our customers. It is a continuous process: we are always focusing on enabling trade for our customers and listening to their feedback so that we can identify new opportunities to evolve our own business.

Our progress in 2014

The year saw many initiatives designed to evolve our business and support our customers' growth. New products have been delivered to the market to attract small and medium sized enterprises (SMEs), including an on-line sales channel for this segment in specific markets. At the other end of the scale, we have created new solutions to support our customers' desire to obtain strategically important credit limits. We have also launched a new online service – Atradius Insights – which gives customers enhanced management information, helping them actively manage their risk portfolio and easily identify opportunities for profitable growth.

We continue to expand geographically to support our customers wherever they do business: by obtaining a licence in Russia, by opening offices in Thailand and Indonesia and by increasing capabilities in Latin America and Africa through close alliances with our local partners.

As it is now certain that Solvency II will become effective in January 2016, preparations for the new regime enter the final phase. Atradius is putting significant effort into ensuring it is well positioned to meet new regulatory requirements as they arise. This year we carried out a group-wide Own Risk and Solvency Assessment for the second year, which shows that we are well capitalised under Solvency II. We have also continued to improve our IT infrastructure to support our risk measurement and regulatory reporting requirements.

The year 2014 was also a milestone for both Atradius and our parent company Grupo Catalana Occidente S.A. (GCO): marking ten years since the launch of the Atradius name and the 150th anniversary of GCO. To celebrate both landmarks we have aligned the Atradius brand with our parent, with a new logo and visual identity that echoes the pride we have in being part of such a strong group of companies.

As we have said many times – and it remains true – our people are our greatest asset, which is why we continue to invest in their personal and professional development and their engagement, not just with Atradius but also with our customers and business partners. The positive results of that investment are evident from both our surveys of employee satisfaction and our unrivalled customer retention.

The Management Board would like to thank our customers, brokers, agents, reinsurers, business partners and employees for contributing to our positive result in 2014. We have enjoyed growing with you and look forward to another successful year in 2015.

The Atradius Management Board

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

How will trade grow in the future?

Global trade was once the preserve of large businesses, with small concerns selling just in their home markets or to neighbouring countries. That's changing, as global value chains become a key aspect of international trade. This has huge benefits for small businesses, which can now concentrate on their specialised skills while the global value chains helps them improve their competiveness on other aspects of trade.

Atradius has always championed growth in national and international trade, and that will assuredly continue to be the case.

Products, services and brand

How we help our customers grow

Because the demands that our customers place on us are many and varied, the ways in which we help them grow their businesses are equally diverse.

Flexible and adaptable

Our core product – credit insurance – provides cover against financial losses arising when a buyer of our customer is unable to pay for goods and services bought on credit. Our credit insurance products are designed to be flexible, so that cover can be tailored to meet each customer's specific needs and 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 the trading practices of businesses of all sizes, whether doing business domestically, internationally or both.

Our credit insurance dovetails easily with our other products, such as our debt collection services, to deliver a comprehensive credit management solution. It is through this flexibility and adaptability that we can add value by adapting our products to the needs of different markets and customer segments.

For multinational corporations, we offer a more elaborate credit management solution in the form of our Global policy: widely acknowledged to be 'best in class'. In the 17 years since its inception, the Global policy has earned Atradius a reputation as the clear market leader in this segment, with an excellent understanding of the needs of multinationals. Customers can choose between a single credit insurance policy that serves both the parent company and its subsidiaries, stand-alone policies that accommodate varying performance levels and country conditions, or a combination of the two.

Our Global account teams are situated throughout our worldwide network and provide both local service and the assurance of uniformly high quality delivery across the customer's multinational organisation.

'Whole turnover' cover may not be 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.

Products are tailored to meet each customer's specific needs

Buyer intelligence at your fingertips

The Atradius buyer rating complements a customer's credit insurance policy, by giving online access to buyer ratings on their insured portfolio. In this way, customers can directly assess the quality of their buyer portfolio and monitor their credit risk.

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.

An extensive range of bonding products

A bond protects the beneficiary if the supplier -our customer- fails to meet its contractual obligations. Our range of bonding products puts customers in a stronger financial position when dealing with their business partners. The strategy of offering global capacity and highly skilled local service is developed through leading positions in the French, Italian, Nordic and Spanish non-banking bonding markets, complemented in 2014 by a new unit on the German market. On top of this, Atradius is able to serve its customers, issuing a wide range of bonds directly on the most important other European markets, and through an international network of business partners elsewhere in the world.

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 policyholders in Belgium and Luxembourg.

Insuring the insurers

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

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.

Publications and webinars

We are in the knowledge business and share our intelligence and insight freely with our customers. From economic analysis and global market reports to trade sector briefings and factsheets on credit management best practice, our ever growing library of invaluable data can inform our customers' businesses and enhance their trading decisions.

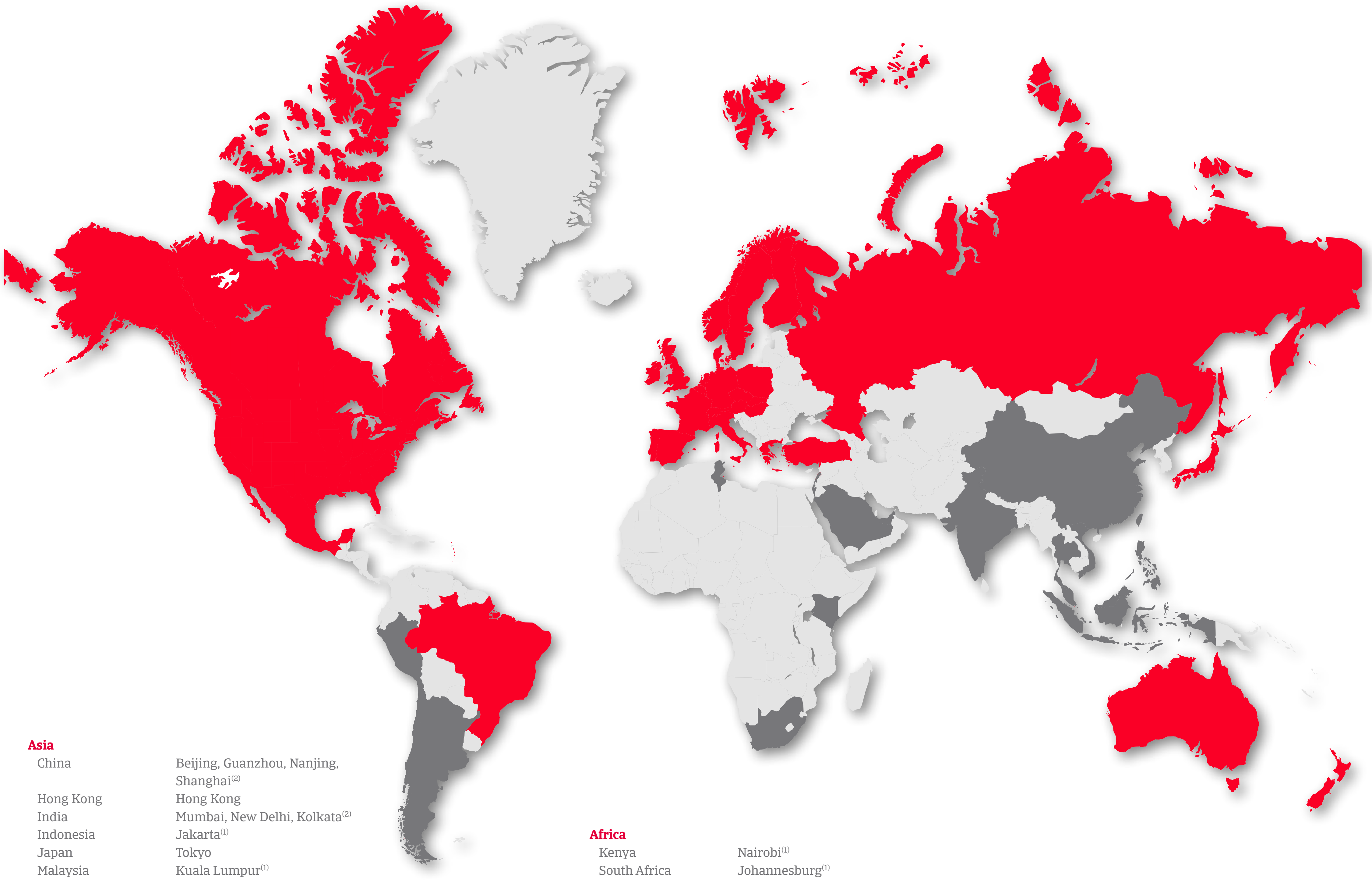
The Atradius brand

Our brand represents our guiding principles of **A**mbitious **T**eamwork, **R**eliable **A**ccountability, **D**rive **I**mprovement and **U**nrivalled **S**ervice. These are vital to how we are perceived by our stakeholders and guide each action: delivering on our service promise, building strong relationships with customers and business partners, and focusing on helping our customers grow their businesses successfully.

In 2014 we added even more strength to our brand, by aligning our logo and other visual branding with that of our parent company Grupo Catalana Occidente S.A. The timing was perfect: celebrating the 10th anniversary of the launch of the Atradius brand name and the 150th anniversary of Grupo Catalana Occidente S.A.

Our brand represents the values that are vital to how we are perceived

Global footprint



Europe

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

Middle East

Israel	Tel Aviv[1]
Lebanon	Beirut[1]
Saudi Arabia	Riyadh[1]
United Arab Emirates	Dubai[1]

Americas

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

Asia

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

Africa

Kenya	Nairobi[1]
South Africa	Johannesburg[1]
Tunisia	Tunis[1]

Oceania

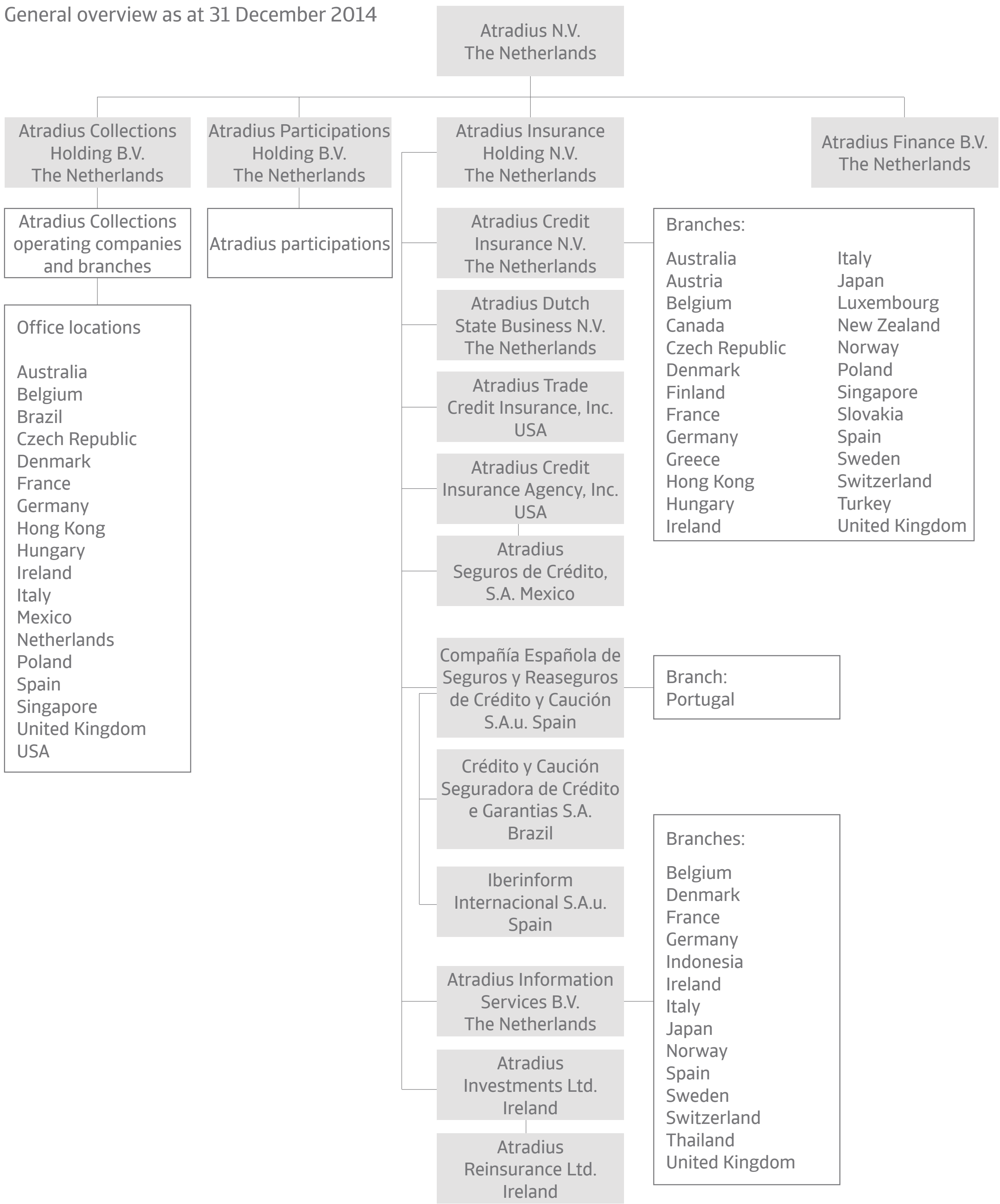
Australia	Sydney, Brisbane, Melbourne, Perth
New Zealand	Wellington

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

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

Atradius Group organisation

General overview as at 31 December 2014



Report of the Supervisory Board

The global economy improved further in 2014, although not to the expected growth levels. Global trade could not live up to expectations because of weaker trade growth in Latin America and Asia, although Eurozone and, mainly, US trade growth continued an upward trend for most of the year.

In this challenging economic environment, we are pleased that Atradius again achieved an excellent profit of EUR 161.2 million: 19.8% more than in 2013. In particular the result of the Spanish market, our main region, was remarkable.

Total revenue rose by 3.3%, consolidating our presence in Western Europe and our good performance in new markets. The Spanish region increased its revenues by 2.9%, showing healthy growth again. Our risk acceptance rose during the year, resulting in an 11.3% increase of the total potential exposure that allows us to support customers' growth.

Atradius was also able to further strengthen its financial position to EUR 1,393.0 million of equity, growing by EUR 106.1 million, thanks to its robust results and a prudent dividend approach. In addition, its financial position was boosted by the issue of EUR 250 million subordinated notes, replacing the earlier EUR 120 million subordinated bonds which were well received and oversubscribed by the European institutional investors.

During the year, Atradius undertook several initiatives to optimise its value proposition. These range from projects to improve operating efficiency, such as the automation of buyer reviews, to schemes for optimising risk control, including improved models for the internal buyer ratings, and initiatives to improve competitiveness, such as geographic expansion and customised management information tools.

Atradius' track record in maintaining its rigorous criteria for business management with an outstanding customers' quality of service is also worthy of note.

In 2014 Atradius updated its strategic plan, aligning it with the rest of Grupo Catalana Occidente (GCO). Atradius also introduced a new logo to align its brand identity with all other companies in the GCO family, celebrating both GCO's 150th anniversary and the 10th anniversary of the Atradius name.

The full Supervisory Board convened five times during 2014 and the Audit Committee four times, while the Remuneration, Selection and Appointment Committee convened three times.

Atradius has a Permanent Education Programme for both the Management Board and the Supervisory Board. In 2014 this programme covered, amongst other topics: Innovation in the financial industry – best practices in how to embed a culture of innovation in an organisation; Reinsurance; and, in light of the upcoming Solvency II legislation, the Atradius' Internal Model and related uses under Solvency II.

The Supervisory Board would like to thank the Management Board and all Atradius employees for the excellent results achieved in 2014 as well as all customers for continuing to trust their business to us

As in previous years, the Supervisory Board was involved in the review of the Remuneration Policy and was informed of the forthcoming changes to the Dutch draft legislation on Remuneration in Financial Undertakings. Furthermore, in accordance with the Dutch Insurer's Code, the functioning of the Supervisory Board and its Committees was evaluated under the independent supervision of an external expert.

Atradius N.V.'s Annual Report contains the financial statements for the financial year 2014, 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 of Shareholders to adopt the financial statements for 2014.

It is with regret and appreciation that we had to accept the resignation of Paul-Henri Denieuil as member of the Supervisory Board. For more than a decade, Paul-Henri Denieuil has been closely involved as Chairman and Chief Executive Officer of the Management Board and thereafter as Honorary Chairman and member of the Supervisory Board. On behalf of the Supervisory Board and the Management Board, we wish to thank Paul-Henri Denieuil for his extensive experience and insights and his valuable contribution over the many, often challenging, years. We wish him all the best.

The Supervisory Board would like to thank the Management Board and all Atradius employees for the excellent results achieved in 2014 as well as all customers for continuing to trust their business to us. Finally, the Supervisory Board is confident that the Atradius management team and employees will contribute to another successful year in 2015.

The Supervisory Board,
Ignacio Álvarez
Chairman

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 2014 is:

Shareholder structure of Atradius N.V.		Percentage of Shares
Grupo Catalana Occidente, S.A.		**35.77%**
Grupo Compañía Española de Crédito y Caución, S.L.		**64.23%**
Grupo Catalana Occidente, S.A.	73.84%	
Consorcio de Compensación de Seguros	9.88%	
Nacional de Reaseguros	7.78%	
España, SA Compañía nacional de Seguros	5.00%	
Ges Seguros y Reaseguros	3.50%	
Total		**100%**

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 Compania Española de Crédito y Caución, S.L.).

The shares of Grupo Catalana Occidente are listed on the Continuous Market of the Barcelona and Madrid stock exchanges as part of the IBEX Medium Cap Index. Currently, 38% of its capital is floating and the main shareholder is INOC, S.A., holding 56.71% of the Group's capital.

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

Key Figures (in EUR million)	2014	2013	% chg. 13-14
Long-term capital	**2,685.7**	**2,100.3**	**27.9%**
Equity	2,437.6	1,980.8	23.1%
Subordinated loan	248.1	119.5	107.6%
Return on long-term capital	**11.9%**	**12.8%**	
Funds under management	**9,483.6**	**8,381.9**	**13.1%**
Total revenue	**3,437.6**	**3,201.8**	**7.4%**
Consolidated result	**268.1**	**243.9**	**9.9%**

Grupo Catalana Occidente "Thinking about your future"

- 150 years of history
- Insurers
- Multinational
- Long-term perspective
- Excellence in customer service
- Well-balanced and diversified business portfolio
- A group evolving continuously

	Characteristics	Lines of Business
Traditional Business	Focused on Spain	Multi-risk
	Families and small and medium enterprises	Automobile
	Professional agency network	Other non-life
	1,043 offices	Life and financial products
		Health
		Funeral
Credit Insurance Business	Service offered in 50 countries	Credit insurance
	Companies	Bonding
	Agents and brokers	Credit and bonding reinsurance
		Debt collection
		Instalment credit protection
		Business information

Creating 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 – customers, shareholders, employees, suppliers and the general public.

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

The Management Board

Composition

The Management Board of Atradius currently consists of five members.

Isidoro Unda, Chairman and Chief Executive Officer
Andreas Tesch, Chief Market Officer
Christian van Lint, Chief Risk Officer
Dominique Charpentier, Chief Insurance Operations Officer
Claus Gramlich-Eicher, Chief Financial Officer

For detailed CVs of each of the Management Board members, showing their roles, background and experience follow *this link*.

Role and procedures

The Management Board 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 an effective risk management system in place, an internal control system and an 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 2014.

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 currently consists of eight members.

Ignacio Álvarez, Chairman
Francisco Arregui, Vice-Chairman
Bernd Meyer
Dick Sluimers
José Ruiz
Xavier Freixes
Hugo Serra
Désirée van Gorp

For detailed CVs of each of the Supervisory Board members, showing their background and experience follow *this link*.

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. As risk management is considered to be a key area for attention, the Supervisory Board considers it important that this subject is discussed by the full Supervisory Board, rather than in a specific risk committee. All risk subjects dealt with in meetings of the Supervisory Board are chaired by Mr. B. Meyer.

Audit Committee

The Audit Committee supports the Supervisory Board in fulfilling its supervisory and monitoring duties with respect to the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The Audit Committee monitors, independently and objectively, the financial reporting process within Atradius and the system of internal controls. The Audit Committee also facilitates the ongoing communication between the external auditor, the Management Board, the internal audit department and the Supervisory Board on issues concerning the Company's financial position and financial affairs. In 2014, the Audit Committee met four times. The Audit Committee currently consists of Xavier Freixes (Chairman), Ignacio Álvarez and Francisco Arregui.

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 2014, the Remuneration, Selection and Appointment Committee met three times. The Remuneration, Selection and Appointment Committee currently consists of Francisco Arregui (Chairman) and Ignacio Álvarez.

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 2014.

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 internal and external auditor

Internal auditor

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

External auditor

The General Meeting of Shareholders 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 of Shareholders appointed Deloitte Accountants B.V. as the Company's external auditor for the financial year 2014 on 5 June 2014.

Remuneration policy

Atradius has spent considerable time aligning its remuneration policy with the principles contained in the Dutch Insurer's Code, as well as the Regulation on Controlled Remuneration issued by DNB. This resulted in a remuneration policy for the Atradius Group that 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 guiding principles, the long-term interests of the Atradius Group, as well as the relevant international context and wider societal acceptance.

A remuneration report is available in the Governance section of the Atradius Group website – www.atradius.com.

Dutch Insurer's Code

In December 2010, the Dutch Association of Insurers (Verbond van Verzekeraars) published its governance principles, the Dutch Insurer's Code, which entered into force on 1 January 2011. An updated version of the Dutch Insurer's Code entered into force on 1 July 2013. The Dutch Insurers' Code sets out principles for Dutch insurance companies having a licence granted under the Dutch Financial Supervision Act in terms of corporate governance, risk management, audit and remuneration.

Dutch insurance companies are required under Dutch law to explain in their Annual Report or on their website how they have applied the Dutch Insurers' Code. If a company deviates from a principle in the Dutch Insurers' Code, it is obliged to provide a reasoned explanation for this. Although this code in principle applies only to Atradius Credit Insurance N.V., Atradius N.V. voluntarily applies the principles included in the Dutch Insurer's Code on the level of Atradius N.V.

Atradius complies with the text and spirit of the principles of the Dutch Insurer's Code in all material respects. A detailed description of the way in which Atradius complies with the specific principles of the Dutch Insurer's Code is available in the Governance section of the Atradius Group website – www.atradius.com.

How will communications grow in the future?

Computers have changed the way we communicate, socially and in business. Indeed, now telephones are computers in their own right and the electronic devices that we rely on every day seem to respond intelligently to our requirements: treating us as individuals. How far will this progress in future? Will every product and service be automatically designed to our particular needs, even to our lifestyle? That will pose a challenge to suppliers, who must continue to listen to their customers if they are to provide answers to the demands placed up on them.

Atradius does just that. We listen, and create products that give our customers new opportunities to grow their businesses.

The global economic environment in 2014

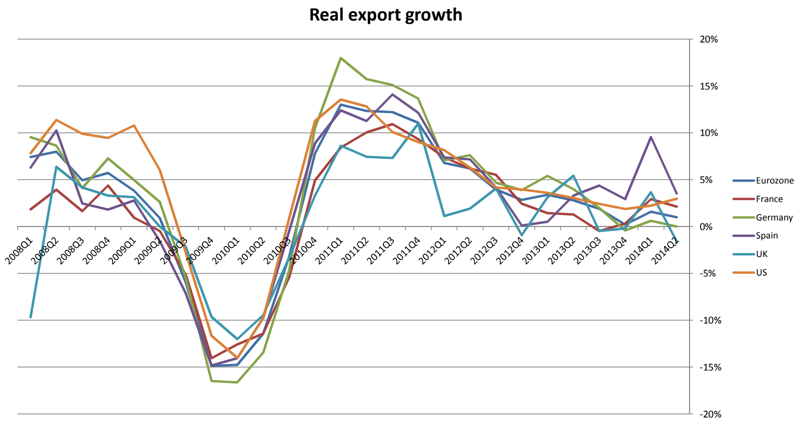
Better, but somewhat disappointing

The global economic environment improved in 2014, but did not live up to the promise of late 2013. Global growth ended higher than in 2013 at 2.7%, but remained below expectations. Indeed, all regions except Asia performed better, but were still disappointing. The Eurozone grew by only 0.8% in 2014 as geopolitical tensions in the Ukraine hit household and business confidence. Latin America posted a meagre 1.2% growth rate as the so called 'super cycle' of high commodity prices and abundant Chinese demand turned flat while US growth ended at 2.2%, although this was particularly due to an incidental factor; the bad winter weather. Asia performed slightly better than was envisaged; growing 4.8%. China's growth continued to slow, to 7.3% in 2014. The Chinese authorities are curbing the rapid credit growth, especially in the shadow banking sector, which has an impact on investments.

The picture for Europe, and the Eurozone more particularly, differs by country, although most countries improved. Germany grew by a respectable 1.4% and France by a marginal 0.4% while Italy shrank by 0.3%. These figures, while better, were below expectations. Other countries, however, provided positive surprises. Spain grew by 1.3% while Greece emerged from 25 quarters of recession, posting 0.2% growth and Portugal grew by 0.9%. Outside the Eurozone, the United Kingdom grew by an unexpected 3.1%. As Europe came out of recession, its growth rates remained low.

Trade growth providing less of an impetus to growth

Global trade growth reflected the developments in economic activity: better but disappointing. Hopes were upbeat as the fourth quarter of 2013 went very well but since then global growth has weakened again, falling back to 4% in June 2014. This was the result of much weaker trade growth in Latin America (5.5%) with Asian trade growth also sliding (4.0%). Eurozone and US trade growth continued an upward trend at 4% and 4.5% respectively in June. Within the Eurozone, Germany and Spain's trade grew by 4%, with France lagging the Eurozone average at 2.5%. The trend in convergence of trade growth of advanced economies and emerging economies continued. Despite the improvement, the overall picture of trade growth remains tepid, as the 20 year average of trade growth is at 5.5%. As a result, the impetus of trade growth on global growth has diminished.



Eurozone confidence is an issue

The causes of the disappointment in Eurozone growth lie in the confidence of both consumers and businesses. Consumer confidence peaked in the early summer of 2014 and then slid, moving to a neutral stance later in the year. Business confidence worsened but remained marginally positive. For both indicators, Germany and Spain performed better than the Eurozone average while France performed worse.

The feeble level of confidence can be tracked to a number of causes. Unemployment levels remained high, although a number of countries have been able to lower their unemployment rates, with Spain and Greece the most notable examples. Furthermore, debt levels in the private sector are too high, prompting deleveraging by consumers and business. Deleveraging is troubled by deflationary tendencies: inflation in the range of 2-3% helps inflate away the debt to some extent but the current 0.6% is far too low. Finally, the European banking sector continued to be restrictive in its lending and the rolling over of loans. While the ECB's asset quality reviews and asset tests have helped, unemployment, high private debt and banking sector issues continued to weigh on confidence.

Convergence of trade growth of advanced economies and emerging economies continued

In addition, severe geopolitical issues surfaced in the Middle East and the Ukraine. Tensions between Russia and the US and EU rose to post Second World War heights, culminating in a volley of sanctions and counter-sanctions. Critically, energy trade has been exempted from the sanctions so far.

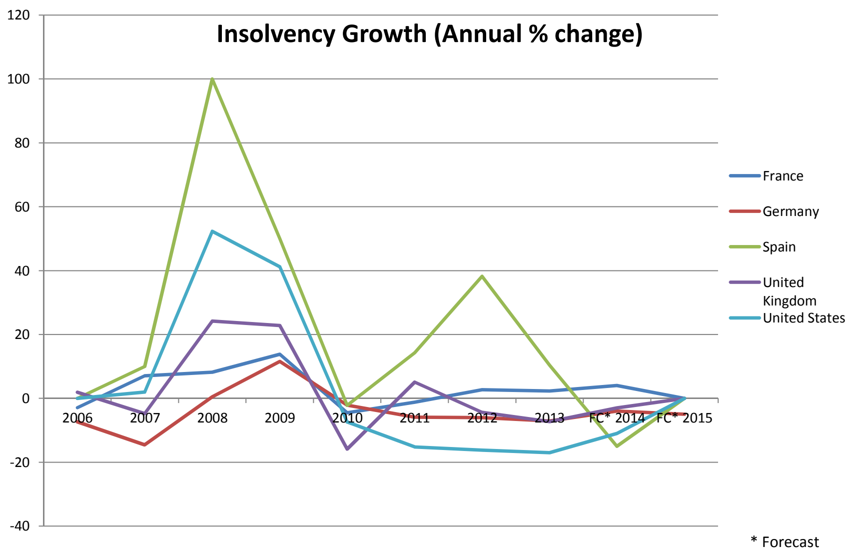
The ECB showed determination to help growth and raise inflation in the Eurozone by announcing an asset purchase programme of EUR 1 trillion. Official interest rates were also decreased to historical lows helping Euro depreciation, and thus export growth, as well as inflation. Meanwhile, the US Federal Reserve (the Fed) has reduced its expansionary policy programme by ending quantitative easing of bond purchases. However, US monetary policy is still expansionary and policy rates remain very low.

Oil price much lower

The oil price fell rapidly during the Autumn, from USD 110 in June to around USD 60 per barrel Brent in December. The lower price reflects the accelerated US shale production, somewhat weaker demand from Asia – particularly China – and, most importantly, the unwillingness of Saudi Arabia to keep prices up by reducing production. The overall impact is positive for the world economy, as purchasing power moves to countries where an additional dollar is spent rather than saved (such as in the Middle East). The Eurozone in particular will benefit as it is an oil importer.

Insolvencies continued to improve though level remains high

In 2014 we saw an acceleration of the trend of declining insolvencies in the advanced economies. However not all countries showed an improvement. In the UK and Germany insolvencies continued to improve, as they did in the US and the Netherlands in particular. Notable improvements in the number of insolvencies were also seen in the Eurozone periphery where Spain and to a lesser extent Portugal showed much better figures. In line with their lacklustre economic development the insolvency environment in France and, especially, Italy again worsened. However, the overall level of insolvencies remains high with the index of insolvencies for the Eurozone at 202 and even for the US at 116 (2007=100).



The economic outlook for 2015

In 2015 the world economy is now expected to show a 3.2% GDP growth rate, with all regions contributing. Asia is expected to continue to be the largest contributor, with forecast growth of 4.8%. That is significantly above the growth rates of Latin America and Eastern Europe at 1.8% and 1.7% respectively. The US will step up its contribution with a decent growth figure of 3.0% with the Eurozone considerably lower, but still positive, at 1.1%. Meanwhile, global trade growth of 4.0% is expected. The oil price is likely to rise and hover in the range of USD 75-80 per barrel Brent as the production surplus is gradually absorbed.

We see a number of risks to our outlook. Firstly, further unwinding of the expansionary US monetary policy should be done with the utmost care, especially its communication and guiding. Otherwise the financial market could be easily panicked and withdraw funds from emerging economies, causing a liquidity crunch. Moreover, risk aversion amongst investors is still unusually low, with liquidity searching for yield. Secondly, Eurozone growth may continue to disappoint. Against a background of already weak economic growth, there are further signs of deflation and intensified geopolitical issues with Russia. However a re-escalation of the sovereign debt crisis seems distant, as the ECB remains vigilant. Still, the fragile Greek political situation may give rise to worrying memories of the 2012 crisis. Thirdly, the Russian slowdown is now a fact, as US and EU sanctions have been stepped up and the oil price decline has taken its toll. Spill-overs will however be limited, and felt in countries geographically closer to Russia. Developments in the relationship between Russia and the Ukraine may lead to further sanctions, and Russian counter sanctions and may ultimately reach the European energy situation. Further tension in Syria and Iraq may jeopardise the oil supply from the Middle East, putting upward pressure on the current lower prices and hindering the recovery. Fourthly, while Chinese growth is carefully managed by the authorities, a hard landing at around 5% cannot be discarded. That would reinforce the impact that China has had on commodity prices and commodity exports, especially from Latin America, over the past year and hamper global growth.

Outlook for 2015

The outlook for 2015 is for increased growth but there are several caveats; there is caution due to the threat of deflation, geopolitical tensions and the falling price of oil and commodities. Customer service excellence remains crucial in 2015 to ensure quality of service and high retention levels. We will continue to invest in new markets, improving our value proposition to customers. There are no significant changes foreseen in 2015 in terms of operations, including employees.

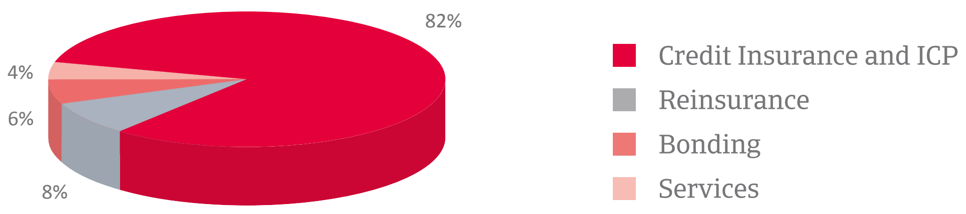
Good performance in a challenging environment

Atradius N.V. (in EUR thousands)	2014	2013	%
Insurance revenue	1,573,410	1,522,496	3.3%
Gross insurance claims and loss adjustment expenses*	(640,536)	(694,774)	(7.8%)
Gross insurance operating expenses *	(575,391)	(546,356)	5.3%
Reinsurance result	(155,905)	(138,381)	12.7%
Insurance result	**201,578**	**142,985**	**41.0%**
Service income*	58,364	60,048	(2.8%)
Service expenses	(54,252)	(55,170)	(1.7%)
Service result	**4,112**	**4,878**	**(15.7%)**
Net investment result **	37,837	35,066	7.9%
Operating result before finance costs	**243,527**	**182,929**	**33.1%**
Result for the year (after tax)	**161,190**	**134,503**	**19.8%**
Employees (FTE)	**3,139**	**3,107**	**1.0%**

* *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	
	2014	2013	2014	2013
Claims ratio	40.7%	45.6%	42.6%	46.4%
Expense ratio	36.6%	35.9%	35.8%	37.4%
Combined ratio	77.3%	81.5%	78.4%	83.8%

Revenue by business segment



Atradius posted strong results in 2014, in an on-going uncertain environment. The profit for the year was EUR 161.2 million: an increase of 19.8% on 2013. This was driven by a 3.3% increase in revenue and a continued good claims result, while the operating expenses developed slightly ahead of revenue. As a result, the gross combined ratio improved by 4.2 percentage points to 77.3%. The movements of foreign exchange rates had a negative impact on the insurance revenue in 2014. At constant exchange rates the revenue increase was 3.6%.

Our credit insurance business performed well, with an important contribution from Spain, which reported revenue growth of 2.9% in 2014 after several years when revenue declined due to the economic crisis and the risk mitigating actions that were taken. Other regions with strong revenue performance were Italy (+16.3%), North America (+14.1%), Central and Eastern Europe (+11.0%), and the Asia region (+7.7%). In France (-0.9%) revenue decreased marginally, but would have increased slightly excluding the impact of internal policy transfers. Special Products achieved 11.3% revenue growth, with increasing business levels from our teams in the United Kingdom and Singapore. Other Atradius insurance products showed a more diverse pattern, with our reinsurance business reporting a 4.5% revenue increase on 2013. However, our Bonding unit's revenue decreased by 4.1%, largely due to a decline in revenue from public works in Spain.

Gross claims costs continued their positive trend in 2014 and ended at EUR 640.5 million, down 7.8% on 2013. The claims ratio for 2014 was 40.7%. Spain, our main local credit insurance market, reported a major improvement in its claims result with a claims ratio of 34.0%, compared to 54.3% in 2013. Germany, our second largest local credit insurance market, continued its good claims performance in 2014 with a claims ratio of 31.2%. Other regions varied, with claims ratios ranging from 27.6% in Belgium and Luxembourg to 155.3% in the Asian region, due mainly to the deteriorating environment in China, where slowing economic growth and government measures have worsened the financing facilities of some business sectors.

Gross insurance operating expenses in 2014 amounted to EUR 575.4 million: an increase of 5.3%. Direct operating expenses were impacted by a EUR 12 million charge for the impairment of capitalised costs. Excluding this one-off element, the direct operating expenses rose by 0.9%, in line with the 1.0% increase in employee full time equivalents (FTEs) to 3,139. However, direct brokerage costs increased by 4.9% and reinsurance commission paid to our cedents rose by 8.6%, reflecting their good claims results. With 3.3% higher insurance revenue in 2014, the expense development resulted in a gross insurance expense ratio of 36.6%: a moderate increase of 1.9% over 2013.

As part of our claims expenses are ceded to our reinsurers, the improvement in 2014 once again brought an excellent result to our panel of reinsurers. The cost of reinsurance was EUR 155.9 million, an increase of 12.7%, explained largely by the reduction of ceded claims of EUR 42.3 million, which was only partially compensated by higher reinsurance commission received.

A stop-loss reinsurance scheme, in Spain provided by Consorcio de Compensacíon de Seguros ('CCS'), was both entered into and cancelled by the Group in 2009. This reinsurance contract included a payback obligation based on the performance of the Spanish insurance business. In 2014, EUR 10 million was added to the provision under this payback obligation, following a renewed assessment of the improved performance of Crédito y Caución. After five years this account is considered settled.

Services achieved a positive result of EUR 4.1 million this year, compared to EUR 4.9 million in 2013. This was due to a 2.8% reduction in service income, partially compensated by 1.7% lower expenses.

The net investment result, including the share of income of associated companies, ended at EUR 37.8 million. 2014 proved to be a benign year for the Atradius Group investment portfolio, despite the persistent low interest rates. Cash inflows from the Group's insurance business and organic growth, derived from positive performance of the investment portfolio, led to a 7.9% annual improvement in the investment result.

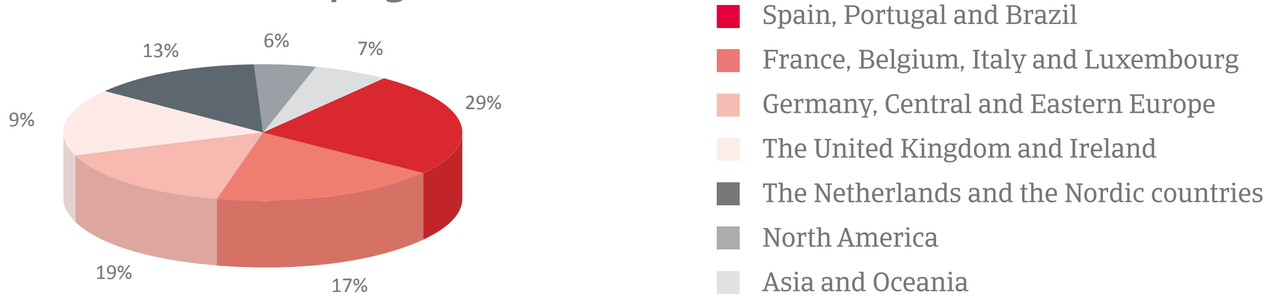
Business segment

Credit insurance including instalment credit protection (ICP)

(EUR thousands)	2014	2013	%
Insurance premium revenue	1,230,808	1,186,450	3.7%
Information income	115,254	110,421	4.4%
Insurance revenue	**1,346,062**	**1,296,871**	**3.8%**
Gross insurance claims and loss adjustment expenses *	(554,076)	(571,686)	(3.1%)
Gross insurance operating expenses *	(476,419)	(453,772)	5.0%
Result before reinsurance	**315,567**	**271,413**	**16.3%**
Reinsurance result	(130,246)	(128,138)	1.6%
Result after reinsurance	**185,321**	**143,275**	**29.3%**
Total credit insurance and ICP gross claims ratio	**41.2%**	**44.1%**	**(6.6%)**
Employees (FTE)	**2,683**	**2,656**	**1.0%**

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

Insurance revenue 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.

In 2014 the global economy picked up slowly, although conditions varied by region. The economies of the United States and the United Kingdom are both recovering well, while the Eurozone economy has stumbled and faces slow or falling economic growth in some of its largest markets such as France and Italy. Spain, however, continues its recovery, driven by a strong export performance. The emerging markets show a mixed picture too. For example, economic growth in China has slowed but remains high, whereas falling commodity prices and geopolitical risks have hampered growth in Brazil and Russia. These regional differences are reflected in the results of Atradius units across the world.

Overall Atradius credit insurance achieved a good level of insurance revenue: up 3.8% on 2013. Claims expenses were managed successfully, leading to a gross claims ratio of 41.2%. The operating expenses were contained effectively, increasing by 2.3%, excluding EUR 12 million one-off elements. The combination of these three elements led to a positive result before reinsurance of EUR 315.6 million: an impressive increase on 2013 of 16.3%.

In these times of restrained global trade growth, with rapidly changing economic conditions, we aim to support our customers' growth by providing an optimal risk assessment and risk acceptance. Indeed, our risk acceptance improved in 2014, as is reflected in our total potential exposure (TPE) which increased by 11.4% to EUR 506 billion. The top three regions for exposure concentration remain the same as last year: Europe holds 74% of the exposure, whereas the Americas hold 11.7% and Asia 7.3% of the total exposure. In relative terms Europe has grown slower than every other market, showing an increase of 7.6%, whereas the concentration mainly increased in three other geographic areas: Africa (+58%), South America (+57%) and Central America (+45%). In Europe, the only region where our exposure has decreased is Russia-Ukraine by 20%, reflecting the political situation in this region.

The concentration of exposure by trade sector stayed relatively stable. Around 56% of the Group's TPE is in five trade sectors: electronics (13%), chemicals (12%), metals (11%), consumer durables (11%) and food (9%). In 2014 our exposure in electronics rose by 20% due to increased business levels of existing and new customers, and decreased by 5.8% in metals: a reflection of the lower trading activity of our customers in this sector and of our prudent underwriting strategy.

Our initiatives to meet customers' needs were rewarded through excellent customer retention of 91.5% and increasing levels of new business. However, the on-going 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. Nevertheless, overall our credit insurance portfolio reported healthy growth.

The insurance revenue of our local credit insurance units increased by 4.1% to EUR 1,028.5 million (4.4% at constant foreign exchange rates), a significant improvement on last year when revenue dropped by 4.9%. An important contribution to this turnaround was made by our Spanish region where insurance revenue rose by 2.9% in 2014, following a decline of 10% in 2013. This is an excellent result that reflects the first steps in the recovery of the Spanish economy and the success of the measures taken by Atradius in previous years. The relative size of the portfolio means that this clearly had a major impact on our total credit insurance numbers. Other markets showed a more diversified pattern. Italy, where investments in the sales network paid off well, reported revenue growth of 16.3%. North America performed well with a revenue increase of 14.1%, due to outstanding new business growth in Mexico and the continued success of the direct business regionalisation strategy in the USA. Central and Eastern Europe confirmed its status as a growth market with a revenue increase of 11.0%. Germany, our second largest market, grew its revenue by 0.7% despite lower levels of export due to the economic uncertainties.

Foreign exchange movements had a significant impact on the results of several units. This was especially true for Oceania which reported a revenue increase of 0.7% while actually achieving revenue growth of 7.8% at constant exchange rates.

Our Asia region ended the year with revenue 7.7% up on 2013 (9.6% at constant exchange rates). In China we have restructured the local customer portfolio following the changing risk environment. However, we continue to invest in this region as it offers good growth opportunities for our customers and for Atradius itself. In 2014 we opened new offices in Thailand, Indonesia and China, and further increased our capabilities in India and Taiwan.

In keeping with the concept of 'Centre of Expertise' underwriting and to provide a more local point of service for our customers, the Middle East underwriting team was moved from Cardiff to our office in Dubai in 2014.

Gross claims expenses reduced by 3.1%, to EUR 554 million, leading to an overall claims ratio of 41.2%. Local credit insurance in Spain reported a claims ratio of 34.2%: a major improvement of 19.8 percentage points on 2013. Germany continued its good claims performance in 2014 with a claims ratio of 31.2%. In the other regions claims ratios vary between 28% and 49%. However, in the Asian region we experienced an increase in claims levels compared to 2013, largely related to China where certain business sectors suffer from limited financing facilities due to slowing economic growth and government measures. This led to a number of larger claims, especially in the metal and textile sectors, resulting in a claims ratio of 155%, but with a relatively limited impact on the total claims ratio. In response to the changing economic circumstances in China, we have taken appropriate measures to manage risk and our customer portfolio.

Our Global unit is the acknowledged market leader in the multinational customer segment of the credit insurance industry and represents 18% of our total credit insurance revenue. 2014 was a challenging but rewarding year for this unit, with a revenue increase of 1.9% (2.2% at constant exchange rates) to EUR 242 million and a claims ratio of 40%. The entry of new players into the market continues to increase capacity and reduce prices, but Global is fully geared up to provide the best possible service to our customers. This is evident from Global's customer retention level: in excess of 93%.

To improve the service to our customers in all regions where they do business, in 2014 we obtained an insurance licence and started the process of establishing our own insurance entity in Russia. Global also introduced the Atradius Insights tool: an online business tool that supports customers in managing their buyer portfolios and credit risks, and this has been well received by our customers.

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 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. In response to this increasing demand, in 2014 SPU set up an additional team in London, to offer trade credit insurance with non-cancellable limits to the non-London market.

As well as providing solutions for our corporate customers, SPU 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 2014, with growing demand for SPU's customised solutions, the unit's revenue grew by 11.3% to EUR 47.3 million, with a strong contribution from the new UK Trade Credit team and the team in Singapore.

Instalment Credit Protection (ICP) covers the medium- and long-term risks that financial and corporate policyholders face in their multiple instalment agreements with private individuals and businesses, and is available in Belgium and Luxembourg. In 2014 insurance revenue dropped marginally, by 1.2% to EUR 27.5 million, with the Belgian consumer market largely compensating for the residual impact of the winding down of the ICP business in France. The claims paid remained at a high level, but the actions to improve methods and efficiency in recoveries resulted into an improved gross claims result. Operating expenses were kept under control, leading to a positive result for the ICP unit.

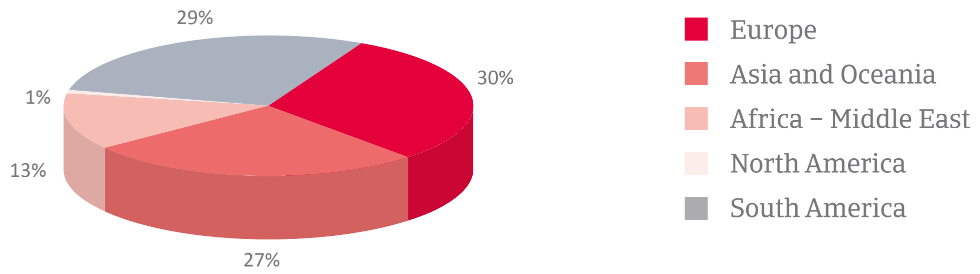
A strategic ICP initiative launched in 2012, targeting the coverage of loans made to residential co-ownerships and the common charges of those co-ownerships, continued in 2014. A new insurance product, rental guarantee coverage, received an award for innovation and generated its first revenues in 2014.

Business segment

Reinsurance

(EUR thousands)	2014	2013	%
Insurance revenue	**133,772**	**128,072**	**4.5%**
Gross insurance claims and loss adjustment expenses	(64,347)	(64,044)	0.5%
Gross insurance operating expenses	(57,080)	(51,409)	11.0%
Result before reinsurance	**12,345**	**12,619**	**(2.2%)**
Reinsurance result	(5,656)	(4,548)	24.4%
Result after reinsurance	**6,689**	**8,071**	**(17.1%)**
Gross claims ratio	**48.1%**	**50.0%**	**(3.8%)**
Employees (FTE)	**25**	**23**	**8.7%**

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 business lines. Its reinsurance portfolio is split 60%/40% between credit and bonding reinsurance and it assumes business from over 60 countries.

Since its inception, 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's skills in the primary underwriting of credit insurance and bonding risks with its own distinctive approach and expertise in structuring reinsurance solutions. In this way, Atradius Re can anticipate and respond to 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.

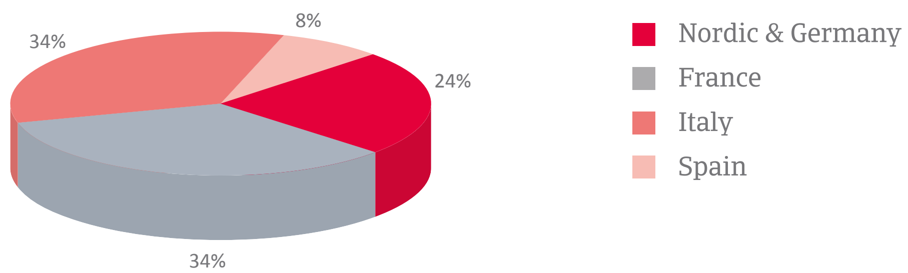
The total reinsurance revenue for 2014 is EUR 133.8 million, 4.5% up on the EUR 128.1 million reported in 2013, largely due to strong growth in China. The gross claims ratio ended at 48.1% in 2014, a 1.9 percentage point improvement on 2013. In the current benign claims environment, the assumed commission costs increased by 12.2%, which largely explains the 11.0% overall increase in operating expenses.

Business segment

Bonding

(EUR thousands)	2014	2013	%
Insurance revenue	**93,576**	**97,553**	**(4.1%)**
Gross insurance claims and loss adjustment expenses	(22,113)	(59,044)	(62.5%)
Gross insurance operating expenses	(32,968)	(31,223)	5.6%
Result before reinsurance	**38,495**	**7,286**	**428.3%**
Reinsurance result	(20,003)	(5,695)	251.2%
Result after reinsurance	**18,492**	**1,591**	**1,062.3%**
Gross claims ratio	**23.6%**	**60.5%**	**(61.0%)**
Employees (FTE)	**134**	**129**	**3.9%**

Bonding insurance revenue by region



Bonding is offered in Italy, France, Spain, the Nordic countries and Germany. Our bonding business is closely linked to the local legal environment, which ensures 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 such as environmental services. Bonding customers also show an increasing need for both domestic services and international surety bonds support. To meet customer expectations, we have grown our capacity so that we can also address the foreign requirements of our domestic customers. Moreover, our active response to the evolution of the bonding market means that, as well as maintaining a pioneering catalogue of products, we provide web solutions to help our customers handle their surety bonds efficiently.

We have a pan-European bonding strategy and in 2014 we extended our bonding activities to Germany. This extended geographical scope adds a further dimension of diversification to our bonding portfolio. To support our customers' multinational activities, we issue bonds directly in six additional European countries and have a network of fronters across the world who can issue bonds for our customers. In line with these developments Bonding is currently building a common state-of-the-art IT platform.

Insurance revenue in 2014 amounted to EUR 93.6 million: a 4.1% decrease on 2013. The business developed well in France (+4.0%) and Germany but this was countered by decreases in other countries: most notably in Spain, where severe public measures significantly lowered public expenditure, resulting in a drop in insurance revenue. Italy reported slightly lower insurance revenues in 2014, but, in the fourth quarter, has seen a significant improvement in written premiums, an indicator of the accepted risk and earned premium for future years.

While in 2013 some large claims in the Nordic region negatively influenced the claims line, 2014's gross claims ratio ended at 23.6%: a 36.9 percentage point improvement on 2013 due to good claims results in all countries, but especially the Nordic region.

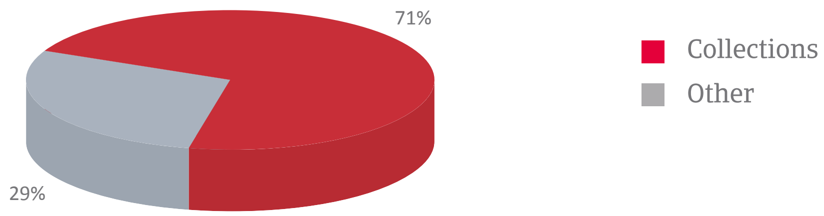
Business segment

Services

(EUR thousands)	2014	2013	%
Service income *	58,364	60,048	(2.8%)
Service expenses	(54,252)	(55,170)	(1.7%)
Service result	**4,112**	**4,878**	**(15.7%)**
Employees (FTE)	**297**	**299**	**(0.7%)**

** includes intersegment revenues*

Service income



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 a presence in 20 countries, covering 96% of all countries worldwide through a global network of collectors, lawyers and insolvency practitioners. Debt collection and credit insurance complement each other as they are counter-cyclical in nature. The collection service picks 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, 2014 was characterised by an on-going challenging economic climate, deteriorating payment behaviour and only a slight decrease in the number of insolvencies. Atradius Collections service income decreased by 5% to EUR 41.6 million in 2014 while debt placements fell by 8%, mainly as a result of fewer insurance claims and tighter credit management control by our non-insured customers in Western Europe. The shortfall in inflow was partly compensated by price adjustments and a change in portfolio split from domestic to export. There were indications of improvement on previous years, as the number of customers, in both our insured and non-insured business lines, grew by 2%. Organisational changes in selective mature countries, supporting the improvement of our operational efficiency, led to one-off expenses in 2014.

Atradius Collections expanded its reach in 2014 by opening new offices in key markets, such as Brazil, and by investing in a partnership in Chile. Operational capabilities have been extended by adding Chinese language capacity to our online systems. We are planning further expansion in the coming years in the Asian markets. As Global customers grow their business in these regions, Atradius Collections' goal is to be there to support them locally.

Atradius Dutch State Business

Atradius Dutch State Business (ADSB) 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. 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 2014. In 2014 the earned premium for account of the Dutch State of ADSB exceeded EUR 125 million, delivering an important stimulus to Dutch exports.

ADSB also provides cover for development specific investment and export contracts, in medium and lower income countries, benefitting local small and medium enterprises. This service, introduced in July 2014, is provided as part of the Dutch Good Growth Fund from the Dutch Ministry of Foreign Affairs.

In addition, ADSB 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.

Information services

Through the Group company Iberinform Internacional, Atradius offers a wide range of business information services. Iberinform supports business decision making with the assistance of Business Intelligence tools designed to analyse customers, suppliers and competitors. Their credit scoring models and business reports help companies to assess customer credit risk, assign credit limits and, ultimately, improve their cash flow. Additionally we offer business information services in Mexico via our company Informes Mexico S.A.

People – our greatest asset

The success of Atradius depends on employees. They are the driving force behind our organisation. It is important for everyone to be able to work together successfully on both personal and professional ambitions. This is exactly why we continuously strive for employee engagement through developing our staff and the Evolve process.

Employee engagement

Employees are the driving force behind our organisation

We highly value our employees' opinion about what is going well and what could be improved at Atradius. Since 2006, Atradius has conducted three employee surveys. The survey gives insight into the organisation from the perspective of the employees. In addition, the survey offers the different units and teams practical information with which they can pinpoint areas of improvement and react with concrete actions.

The response rate for the survey in 2014 was an all-time high at 88.6% compared to 80.8% in 2011. This is not only higher than previous surveys but also higher than the benchmark in the financial industry of 75%. In total, 3,254 employees were invited and 2,883 participated.

Overall Atradius scored not only higher than the previous survey but also higher than the benchmark on most themes. We saw an increase for all themes compared to the previous survey. Compared to the external benchmark an upward trend can also be noted. On efficiency we saw an increase versus last time and the other themes scores increased further above the benchmark. Next to this we see that our employees are eager to further develop themselves and their teams. As this is clearly linked to our guiding principles, as communicated through the Evolve programme, the Atradius Academy will develop training to support these initiatives.

Staff development

Atradius' staff has to have the right skills level to be a reliable business partner for our customers. That is why the Atradius Academy offers an extensive number of learning and development opportunities. Via various ways of learning, e-learning, classroom and distance learning, the skills of individuals are kept up to date. Together with an external partner the Atradius Academy trained a vast number of employees to adapt the changes in the IT systems such as underwriting systems. The training efforts were supported by a tailor made e-learning course. Also a lot of effort was put into the renewal of the induction course for new employees.

Apart from the management development programmes, Stepping Forward 1 and 2 and "On the Move" taking place during the year, the content of the Learning Management System of Atradius was renewed every half year and extended with new courses. E-learning and distance learning is playing a bigger part in the learning solutions offered by the Atradius Academy. Tailor made courses like "Essentials for Managers" and specific technical topics have proven to be successful. These courses are dealing with issues that are relevant for all Atradius' staff, in order to ensure, that the development of the Atradius' staff is properly supported.

The Evolve process

In the context of the Evolve process that was started in 2012 to support the business strategy, two Drive Improvement awards were granted by the Management Board: one to Crédito y Caución because of their achievements on product development, and one to Atradius UK because of their B1UK initiative that involved all staff and management levels working together to drive improvement creating a higher level of customer satisfaction. To create a renewed focus on the Evolve process group-wide, a new tool has been created: the Atradius Experience. This board game is designed to encourage working together and to enhance the knowledge of credit insurance and the risks Atradius manages daily. The game creates a business simulation environment with a strong link to the corporate guiding principles of Atradius.

Our people must have the right skills to make them a reliable partner

Compliance

Dutch legislation, effective from 1 January 2013, requires larger Dutch companies, when nominating or appointing members of the Management Board or Supervisory Board, to take into account as much as possible a balanced composition of these Boards in terms of gender, to the effect that at least 30 percent of the positions are held by women and at least 30 percent by men.

The current composition of the Management Board and the Supervisory Board deviates from the above-mentioned percentages. In 2014, no new appointments have been made in respect of the Management Board nor the Supervisory Board. With regard to future appointments, the Management Board and the Supervisory Board will take gender diversity objectives into account as much as possible.

Indicators	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Headcount	3,298	3,257	3,315	3,304	3,318	3,627	4,106	3,604	3,545	3,452
Full-time equivalents	3,139	3,107	3,143	3,149	3,171	3,488	3,863	3,366	3,304	3,256
Full-time equivalents, average	3,132	3,132	3,139	3,159	3,318	3,662	3,851	3,335	3,280	3,444
Retention rate	94.9%	91.4%	92.6%	91.1%	85.8%	88.6%	88.8%	82.9%	84.3%	78.4%
Sick leave	2.8%	3.0%	3.1%	3.4%	3.6%	3.4%	3.0%	2.4%	3.6%	4.0%

How will risk management grow in the future?

As businesses grow and expand into new markets, opportunities are measured against the risks that they carry. Indeed, the geo-political upheaval that can surface across the world adds a level of complexity to risk management that didn't exist a generation ago, even for businesses trading in supposedly 'safe' markets. Economic and political issues in one region can reduce demand for goods and services across the globe. Volatility in the price of essential commodities can impact any business, anywhere. As a result, there is a growing need for ever-more sophisticated ways to monitor and manage the risks to which businesses are exposed.

Atradius understands this. The skills of our economists and risk underwriters are augmented by advanced technologies that enable us to keep our customers informed about, and protected from, worldwide credit risks.

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.

All staff have well-defined authorities specifying the level of risk they can accept

Atradius classifies its main risk types as insurance, financial and operational. Insurance risk arises predominantly from the risk of non-payment by a buyer covered by a policy (credit insurance) or the risk of non-performance of a customer (bonding).

Financial risks are the risks associated with financial instruments and include market risk, credit risk and liquidity risk. Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes, people, systems or external events.

Risk management

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

Operational risk is inherent in all the Group's key activities and can never be entirely eliminated. Within Atradius, an Operational Risk Management (ORM) unit develops 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.

Within the Group, the risk of fraud, whether external or internal, is taken very seriously. In respect of external fraud, the Group monitors the activity of customers and buyers to detect indications of fraud by specialised work groups and committees. The Group reviews fraud related losses and develops and provides fraud awareness training to employees to help them identify fraudulent activities. 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. In addition, internal fraud is specifically addressed within the Atradius Compliance Framework.

Atradius compliance framework

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

Atradius' capitalisation is robust

Capital management

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

In 2014 capital has been managed in close cooperation with the units involved in managing the different factors related to capital. All entities were able to meet their financial obligations efficiently and to comply with local legal and regulatory requirements. In March 2014 a dividend of EUR 53.8 million, representing a dividend pay-out ratio of 40%, was distributed to the shareholders.

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 by almost fivefold. This solvency ratio has remained stable at 469% despite the ongoing 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 2014.

Solvency II

In January 2016, a full scale revision of the solvency framework and prudential regime applicable to insurance and reinsurance companies in the European Economic Area, will take effect. The new regulatory regime, known as "Solvency II" aims to create a harmonised, risk-oriented solvency regime which incorporates capital requirements for (re)insurance companies that are more reflective of the risks they incur.

The Solvency II framework covers three main areas (pillars):

Pillar 1 consists of the quantitative requirements (for example, the amount of capital an insurer should hold);

Pillar 2 focuses on requirements for the governance and risk management of (re)insurers, as well as for the effective supervision of (re) insurers;

Pillar 3 establishes regulatory reporting and market disclosure requirements.

To date, drafts of Solvency II requirements have been published, but these remain subject to change until their publication in final form, likely in 2015. However, after adoption of the Delegated Acts by the European Commission in October 2014 (these describe most of the details of the Solvency II regulation), the regulations are not expected to change significantly in the final year before implementation.

Atradius 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.

Capital position

Shareholder funds at the end of 2014 EUR 1,393.0 million increased by 8.2% from EUR 1,286.9 million at year end 2013, due mainly to positive results after tax. Atradius' capitalisation is robust, and shareholder funds are expected to continue to grow in 2015 and beyond.

Subordinated notes

Atradius Finance B.V., a wholly owned subsidiary of Atradius N.V., exercised the call option contained in its EUR 120 million subordinated bonds due 2024 guaranteed by Atradius N.V. and Atradius Credit Insurance N.V. on 3 September 2014, i.e. on the first optional call date, at their principal amount together with accrued interest. Subsequently, Atradius Finance B.V. issued EUR 250 million Fixed to Floating Rate Guaranteed Subordinated Notes due 2044 guaranteed on a subordinated basis by Atradius N.V. on 23 September 2014. The subordinated notes have an original maturity of 30 years. At the issuer's option, the subordinated notes can be redeemed on 23 September 2024 and each interest payment date thereafter. Unless previously redeemed, the notes will be redeemed at maturity on 23 September 2044, at their principal amount together with accrued interest. Furthermore, the subordinated notes count as Tier 2 capital under the current Dutch Solvency I regime and are also structured towards Tier 2 eligibility under Solvency II. The net proceeds of the issue of the subordinated notes will be applied for general corporate purposes.

Progress with integrity

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

This commitment is manifested through our affiliation with the UN Global Compact and to its principles on human rights, labour conditions, the environment and anti-corruption. 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).*

Credit insurance plays a particular role of great importance in economic and commercial operations, mainly to protect businesses from the effects of defaults and delinquencies that according to the European Union, are responsible for one in four failed businesses. Our main activity is to assess for any company in the world its ability to pay; and therein lies our social responsibility. We aim to stimulate the economy responsibly, analyse and safeguard millions of business relationships, and thus generate confidence to co-operate in worldwide trade between businesses from all sectors, sizes and countries.

Credit insurance plays great importance in economic and commercial operations

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 about 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 and environmentally sound materials from our suppliers and promote corporate responsibility throughout our entire supply chain. In Amsterdam for example we use a distribution company which employs people with learning disabilities.

*Our latest report on progress to the UN Global Compact can be found on our Group website. ***Follow the link here***.

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.

From our offices around the world (except those shared premises where data specific to Atradius is unavailable) we obtain information about 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.

We have established internal environmental sustainability programmes in our operations worldwide

A new initiative – the materiality matrix

To ensure that we use the resources that we invest in CR in the most effective way for our stakeholders and ourselves, we have this year started to create a materiality matrix designed to identify the most important issues for our organisation and the way we serve our stakeholders.

This matrix will enable us to decide which CR matters to focus on and, while in the table on the next page we show the outcome of our initial analysis, we will continue to adapt the matrix to meet changing circumstances and the demands of our stakeholders. To do this we will expand the range of stakeholders who contribute to the matrix. We expect to publish the matrix in the second quarter of 2015.

Initiatives

An example of our employees' respect for the environment is a tree planting project by Atradius in the Czech Republic. In April 2014, two groups of volunteers cleaned a natural preserved area in Prokopské valley in Prague and planted over one hundred beech trees. Not only did they improve this natural location but also re-energised their team by acting together in an informal setting.

The max CO^2 emissions standard for new company car leases has been reduced further in 2014 to 145g/km. This both benefits the environment and reduces costs for the company and company car drivers. Some countries even apply stricter limits; for instance in the UK the maximum has been defined at 120g/km.

In addition, colleagues in the Amsterdam Office joined the Amsterdam City Swim. Two Atradius teams spent all summer finding sponsors and training hard to get fit and ready for the swim – which was more than two kilometres through the Amsterdam canals -. Besides these two teams, numerous colleagues visited Amsterdam that day to support their swimming colleagues. In the end, more than EUR 10,000 was raised to find a cure for Amyotrophic Lateral Sclerosis (ALS).

The future

As we look forward, we will seek to expand our understanding of all of those stakeholders on whom, as a business, we have an impact – and continue to address the sustainability challenges that our industry faces. We will continue to be open and transparent in informing our stakeholders of the way that we conduct ourselves within our professional and financial environment and will undertake a regular reputation survey to assess our progress in this field.

The reports are also published on the UN Global Compact website.
Follow the link here.

The Resource usage across the Atradius Group can be found *here*.

Environmental KPIs	**2014**	**2013**	**2014/2013**
KPI	**Total**	**Total**	**Change**
Number of reporting countries	31	31	no change
Number of offices	100	99	increase
Total office space (m^2)	124,442	128,533	decrease
Total personnel (FTE)	3,139	3,107	increase
Energy (gas & electricity) usage			
Electricity from non-renewable source (kWh)	9,445,801	10,210,325	decrease
Electricity from renewable source (kWh)	1,876,706	1,723,465	increase
% of renewable electricity	19.9%	16.9%	increase
Total electricity (kWh)	11,322,507	11,933,790	decrease
Gas (m^3)	370,721	451,807	decrease
Total energy	**14,590,783**	**15,916,921**	**decrease**
Travel			
Employee air travel (km)	11,757,081	13,481,698	decrease
Employee rail travel (km)	2,271,157	2,126,529	increase
Company lease car travel (km)	10,878,588	11,138,945	decrease
Total travel (km)	**24,906,826**	**26,747,172**	**decrease**
CO^2 footprint (tonnes of CO^2)			
Energy CO^2	7,822	8,647	decrease
Travel CO^2	6,488	7,129	decrease
Total CO^2	**14,310**	**15,776**	**decrease**
Paper used			
Non-recycled paper (sheets A4)	14,610,918	17,458,842	decrease
Recycled paper (sheets A4)	10,154,671	8,430,052	increase
% recycled paper	70.0%	48.0%	increase
Total Paper	**24,765,589**	**25,888,894**	**decrease**
Water usage (m^3)	**44,556**	**45,212**	**decrease**
Waste – per type			
Hazardous waste (tonnes)	9.0	7.8	increase
Non-hazardous waste (tonnes)	535.0	541.0	decrease
Total Waste	**544.0**	**549.0**	**decrease**

How will payment grow in the future?

While the magnetic strip allowed payments to be made by credit card, we are already seeing the next stage of the evolution of payment, with instant payments from mobile phones. This extension of cashless payments will surely continue – using voice recognition, retina scans and other unique personal features to approve the transaction. While credit card cloning is a current concern, electronic payment could provide more security. No cash or cards, so no need for cash registers or safes – and nothing to 'pickpocket'. What's more, electronic payment details can be tracked, unlike many current cash transactions.

Whatever the future holds, any transaction involving a credit period after delivery of goods or services puts the seller at risk of non-payment. That's why Atradius will continue to provide the protection of credit insurance to businesses across the world.

Consolidated financial statements 2014

Contents

All amounts in thousands of Euro, unless otherwise stated

Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2014	31.12.2013
Intangible assets	6	168,761	171,447
Property, plant and equipment	7	123,444	125,732
Investment property	7	10,378	11,542
Investments in associated companies	9	39,392	34,177
Financial investments	10	2,083,832	1,835,791
Reinsurance contracts	18	668,962	654,891
Deferred income tax assets	20	102,351	100,197
Current income tax assets	20	12,566	19,251
Receivables	11	216,386	167,841
Accounts receivable on insurance and reinsurance business		169,351	130,671
Other accounts receivable		47,035	37,170
Other assets		436,739	398,706
Deferred acquisition costs	12	72,270	63,545
Miscellaneous assets and accruals	13	364,469	335,161
Cash and cash equivalents	14	268,048	178,258
Total		4,130,859	3,697,833
Equity			
Capital and reserves attributable to the equity holders of the Company		1,393,039	1,286,924
Total		1,393,039	1,286,924
Liabilities			
Subordinated loan	16	248,141	119,521
Employee benefit liabilities	17	83,882	94,840
Insurance contracts	18	1,572,151	1,486,294
Provisions	19	4,281	6,319
Deferred income tax liabilities	20	133,522	110,320
Current income tax liabilities	20	36,191	21,417
Payables	21	225,353	193,159
Accounts payable on insurance and reinsurance business		183,078	165,599
Trade and other accounts payable		42,275	27,560
Other liabilities	22	387,013	372,498
Borrowings	14	47,286	6,541
Total		2,737,820	2,410,909
Total equity and liabilities		4,130,859	3,697,833

Consolidated income statement

	Note	2014	2013
Insurance premium revenue	23	1,458,156	1,412,075
Insurance premium ceded to reinsurers	23	(643,043)	(642,371)
Net premium earned		**815,113**	**769,704**
Service and other income	24	169,047	166,352
Share of income of associated companies	25	7,247	5,804
Net income from investments	25	30,590	29,262
Total income after reinsurance		**1,021,997**	**971,122**
Insurance claims and loss adjustment expenses	26	(636,651)	(691,730)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	244,401	286,688
Net insurance claims		**(392,250)**	**(405,042)**
Net operating expenses	27	(386,220)	(383,151)
Total expenses after reinsurance		**(778,470)**	**(788,193)**
Operating result before finance costs		**243,527**	**182,929**
Finance income		4,985	4,102
Finance expenses	28	(16,142)	(13,267)
Result for the year before tax		**232,370**	**173,764**
Income tax expense	29	(71,180)	(39,261)
Result for the year		**161,190**	**134,503**
Attributable to:			
Equity holders of the Company		161,190	134,522
Non-controlling interests		-	(19)
		161,190	134,503

All amounts in thousands of Euro, unless otherwise stated

Consolidated statement of comprehensive income

	Note	2014	2013
Result for the year		161,190	134,503
Other comprehensive income:			
Items that will not be reclassified to the income statement:			
Effect of the asset ceiling on defined benefit pension plans	15.5	-	(19)
Actuarial gains/(losses) on defined benefit pension plans	15.5	(21,523)	2,536
Income tax relating to items that will not be reclassified		6,586	(2,343)
Items that may be subsequently reclassified to the income statement:			
Net fair value gains/(losses) on available-for-sale financial investments	15.3	12,710	21,231
Share of other comprehensive income of associated companies		-	243
Exchange gains/(losses) on translating foreign operations and associated companies	15.4	4,236	(20,064)
Income tax relating to items that may be reclassified		(3,281)	(1,907)
Other comprehensive income for the year, net of tax		**(1,272)**	**(323)**
Total comprehensive income for the year		**159,918**	**134,180**
Attributable to:			
Equity holders of the Company		159,918	134,199
Non-controlling interests		-	(19)
Total comprehensive income for the year		**159,918**	**134,180**

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 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
Balance at 1 January 2014	79,122	757,911	37,624	(38,319)	(124,649)	575,235	1,286,924	-	1,286,924
Dividends	-	(53,803)	-	-	-	-	(53,803)	-	(53,803)
Reduction of non-controlling interests	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	10,461	3,204	(14,937)	161,190	159,918	-	159,918
Result for the year	-	-	-	-	-	161,190	161,190	-	161,190
Other comprehensive income	-	-	10,461	3,204	(14,937)	-	(1,272)	-	(1,272)
Balance at 31 December 2014	79,122	704,108	48,085	(35,115)	(139,586)	736,425	1,393,039	-	1,393,039

Consolidated statement of cash flows

	2014	2013
I. Cash flows from operating activities		
Result for the year before tax	232,370	173,764
Adjustments for:		
Realised capital (gains)/losses on investments	(14,340)	(14,416)
Dividends received from financial investments	(5,712)	(4,683)
Share of income of associated companies	(7,247)	(5,808)
Depreciation, impairment and amortisation	33,768	22,793
Interest expense on subordinated loan	8,825	7,771
Net interest income	(12,636)	(6,168)
Other non-cash items	9,513	26,781
Changes in operational assets and liabilities:		
Insurance contracts	85,857	(106,489)
Reinsurance contracts	(14,071)	39,091
Deferred acquisition costs	(8,725)	7,192
Accounts receivable and payable on insurance and reinsurance business	(21,201)	32,612
Changes in other assets and liabilities	(28,590)	(6,659)
Pensions and other long-term employee benefit net contributions	(42,992)	(21,002)
Income tax paid	(22,806)	(16,937)
Interest paid	(5,047)	(5,045)
Net cash (used in)/generated by operating activities	**186,966**	**122,797**
II. Cash flows from investing activities		
Investments and acquisitions (cash outflows):		
Investment property	(28)	(158)
Short-term investments	(402,267)	(241,640)
Financial investments available-for-sale	(786,730)	(1,194,192)
Property, plant and equipment and intangible assets	(26,330)	(28,432)
Divestments, redemptions and disposals (cash inflows):		
Short-term investments	285,665	155,626
Financial investments available-for-sale	670,391	1,188,361
Financial investments fair value through profit or loss	-	5,601
Property, plant and equipment and intangible assets	283	465
Dividends received from associated companies	2,551	5,333
Dividends received from financial investments	5,712	4,683
Interest received	36,892	25,974
Net cash (used in)/generated by investing activities	**(213,861)**	**(78,379)**
III. Cash flows from financing activities		
Dividend paid	(53,803)	(43,517)
Interest paid on subordinated loan	(7,050)	(7,050)
Subordinated loan - redemption	(120,000)	-
Subordinated loan - addition	248,104	-
Net cash (used in)/generated by financing activities	**67,251**	**(50,567)**
Changes in cash and cash equivalents (I + II + III)	40,356	(6,149)
Cash and cash equivalents at the beginning of the year	171,717	187,977
Effect of exchange rate changes on cash and cash equivalents	8,689	(10,111)
Cash and cash equivalents at the end of the year	**220,762**	**171,717**

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

Notes to the consolidated financial statements

1 General information

Atradius N.V. ('the Company'), with its office at David Ricardostraat 1, 1066 JS, Amsterdam, the Netherlands, and its subsidiaries (together referred to as '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 50 countries (2013: more than 45 countries) and employed 3,298 people as at 31 December 2014 (2013: 3,257). 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% (2013: 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 2015 and have been reviewed by the Supervisory Board. On 6 March 2015 the consolidated financial statements have been adopted at the Annual General Meeting of Shareholders 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 financial investments 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 2014 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 and amendments adopted by the Group require retrospective application.

2.2.1 Standards, amendments and interpretations effective in 2014

The following relevant standards, amendments and interpretations have been adopted in 2014, but have had no material effect on the consolidated financial statements unless otherwise mentioned:

- IFRS 10 Consolidated Financial Statements. 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;

- IFRS 11 (Joint arrangements) supersedes IAS 31 Interests in Joint Ventures and SIC -13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. IFRS 11 had no impact on the Group's consolidated financial statements since the Group has no joint arrangements;
- IFRS 12 Disclosure of Interests in Other Entities is a comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance vehicles. The adoption of IFRS 12 had limited impact on the disclosures in the financial statements;
- The IASB also issued amended and retitled IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures a consequence of issuance of IFRS 10, IFRS 11 and IFRS 12;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 Recoverable amount disclosures for non-financial assets. These amendments restrict the requirement to disclose the recoverable amounts of an asset or cash-generated 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 of CGU's recoverable amount has been determined on the basis of fair value less costs of disposal;
- 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.

2.2.2 Standards, amendments and interpretations not yet adopted

The following relevant amendments are effective for annual periods beginning after 31 December 2014 and have not been early adopted by the Group:

- 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;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective 1 July 2014). The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service.

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

- IFRS 9 Financial Instruments (effective 1 January 2018). This standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. It will replace the current standard IAS 39. The Group is assessing the potential impact on its consolidated financial statements;
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017). The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group expects a limited impact on the consolidated financial statements;
- Annual improvements to IFRS: 2012-2014 Cycle (effective 1 January 2016). The Cycle introduces limited amendments to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1), IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting. The amendments are not expected to have material effect on the consolidated financial statements;
- Amendments to IAS 1 Disclosure Initiative (effective 1 January 2016). The narrow-focus amendments clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments are not expected to have material effect on the consolidated financial statements;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016). This amendment clarifies when revenue-based depreciation or amortisation methods are permitted. These amendments are not expected to have material impact on the Group's consolidated financial statements.

2.3 Changes in presentation

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

2.4 Consolidation

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

2.4.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to 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 2.18).

2.4.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of fair values of the assets (at the acquisition-date) transferred 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 the deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

2.4.3 Associated companies

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

Unrealised gains on transactions between the Group and its associated companies 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.

2.5 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.

2.6 Foreign currencies

2.6.1 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).

2.6.2 Transactions and balances

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

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

2.6.3 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		
	GBP	USD	AUD	GBP	USD	AUD
At 31 December 2014	1.284	0.824	0.674	1.239	0.750	0.678
At 31 December 2013	1.199	0.725	0.648	1.179	0.755	0.733

2.7 Goodwill and other intangible assets

2.7.1 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed. If the net amount of the identifiable assets acquired and the liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of 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. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 2.4.2) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the 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 is included in investments in associated companies.

2.7.2 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.

2.7.3 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.

2.7.4 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.

2.7.5 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.

2.7.6 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.

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

2.9 Investment property

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

2.10 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.

2.11 Recognition and derecognition of financial investments

All purchases and sales of financial investments carried at fair value that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that 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.

2.12 Classification of financial investments

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

2.12.1 Available-for-sale financial investments

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

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

2.12.2 Loans and receivables

Loans and receivables (including deposits) are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that 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 Impairment of assets

2.13.1 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.

2.13.2 Financial investments - carried at amortised cost

Objective evidence that loans and receivables are impaired can include significant financial difficulty of the counterparty, default or delinquency by a counterparty, restructuring of a loan or advance by 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.

2.13.3 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.

2.13.4 Impairment of other non-financial assets

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

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

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by 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.

2.16 Capital and reserves

2.16.1 Share capital

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

2.16.2 Share premium reserve

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

2.16.3 Revaluation reserve

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

2.16.4 Currency translation reserve

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

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

2.16.5 Pension reserve

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

- actuarial gains and losses, after the deduction of income tax, that arise in calculating 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.

2.16.6 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.

2.16.7 Non-controlling interests

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

2.17 Subordinated loans

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

2.18 Insurance contracts

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

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

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

The company applies IFRS 4.25 that allows that existing insurance accounting practices are continued. The main item is that Compañía Española de Seguros y Reaseguros de Crédito y Caución S.A.u. ('Crédito y Caución') applies existing earnings and related provisioning practices. The differences in application lead to different allocations of unearned premium and provision for outstanding claims. Further reference is made to specific information included on Crédito y Caución in Note 4.2.6 and Note 18.

2.18.1 Deferred acquisition costs

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

2.18.2 Provision for unearned premium

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

2.18.3 Provision for outstanding claims

Claims and loss adjustment expenses are charged to the income statement as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from the risks 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 short-term nature of the Group's liabilities. 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. For reinsurance business the provisions are determined on a treaty-by-treaty basis, based on premium and loss information supplied by the ceding companies. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience and other known trends and developments.

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

2.18.4 Liability adequacy test

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

2.18.5 Reinsurance contracts

Contracts entered into by 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.

2.18.6 Income from reinsurance contracts

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

2.18.7 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.

2.18.8 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.

2.19 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.

2.20 Deposits received from reinsurers

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

2.21 Employee benefits

2.21.1 Post-employment benefits

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.

2.21.2 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.

2.21.3 Termination benefits

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

2.21.4 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.

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

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

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and 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.

2.23 Consolidated income statement

2.23.1 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

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

Net income from investments

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

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.

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.

2.23.2 Expenses

Net insurance claims

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

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

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

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

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.

2.24 Leases

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

2.24.1 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.

2.24.2 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.

2.25 Consolidated statement of cash flows

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

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

- *Cash flows* are inflows and outflows of cash and cash equivalents;
- *Operating activities* are the principal revenue-producing activities of 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 and 16.

3.2 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts

The estimate of the ultimate liability arising from claims including recoveries made, or to be made, under insurance contracts is 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 million loss before tax (2013: EUR 0.5 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 17.

4 Risk and capital management

4.1 Risk management

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

The relationship between risk and capital is fundamental for 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 remains 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 in several ways: through our investment portfolio, operational cash, reinsurance, our core insurance business and through our main shareholder. Changes in the credit ratings of Spain may affect the Group's credit ratings.

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 Executive Manager 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 on-going overview of the largest risks. The RSMB establishes the internal risk control system by determining risk control policies and prescribing risk mitigation activities. In addition, the RSMB ensures that there are processes and systems to review the effectiveness of risk management and the internal control system.

The Supervisory Board is responsible for overseeing that the Management Board implements, amongst other things, a suitable risk management and internal control system. In this respect, the Management Board, alongside its risk management functions, periodically presents results, developments and plans to the Supervisory Board and relevant committees thereof.

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 include market risk, credit risk and liquidity risk. Operational risks are the risks of direct or indirect losses resulting from inadequate or failed internal processes, people, systems or external events.

4.2 Insurance risk

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

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 has particular risk characteristics.

The starting point for the management of insurance risk is that all staff have well-defined authorities specifying the level of risk they can accept and that all risk acceptance must take place within the framework of the risk governance structure described in Note 4.1.2. Some of the main elements of the risk governance structure currently in place are described below. Furthermore, 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.

Traditional credit insurance and special products

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. 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 risk exposure.

Staff in Commercial units have well-defined authorities specifying who can underwrite which policies. Authorities typically require the approval of two people and conditions become stricter as policies become larger, with the largest policies needing sign-off by both the Director of a Commercial unit and the responsible Management Board member. The pricing of credit insurance policies, new and renewed, is also subject to governance and the methodologies used to establish a benchmark price require the approval of the Quantitative Model Committee.

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

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.

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.

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.

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.

Other products

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 worldwide, maintaining a balanced diversity within the portfolio from each continent. The underlying business consists of around 60% credit insurance and 40% bonding, based on premium volume.

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

All reinsurance business is reviewed regularly in detail for past underwriting years performance, triangulation development, individual buyer exposure development, aggregate total potential exposure management and market and country exposure. Risk and policy limit setting is monitored to ensure credit quality and performance of the underlying insurance products to reinsurance terms agreed with third party clients.

The Instalment Credit Protection (ICP) unit insures its customers against non-payment of scheduled instalment payments. Its exposure is approximately 55% retail and 45% corporate, 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.

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

4.2.2 Insurance risk management tools

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 various connected systems. These systems enable the Group to set system specific limits by buyer or buyer group. 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.

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.

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

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

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

4.2.3 Reinsurance programme

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 usually renewed annually. 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 2014, two major quota share reinsurance treaties were in place: one covering the majority of Atradius' business and a second quota share treaty covering the business of Crédito y Caución. Both have a quota share with 55% own retention.

In addition, a single excess of loss programme, covering the own retention under the quota share treaties, consisting of a series of excess of loss treaties (by buyer and/or buyer group). The combined excess of loss programme for the Group has mitigated the likelihood of it retaining two separate retentions if a common buyer were to fail.

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 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.

Atradius Re purchased an excess of loss retrocession programme providing protection for the non-Group (reinsurance) business in order to limit the impact of high losses in 2014.

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.

4.2.4 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 2014 and 2013 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). As a result we can see that more than 55% of the exposure is concentrated on Germany, Central and Eastern Europe, Spain, France and the UK, where Germany and Spain together carry more than 30% of the overall exposure.

Buyer country	TPE 2014 (EUR million)	%	TPE 2013 (EUR million)	%
Spain, Portugal, Brazil	85,165	16.5%	81,486	17.7%
Germany	77,297	15.0%	72,844	15.8%
Central and Eastern Europe	45,925	8.9%	41,141	8.9%
France	39,170	7.6%	37,135	8.1%
United Kingdom	36,820	7.2%	31,698	6.9%
USA	35,150	6.8%	28,951	6.3%
Italy	26,929	5.2%	23,717	5.2%
The Netherlands	23,177	4.5%	22,325	4.8%
Nordic	21,818	4.2%	20,652	4.5%
Other	123,663	24.1%	100,445	21.8%
Total	**515,114**	**100%**	**460,394**	**100%**

Of the increase in TPE compared to 2013, EUR 8.6 billion is caused by movements in foreign exchange rates (see Note 2.6.3).

The following table shows the distribution of TPE over buyer industry sector. In terms of Industry Sectors the main buyer sectors we provide cover on are Electronics, Chemicals, Consumer durables and Metals, together good for more than 45% of the exposure in 2014. The remaining exposure is distributed across Food, Transport, Construction, Machines, Agriculture, Services, Construction materials and other sectors.

Industry sector	TPE 2014 (EUR million)	TPE 2013 (EUR million)
Electronics	67,005	55,912
Chemicals	63,915	56,282
Consumer durables	56,347	50,468
Metals	56,286	50,907
Food	48,188	42,564
Transport	43,705	38,366
Construction	37,238	33,459
Machines	31,629	29,390
Agriculture	25,932	22,808
Construction materials	21,981	20,031
Services	21,180	21,386
Other	41,708	38,821
Total	**515,114**	**460,394**

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 a hit to an excess of loss treaty (2013: the same).

All amounts in thousands of Euro, unless otherwise stated

Value band (EUR million)	TPE 2014	TPE 2013
0 - 20	294,203	266,243
20 - 100	87,443	75,603
100 - 250	55,495	47,136
250 - 500	32,122	32,046
500 - 1000	19,296	20,059
1000 - and more	26,555	19,307
Total	**515,114**	**460,394**

Exposure for bonding and for instalment credit protection have different characteristics and therefore have not been included in these tables. The bonding exposure is EUR 21.3 billion (2013: EUR 21.2 billion). Exposure for instalment credit protection amounts to EUR 2.0 billion (2013: EUR 2.1 billion).

4.2.5 Factors affecting the frequency and severity of claims

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

4.2.6 Sources and assumptions

4.2.6.1 Sources of uncertainty in the estimation of future claims payments

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

The insurance liabilities that cover claims experience after the reporting period for risks that have been accepted before the end of the reporting period consist of two elements: the provision for unearned premium (UPR) and the claims provisions for claims ‘incurred but not reported’, the IBNR. The accounting policies and estimation methods for setting UPR and IBNR vary by product and in part also by entity within 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 interpreting the claims development tables in Note 18 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, the main sources of uncertainty for estimates of future claims payments include:

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

Estimates for future claims payments for bonding have a greater uncertainty than estimates for future claims payments for credit insurance. Bonding is a 'longer tail' business; i.e., the time between issuance of the bond and receipt of the bond call tends to be much longer than that of traditional short-term credit insurance. For example, most credit insurance covers credit periods up to 180 days, while around half the number of bonds written has tenors of over two years. After receipt of a bond call, it will take longer to settle the claim and litigation is not uncommon, either following the bond call or when trying to realise recoveries. Especially in Italy, litigation tends to be a lengthy process. Outcomes of litigation cannot be predicted with certainty.

4.2.6.2 Assumptions, change in assumptions and sensitivity

The risks associated with credit insurance and bonding are complex, 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 2015 will be around 20% above the level of end 2014. 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 22 million, gross of reinsurance (2013: EUR 24 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size.

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

In China we have seen an increase in claims since the middle of 2014, mainly related to underwriting years 2013 and 2014. We have since carefully reviewed our portfolio and have taken actions to reduce the risk. However, at the end of the year, only a small amount of claims have been paid and there is significant uncertainty around the losses that ultimately will be incurred.

Realised recoveries can deviate from expected recoveries. The largest component of the expected recoveries (EUR 430.3 million, 2013: EUR 491.9 million) relate to instalment credit protection (EUR 136.9 million, 2013: EUR 137.2 million) and the Italian bonding book (EUR 112.3 million, 2013: EUR 117.3 million). For instalment credit protection, a reduction of 5 percentage points in ultimate recoveries for underwriting years 2011-2014 reduces future undiscounted recoveries by approximately EUR 11 million (2013: EUR 10 million). For Italy bonding, a 1 percentage point change in the expected recovery rate for bonds called amounts to approximately EUR 6 million gross of reinsurance (2013: 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 of assets and liabilities that are sensitive to movements in market prices, decrease or increase due to adverse movements in equity prices, interest rates or currency rates. The Group exposes itself to these risks by holding assets and liabilities whose fair value are sensitive to movements in those prices. To measure these risks, the Group uses several risk metrics. The most important ones being Value-at-Risk, capital models from the credit assessment institutions, interest rate duration and the mismatch between assets and liabilities whose fair value is denominated in foreign currency.

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.

4.3.1.1 Fair value of financial assets and liabilities

The estimated fair values of the Group's financial assets and liabilities, other than the subordinated loan, equal their carrying value. The fair value of the subordinated loan is disclosed in Note 16.

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

The fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk taker. To this end, 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.

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 based on binding quotes from independent brokers (see Note 16 for further details).

Other financial liabilities and deposits received from reinsurers

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

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

Financial instruments measured at fair value Assets 2014	Quoted prices in active markets - Level 1 (1)	Valuation techniques incorporating information other than observable market data - Level 3 (3)	Total
Available-for-sale:			
Equity securities	417,604	-	417,604
Debt securities:			
Government bonds	481,579	-	481,579
Corporate bonds	792,479	-	792,479
Structured debt	-	21,075	21,075
Total	**1,691,662**	**21,075**	**1,712,737**

All amounts in thousands of Euro, unless otherwise stated

Financial instruments measured at fair value Assets 2013	Quoted prices in active markets - Level 1 (1)	Valuation techniques incorporating information other than observable market data - Level 3 (3)	Total
Available-for-sale:			
Equity securities	538,353	-	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**

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 for which the fair value is based on brokers quotes or pricing services. These valuations are for 100% of the fair value verified with an external independent valuation company.

There have been no transfers between Level 1 or 2 in 2014 or 2013.

Structured debt

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

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. The value of embedded derivatives are assessed by using valuation techniques, such as binomial option techniques.

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	
	2014	2013
Balance at 1 January	**23,335**	**34,382**
Total gains or losses:		
In income statement (net income from investments)	(364)	171
In other comprehensive income	2,690	2,712
Purchases	-	-
Sales	(4,586)	(13,930)
Settlements	-	-
Transfers out of Level 3	-	-
Balance at 31 December	**21,075**	**23,335**
Total unrealised gains/(losses) for the year included in the income statement for assets held at the end of the reporting period	-	8

There have been no transfers into or out of Level 3 of the fair value hierarchy during 2014 or 2013.

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 and equity instruments issued by investment funds. These risks are measured and analysed by using value at risk techniques and capital models from the external credit assessment institutions. The Value-at-Risk measures the potential maximum loss on 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). The Group invests in a portfolio of diversified equity instruments to manage these risks.

The Group manages the equity price risk by holding a diversified and liquid portfolio of equity instruments.

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). The risks of an investment fund is mainly driven by the nature of the assets in which it invests. As investment funds are offered to multiple investors, the investment restrictions of a fund are governed in the fund's prospectus. The Group only selects investment funds that have similar investment restrictions stated in their prospectus as stated in the Atradius Group Investment Policy.

Equity instruments issued by investment funds

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

		Weight in %		Weight in %
	2014		2013	
Active fixed income funds	45,847	11.0%	127,252	23.7%
Passive equities exchange traded funds	191,737	46.1%	188,319	35.1%
Active money market funds	178,589	42.9%	220,730	41.2%
Total	**416,173**	**100.0%**	**536,301**	**100.0%**

Active fixed income funds

The portfolio of active fixed income funds mainly consists of a diversified portfolio of Euro investment grade corporate debt instruments with a maximum maturity of five years.

All amounts in thousands of Euro, unless otherwise stated

Passive equities exchange traded funds

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

Active money market funds

The portfolio of active money market 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 of assets and liabilities, that are sensitive to movements in interest rates, decreases or increases due to adverse movements in interest rates. The Group exposes itself to this risk by investing in debt instruments and equity instruments issued by investment funds that invest in debt instruments, issuing subordinated notes and by insurance contracts. The Group manage this risk by matching the duration of the subordinated loan and the insurance contracts with one of the debt instruments.

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		Variable rate instruments - carrying amount	
	2014	2013	2014	2013
Financial assets (1) (3)	1,295,133	1,045,027	639,143	430,669
Financial liabilities (2) (4)	(248,141)	(119,521)	(98,988)	(58,224)
Total	**1,046,992**	**925,506**	**540,155**	**372,445**

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, loans, short-term investments and cash held for investments;
4) Variable rate financial liabilities include borrowings and deposits received from reinsurers.

Duration

Duration demonstrates the dependability of a bond's market value to a change in the underlying discount rate of that bond. The duration figure depicts the percentage change of the market value of a bond investment if the underlying discount rate is parallel shifted by 1%. The higher the duration figure, the more a bond is sensitive to movements in the underlying discount rate.

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. The duration for 2014 is 2.6 years (2013: 1.4 years) and the average maturity for 2014 is 3.2 years (2013: 2.3 years).

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
	2014		2013	
Equity securities:				
Shares (including equity funds)	85.5	44.3%	80.8	42.2%
Debt securities:				
Government bonds (including government bond funds)	7.4	1.5%	9.5	2.5%
Corporate bonds (including corporate bond funds)	14.8	1.7%	26.4	3.3%
Structured debt	7.3	33.9%	5.2	20.1%
Total	95.6	4.6%	97.0	5.3%

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 decreased from 5.3% at the end of 2013 to 4.6% at the end of 2014 and the VaR value decreased from EUR 97.0 million at the end of 2013 to EUR 95.6 million at the end of 2014. The decline in VaR percentage and VaR value has been driven by lower 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 2014, the Euro weakened against some of the non-Euro functional currencies (see Note 2.6.3) resulting in a foreign currency gain in other comprehensive income of EUR 3.2 million, net of tax (2013: a loss of EUR 16.7 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 2014 and 31 December 2013, is presented in the following table:

All amounts in thousands of Euro, unless otherwise stated

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
	2014			2013		
EUR	148,999	143,210	5,789	157,944	158,235	(291)
GBP	12,743	23,680	(10,937)	20,294	23,591	(3,297)
USD	213,131	306,689	(93,558)	143,371	180,005	(36,634)
AUD	13,915	11,358	2,557	14,464	12,650	1,814
Other	120,282	175,893	(55,611)	127,393	152,987	(25,594)
Total	**509,070**	**660,830**	**(151,760)**	**463,466**	**527,468**	**(64,002)**

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 2013. 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
	2014			2013		
EUR	3,044,481	1,889,227	1,155,254	2,826,675	1,706,427	1,120,248
GBP	137,764	120,200	17,564	117,583	110,661	6,922
USD	369,904	334,053	35,851	251,478	206,713	44,765
AUD	71,905	40,680	31,225	68,413	44,844	23,569
Other	506,805	353,660	153,145	433,684	342,264	91,420
Total	**4,130,859**	**2,737,820**	**1,393,039**	**3,697,833**	**2,410,909**	**1,286,924**

4.3.2 Credit risk

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

Reinsurance is used to manage insurance risk. This does not, however, discharge the 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 Group Investment Committee to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer (per legal entity and at 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 Group Investment Committee monitors this limit and action is taken if a concentration limit is breached.

The counterparty ratings of receivables, short-term investments, claims, commissions and deposits arising from reinsurance, cash and cash equivalents and the rating of debt securities as at 31 December 2014 and as at 31 December 2013, are presented in the following tables:

At 31 December 2014 (EUR million)	AAA	AA	A	BBB	Other and Non-rated	Total
Receivables, claims, commissions and deposits arising from reinsurance:						
Receivables, claims and commissions arising from reinsurance	-	262	298	4	12	576
Deposits received from reinsurers	-	(26)	(25)	-	(1)	(52)
Debt securities:						
Government bonds (1)	156	297	9	14	6	482
Corporate bonds	6	75	693	11	7	792
Structured debt	-	1	4	6	10	21
Short-term investments:						
Deposits withheld by ceding companies	-	4	9	2	18	33
Bank deposits under short-term investments	16	34	1	286	1	338
Cash and cash equivalents	-	14	11	238	5	268
Total	**178**	**661**	**1,000**	**561**	**58**	**2,458**

At 31 December 2013 (EUR million)	AAA	AA	A	BBB	Other and Non-rated	Total
Receivables, claims, commissions and deposits arising from reinsurance:						
Receivables, claims and commissions arising from reinsurance	-	232	266	25	24	547
Deposits received from reinsurers	-	(23)	(17)	(2)	(10)	(52)
Debt securities:						
Government bonds (1)	150	203	8	2	6	369
Corporate bonds	-	99	527	20	7	653
Structured debt	-	3	3	8	9	23
Short-term investments:						
Deposits withheld by ceding companies	-	6	14	10	9	39
Bank deposits under short-term investments	28	14	40	131	-	213
Cash and cash equivalents	-	8	32	133	5	178
Total	**178**	**542**	**873**	**327**	**50**	**1,970**

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

All amounts in thousands of Euro, unless otherwise stated

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 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 179 million (2013: EUR 221 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 (2013: 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 Group has considered the impact of the cross-border cash pooling arrangement in this overview.

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest contractual repayment date. When the 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 2014		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated loan	5.35%	-	13,125	52,500	571,075	248,141
Deposits received from reinsurers	0.50%	-	51,702	-	-	51,702
Total		-	**64,827**	**52,500**	**571,075**	**299,843**
Non-interest bearing liabilities						
Insurance contracts		-	1,001,575	437,457	4,551	1,572,151
Payables		-	225,353	-	-	225,353
Total		-	**1,226,928**	**437,457**	**4,551**	**1,797,504**

At 31 December 2013		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing liabilities						
Subordinated loan	7.60%	-	5,947	14,578	141,866	119,521
Deposits received from reinsurers	1.69%	-	51,683	-	-	51,683
Total		-	**57,630**	**14,578**	**141,866**	**171,204**
Non-interest bearing liabilities						
Insurance contracts		-	959,102	415,941	(3,839)	1,486,294
Payables		-	193,159	-	-	193,159
Total		-	**1,152,261**	**415,941**	**(3,839)**	**1,679,453**

At 31 December 2014		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.55%	-	183,984	1,064,088	89,014	1,295,133
Investments: deposits and cash held for investments	0% - 0.50%	87,429	275,392	7,940	-	370,761
Cash: Cash and bank deposits	0% - 1.0%	220,623	139	-	-	220,762
Total		**308,052**	**459,515**	**1,072,028**	**89,014**	**1,886,656**
Non-interest bearing assets						
Other financial assets		-	417,938	-	-	417,938
Reinsurance contracts		-	426,178	186,141	1,937	668,962
Receivables		-	216,386	-	-	216,386
Total		-	**1,060,502**	**186,141**	**1,937**	**1,303,286**

All amounts in thousands of Euro, unless otherwise stated

At 31 December 2013		Contractual cash flows (undiscounted)				
	Weighted average effective interest rate %	On demand	Less than 1 year	1 to 5 years	> 5 years	Carrying amount
Interest bearing assets						
Debt securities	0.81%	-	78,883	985,937	31,024	1,045,027
Investments: deposits and cash held for investments	0% - 1.8%	96,720	98,848	56,337	-	251,905
Cash: Cash and bank deposits	0% - 1.0%	171,579	138	-	-	171,717
Total		**268,299**	**177,869**	**1,042,274**	**31,024**	**1,468,649**
Non-interest bearing assets						
Other financial assets		-	538,859	-	-	538,859
Reinsurance contracts		-	422,600	183,272	(1,692)	654,891
Receivables		-	167,841	-	-	167,841
Total		**-**	**1,129,300**	**183,272**	**(1,692)**	**1,361,591**

4.4 Operational risk

4.4.1 Operational risk management

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

The Operational Risk Management (ORM) unit is part of the Group Risk Management department and is responsible for developing methods for the identification, assessment and response to risks, and for monitoring and further enhancing the overall risk management and control framework. The ORM unit works closely with both Internal Audit and the Legal and Compliance unit. At the highest level, operational risk is overseen by the Operational Risk Platform, which has a reporting line through to the Chief Risk Officer.

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

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

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

4.4.1.1 Risk registers and risk / control self-assessments

While the ORM unit is responsible for facilitating operational risk management within 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 risk registers for their respective units. The content of the registers provides input to local management meetings and is also reviewed during meetings of the Management Board. This ensures that operational risks are evaluated from all management perspectives.

While risk registers use a top-down approach to capturing risks, 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 and aligned with the International Standard ISO223019. The ORM unit co-ordinates the documentation, maintenance and continual testing of practical plans for recovering key business activities within acceptable timeframes.

4.4.1.3 Compliance

Compliance practices support our business, our reputation and our integrity. These elements are of importance to our customers, suppliers, staff and other stakeholders. Complying with relevant laws, rules and regulations and maintaining a high standard in terms of ethics and integrity, leads to lower operational risk and more stable business processes. The 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 have the ability to survive by maintaining sufficient available capital after meeting its financial obligations;
- to meet the local regulatory capital requirements of all Group entities, including branches and subsidiaries of the Group worldwide;
- to manage the capital adequacy of the Group and its entities, taking into account the economic and accounting views along with the external rating agencies and regulatory capital requirements;
- to optimise capital structure by allocating funds across the Group's entities; and
- minimising the overall cost of funding while preserving financial flexibility.

In 2014, 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 (2013: the same).

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;

All amounts in thousands of Euro, unless otherwise stated

- 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

The following table summarises the minimum required capital for the Group. The minimum capital requirement is based on the sum of the local capital requirements of the different regulated entities of the Group and the regulatory capital based on the EU directive. The local capital requirements differ from jurisdiction to jurisdiction. The information for 2014 is an estimate that is updated once the regulatory accounts are filed.

	2014 (1)	2013
Regulatory capital held	944,195	892,313
Minimum legal regulatory capital	201,436	199,162
Surplus	**742,759**	**693,151**

(1) Preliminary estimates

The main regulated legal entities and respective territories are Atradius Credit Insurance N.V. in the Netherlands that is regulated by the Dutch Central Bank (de Nederlandsche Bank, DNB), Crédito y Caución in Spain that is regulated by Dirección General de Seguros y Fondos de Pensiones (DGSFP), Atradius Reinsurance Ltd. in Ireland that is regulated by the Central Bank of Ireland (CBI), Atradius Trade Credit Insurance, Inc. in the USA that is regulated by the Maryland Insurance Administration (MIA) and Atradius Seguros de Crédito, S.A. in Mexico that is regulated by the Comisión Nacional de Seguros y Finanzas (CNSF).

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 2014	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimi-nation	Group costs	Total
Insurance premium revenue	1,230,808	93,576	133,772	1,458,156	-	-	-	1,458,156
Service and other income	115,254	-	-	115,254	53,793	-	-	169,047
Intersegment revenue	-	-	-	-	4,571	(4,571)	-	-
Total revenue	**1,346,062**	**93,576**	**133,772**	**1,573,410**	**58,364**	**(4,571)**	**-**	**1,627,203**
Insurance premium ceded to reinsurers	(582,185)	(45,795)	(15,063)	(643,043)	-	-	-	(643,043)
Total segment income after reinsurance	**763,877**	**47,781**	**118,709**	**930,367**	**58,364**	**(4,571)**	**-**	**984,160**
Insurance claims and loss adjustment expenses	(554,076)	(22,113)	(64,347)	(640,536)	-	3,885	-	(636,651)
Insurance claims and loss adjustment expenses recovered from reinsurers	228,705	10,569	5,127	244,401	-	-	-	244,401
Net insurance claims	**(325,371)**	**(11,544)**	**(59,220)**	**(396,135)**	**-**	**3,885**	**-**	**(392,250)**
Gross operating expenses	(476,419)	(32,968)	(57,080)	(566,467)	(54,252)	686	(8,924)	(628,957)
Commission received for business ceded to reinsurers	223,234	15,223	4,280	242,737	-	-	-	242,737
Net operating expenses	**(253,185)**	**(17,745)**	**(52,800)**	**(323,730)**	**(54,252)**	**686**	**(8,924)**	**(386,220)**
Operating segment result	**185,321**	**18,492**	**6,689**	**210,502**	**4,112**	**-**	**(8,924)**	**205,690**
Share of income of associated companies								7,247
Net income from investments								30,590
Finance income								4,985
Finance expenses								(16,142)
Result for the year before tax								**232,370**
Income tax expense								(71,180)
Result for the year								**161,190**

Business segment 2014	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimination	Total
Reinsurance contracts	437,604	212,550	18,808	668,962	-	-	668,962
Receivables	181,478	25,304	7,564	214,346	4,127	(2,087)	216,386
Unallocated assets	-	-	-	-	-	-	3,245,511
Total assets	**619,082**	**237,854**	**26,372**	**883,308**	**4,127**	**(2,087)**	**4,130,859**
Insurance contracts	912,148	357,806	302,197	1,572,151	-	-	1,572,151
Payables	194,251	27,130	1,723	223,104	11,710	(9,461)	225,353
Unallocated liabilities	-	-	-	-	-	-	940,316
Total liabilities	**1,106,399**	**384,936**	**303,920**	**1,795,255**	**11,710**	**(9,461)**	**2,737,820**

All amounts in thousands of Euro, unless otherwise stated

Business segment 2013	Credit insurance	Bonding	Reinsurance	Total insurance business	Services	Inter-segment elimi-nation	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	**(255,353)**	**(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								(39,261)
Result for the year								**134,503**

Business segment 2013	Credit insurance	Bonding	Rein-surance	Total insurance business	Services	Inter-segment elimination	Total
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
Unallocated assets	-	-	-	-	-	-	2,875,101
Total assets	**572,977**	**226,982**	**20,703**	**820,662**	**4,420**	**(2,350)**	**3,697,833**
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
Unallocated liabilities	-	-	-	-	-	-	731,456
Total liabilities	**1,037,627**	**357,875**	**281,901**	**1,677,403**	**10,915**	**(8,865)**	**2,410,909**

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 (2013: 60% and 40% respectively), based on premium volume.

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

	2014	2013
Spain and Portugal	389,131	383,280
France, Belgium, Italy and Luxembourg	300,254	293,028
Germany, Central and Eastern Europe	263,413	256,331
United Kingdom and Ireland	263,883	249,041
The Netherlands	125,339	125,849
Nordic countries	97,188	95,861
Americas	90,155	83,677
Oceania and Asia	97,840	91,360
Total	**1,627,203**	**1,578,427**

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 *	
	2014	2013	2014	2013	2014	2013
Spain and Portugal	826,254	754,431	118,769	123,255	3,268	3,606
France, Belgium, Italy and Luxembourg	432,245	412,784	20,497	12,345	1,406	1,492
Germany, Central and Eastern Europe	314,548	335,053	5,384	5,278	1,787	1,369
United Kingdom and Ireland	1,155,819	1,058,205	26,573	22,303	10,655	10,942
The Netherlands	795,508	646,568	7,880	22,218	7,629	9,599
Nordic countries	227,652	201,751	1,620	1,645	750	427
Americas	189,019	162,826	2,724	2,684	338	278
Oceania and Asia	189,814	126,215	1,494	1,316	525	877
Total	**4,130,859**	**3,697,833**	**184,941**	**191,044**	**26,358**	**28,590**

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

All amounts in thousands of Euro, unless otherwise stated

6 Intangible assets

2014	Goodwill	Agent networks	Non-patented technology	Software	Other *	Total
At cost at 1 January	118,412	12,008	4,991	144,321	7,411	287,143
Additions	-	-	-	18,516	-	18,516
Disposals	-	-	-	(1,453)	-	(1,453)
Effect of movements in foreign exchange rates	(35)	-	-	3,596	127	3,688
At cost at 31 December	118,377	12,008	4,991	164,980	7,538	307,894
Accumulated amortisation and impairments at 1 January	(735)	(4,804)	(1,997)	(100,771)	(7,389)	(115,696)
Amortisation charge for the year	-	(800)	(332)	(10,608)	(15)	(11,755)
Disposals	-	-	-	1,438	-	1,438
Impairment	-	-	-	(10,464)	-	(10,464)
Effect of movements in foreign exchange rates	-	-	-	(2,561)	(95)	(2,656)
Accumulated amortisation and impairments at 31 December	(735)	(5,604)	(2,329)	(122,966)	(7,499)	(139,133)
Balance at 1 January	117,677	7,204	2,994	43,550	22	171,447
Balance at 31 December	117,642	6,404	2,662	42,014	39	168,761

2013	Goodwill	Agent networks	Non-patented technology	Software	Other *	Total
At cost at 1 January	118,450	12,008	4,991	128,576	7,532	271,557
Additions	-	-	-	22,628	-	22,628
Disposals	-	-	-	(6,102)	(78)	(6,180)
Effect of movements in foreign exchange rates	(38)	-	-	(781)	(43)	(862)
At cost at 31 December	118,412	12,008	4,991	144,321	7,411	287,143
Accumulated amortisation and impairments at 1 January	(735)	(4,003)	(1,664)	(96,265)	(7,476)	(110,143)
Amortisation charge for the year	-	(801)	(333)	(11,187)	(16)	(12,337)
Disposals	-	-	-	6,102	78	6,180
Effect of movements in foreign exchange rates	-	-	-	579	25	604
Accumulated amortisation and impairments at 31 December	(735)	(4,804)	(1,997)	(100,771)	(7,389)	(115,696)
Balance at 1 January	117,715	8,005	3,327	32,311	56	161,414
Balance at 31 December	117,677	7,204	2,994	43,550	22	171,447

** Other intangible assets relate to trade names and insurance portfolios*

Goodwill

If applicable, impairment of goodwill is recognised as a separate item in the income statement. During 2014 there was no impairment charge (2013: 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	2014	2013
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)	2,598	2,633
Other	2,304	2,304
Total	**117,642**	**117,677**

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 (after tax) used is 8.74% (2013: 8.2%) 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% (2013: 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).

Software

The Group assessed all capitalised software to determine if the criteria for capitalisation are being met. The Group decided that part of the capitalised software should be impaired (EUR 10.5 million) since the expected benefits of the developed software could not be achieved. In 2013 there were no impairment charges.

All amounts in thousands of Euro, unless otherwise stated

7 Property, plant and equipment & Investment property

2014	Land & buildings	Fixtures & fittings	IT hardware	Total property, plant & equipment	Investment property
At cost at 1 January	108,626	51,482	50,080	210,188	14,559
Additions	153	2,743	4,918	7,814	28
Disposals	-	(3,792)	(5,073)	(8,865)	-
Transfer between property classes	(122)	-	-	(122)	122
Effect of movements in foreign exchange rates	(19)	778	1,454	2,213	41
At cost at 31 December	108,638	51,211	51,379	211,228	14,750
Accumulated depreciation and impairments at 1 January	(7,245)	(37,936)	(39,275)	(84,456)	(3,017)
Depreciation charge for the year	(1,067)	(4,022)	(5,101)	(10,190)	(159)
Disposals	-	3,504	5,003	8,507	-
Impairment loss	-	-	-	-	(1,196)
Transfer between property classes	(38)	-	-	(38)	38
Effect of movements in foreign exchange rates	16	(649)	(974)	(1,607)	(38)
Accumulated depreciation and impairments at 31 December	(8,334)	(39,103)	(40,347)	(87,784)	(4,372)
Balance at 1 January	101,381	13,546	10,805	125,732	11,542
Balance at 31 December	100,304	12,108	11,032	123,444	10,378

2013	Land & buildings	Fixtures & fittings	IT hardware	Total property, plant & equipment	Investment property
At cost at 1 January	109,040	53,879	49,772	212,691	14,288
Additions	6	2,439	3,359	5,804	158
Disposals	(121)	(4,280)	(2,340)	(6,741)	-
Transfer between property classes	(154)	-	-	(154)	154
Effect of movements in foreign exchange rates	(145)	(556)	(711)	(1,412)	(41)
At cost at 31 December	108,626	51,482	50,080	210,188	14,559
Accumulated depreciation and impairments at 1 January	(6,278)	(38,444)	(36,999)	(81,721)	(2,765)
Depreciation charge for the year	(1,007)	(3,940)	(5,104)	(10,051)	(189)
Disposals	48	4,100	2,336	6,484	-
Impairment loss	-	-	-	-	(97)
Transfer between property classes	(30)	-	-	(30)	30
Effect of movements in foreign exchange rates	22	348	492	862	4
Accumulated depreciation and impairments at 31 December	(7,245)	(37,936)	(39,275)	(84,456)	(3,017)
Balance at 1 January	102,762	15,435	12,773	130,970	11,523
Balance at 31 December	101,381	13,546	10,805	125,732	11,542

The depreciation charge on property for own use is reported as part of net operating expenses. The depreciation charge on investment property is reported as part of net income from investments.

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

	Property own use		Investment property	
	2014	2013	2014	2013
Spain	79,836	83,891	8,607	9,760
Italy	19,500	19,500	1,425	1,425
Mexico	3,743	3,724	1,452	1,445
The Netherlands	-	-	906	906
Other	686	743	133	141
Total	103,765	107,858	12,523	13,677

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 2014 by Inmoseguros Tasaciones SAU.;
- in Italy, for property own use, in February 2013 by DTZ and for investment property 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.

All amounts in thousands of Euro, unless otherwise stated

All property is valued using valuation techniques. All significant inputs used in the measurement are market observable and the fair value is therefore classified in Level 2 in the fair value hierarchy (as in 2013). Valuation techniques used are: Market (comparison) approach, Income approach (discounted cash flow method) and Cost approach. The valuations for Spanish property are in accordance with the rules applicable to insurance companies in connection with the valuation of assets to cover technical provisions. Significant valuation inputs used to determine the fair value measurements based on techniques used are construction features, location (and/or conditions) and transport utilities.

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

Property own use

A property in Italy with a carrying value of EUR 5.3 million (2013: EUR 5.3 million) is subject to a legal charge for the amount of EUR 2.7 million (2013: the same).

Investment property

Investment properties in Italy with a carrying value of EUR 353 thousand (2013: EUR 360 thousand) are subject to a legal charge for the full amount.

In 2014, there was an impairment of EUR 1.2 million (2013: EUR 97 thousand), as a result of lower market valuations in Spain.

The investment property can be classified as follows: 84.0% office (2013: 85.4%), 14.9% retail (2013: 13.6%) and 1.1% residential (2013: 1.0%).

Direct operating expenses incurred (including repairs and maintenance) arising from investment property are EUR 85 thousand (2013: EUR 87 thousand). During the year an amount of EUR 0.5 million (2013: EUR 0.5 million) has been recognised as rental income from investment property for lease contracts. These contracts have remaining terms of between 1 and 10 years. Expected rental income arising from these contracts for next year is EUR 0.5 million of which EUR 0.2 million are non-cancellable contracts.

8 Subsidiaries

The following table sets forth, as at 31 December 2014 and 2013, the name and country of incorporation of the main subsidiaries of Atradius N.V.

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

	Country of incorporation	% interest held	Type of business
Atradius Collections B.V.	The Netherlands	100.00%	Collections
Atradius Credit Insurance N.V.	The Netherlands	100.00%	Credit insurance
Atradius Finance B.V.	The Netherlands	100.00%	Finance
Atradius Information Services B.V.	The Netherlands	100.00%	Information services
Atradius Insurance Holding N.V.	The Netherlands	100.00%	Holding
Atradius Participations Holding B.V.	The Netherlands	100.00%	Holding
Atradius Reinsurance Ltd.	Ireland	100.00%	Reinsurance
Atradius Seguros de Crédito, S.A.	Mexico	100.00%	Credit insurance
Atradius Trade Credit Insurance, Inc.	USA	100.00%	Credit insurance
Compañia Española de Seguros y Reaseguros de Crédito y Caución S.A.u.	Spain	100.00%	Credit insurance

For significant restrictions on dividend distributions refer to Note 15.7

9 Investments in associated companies

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

	2014	2013
Balance at 1 January	**34,177**	**36,147**
Share of income of associated companies	7,247	5,804
Share of other comprehensive income	-	243
Dividends received	(2,551)	(5,333)
Disposals	-	(511)
Effect of movements in foreign exchange rates	519	(2,173)
Balance at 31 December	**39,392**	**34,177**

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 150 million (2013: EUR 157 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 7.42% discount rate (after tax) used (2013: 8.20%) is close to cost of equity. Based on this review, the Group has concluded that no investments should be impaired (2013: no investments were impaired).

	Country of incorporation	% interest held	Type of business
Graydon Holding N.V., Amsterdam	The Netherlands	45.00%	Information services
CLAL Credit Insurance Ltd., Tel Aviv	Israel	20.00%	Credit insurance
Al Mulla Atradius Insurance Consultancy & Brokerage L.L.C., Dubai	UAE	49.00%	Dormant
Compañía de Seguros de Crédito Continental S.A., Santiago de Chile	Chile	50.00% [1)]	Credit insurance
Inversiones Credere S.A., Santiago de Chile	Chile	50.00% [1)]	Insurance
The Lebanese Credit Insurer s.a.l., Beirut	Lebanon	48.90%	Credit insurance

1) Minus one share

In 2014 Compañía de Seguros de Crédito Continental S.A. set up a new business in the Chilean market granting both Agustinas Servicios Financieros S.A. and Atradius Participation Holding B.V. shares in Inversiones Credere S.A.

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

All amounts in thousands of Euro, unless otherwise stated

2014	Graydon Holding N.V.	CLAL Credit Insurance Ltd.	Compañía de Seguros de Crédito Continental S.A.	The Lebanese Credit Insurer s.a.l.	Other*	Total
The Group's interest						
Goodwill	-	380	1,611	-	-	**1,991**
Net assets	7,495	7,263	17,916	2,152	2,575	**37,401**
Carrying amount	**7,495**	**7,643**	**19,527**	**2,152**	**2,575**	**39,392**
Share of income of associated companies	225	983	6,352	(314)	1	**7,247**
Dividends received	1,850	-	701	-	-	**2,551**
Associated companies						
Assets	44,620	63,283	78,391	8,448	5,150	**199,892**
Liabilities	27,966	26,969	42,559	4,047	-	**101,541**
Revenue	54,207	10,325	6,055	1,939	-	**72,526**
Net assets	16,654	36,314	35,832	4,401	5,150	**98,351**
Result for the year	501	4,914	12,704	(642)	2	**17,479**
2013						
The Group's interest						
Goodwill	-	380	1,611	-	-	**1,991**
Net assets	9,126	6,105	14,726	2,229	-	**32,186**
Carrying amount	**9,126**	**6,485**	**16,337**	**2,229**	-	**34,177**
Share of income of associated companies	3,397	1,054	670	687	(4)	**5,804**
Dividends received	3,796	-	1,537	-	-	**5,333**
Associated companies						
Assets	51,835	56,411	83,366	6,775	-	**198,387**
Liabilities	31,555	25,886	53,915	2,218	-	**113,574**
Revenue	62,756	10,580	31,541	1,800	-	**106,677**
Net assets	20,280	30,525	29,451	4,557	-	**84,813**
Result for the year	7,549	5,272	1,340	1,403	-	**15,564**

** Other includes the 2014 financial information of Inversiones Credere S.A. and the 2013 financial information of Les Assurances des Crédits Commerciaux S.A. which was legally merged on 1 January 2013 with Cotunace as a result of which the interest held by the Group reduced to 3.9%.*

Transactions with associated companies are disclosed in Note 35.

10 Financial investments

Financial investments classified by measurement category and nature	Available-for-sale		Loans and receivables		Total	
	2014	2013	2014	2013	2014	2013
Equity securities	417,604	538,353	-	-	417,604	538,353
Debt securities	1,295,133	1,045,027	-	-	1,295,133	1,045,027
Loans	-	-	334	506	334	506
Short-term investments	-	-	343,742	220,292	343,742	220,292
Cash held for investments	-	-	27,019	31,613	27,019	31,613
Total	**1,712,737**	**1,583,380**	**371,095**	**252,411**	**2,083,832**	**1,835,791**

Movements in available-for-sale financial investments	Equity securities		Debt securities		Total	
	2014	2013	2014	2013	2014	2013
Balance at 1 January	**538,353**	**845,250**	**1,045,027**	**731,114**	**1,583,380**	**1,576,364**
Additions	184,615	218,097	602,115	976,095	786,730	1,194,192
Disposals	(315,116)	(553,928)	(355,275)	(634,433)	(670,391)	(1,188,361)
Amortisation charge for the year	-	-	(23,576)	(18,917)	(23,576)	(18,917)
Revaluations through other comprehensive income	11,582	34,853	15,465	714	27,047	35,567
Effect of movements in foreign exchange rates	(1,830)	(5,919)	11,377	(9,546)	9,547	(15,465)
Balance at 31 December	**417,604**	**538,353**	**1,295,133**	**1,045,027**	**1,712,737**	**1,583,380**

11 Receivables

	2014	2013
Accounts receivable on insurance and reinsurance business	**169,351**	**130,671**
Amounts owed by policyholders and direct insurance operations	115,727	107,534
Receivables arising out of reinsurance	53,624	23,137
Other accounts receivable	**47,035**	**37,170**
Total	**216,386**	**167,841**

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 89.4 million (2013: EUR 82.3 million) relates to past due receivables on insurance and reinsurance business for which no impairment loss has been recognised, 81.3% (2013: 57.6%) relates to receivables ageing less than three months.

All receivables are considered on for impairment testing. As of 31 December 2014, receivables of EUR 34.8 million (2013: EUR 33.3 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 22.5 million (2013: EUR 31.0 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.

All amounts in thousands of Euro, unless otherwise stated

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

	2014	2013
Balance at 1 January	**31,016**	**31,538**
Impairment of receivables	733	784
Receivables written off during the year as uncollectable	(4,324)	(90)
Unused amounts reversed	(4,898)	(1,216)
Balance at 31 December	**22,527**	**31,016**

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

12 Deferred acquisition costs

	2014	2013
Balance at 1 January	**63,545**	**70,737**
Change in deferred acquisition costs	4,168	(3,602)
Effect of movements in foreign exchange rates	4,557	(3,590)
Balance at 31 December	**72,270**	**63,545**
Current	50,142	44,447
Non-current	22,128	19,098

13 Miscellaneous assets and accruals

	2014	2013
Pipeline and ceded return premium	299,148	259,887
Prepayments and accrued interest	37,463	41,482
Reimbursement rights	9,258	10,343
Other	18,600	23,449
Total	**364,469**	**335,161**

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 17).

14 Cash and cash equivalents

	2014	2013
Cash at bank and on hand	267,909	178,120
Short-term bank deposits	139	138
Cash and cash equivalents	**268,048**	**178,258**

Cash and cash equivalents	268,048	178,258
Bank overdrafts	(47,286)	(6,541)
Cash and cash equivalents in the statement of cash flows	**220,762**	**171,717**

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.

15 Capital and reserves

15.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (2013: the same) of which 79,122,142 ordinary shares were issued and fully paid (2013: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

15.2 Share premium reserve

	2014	2013
Balance at 1 January	**757,911**	**801,428**
Dividends	(53,803)	(43,517)
Balance at 31 December	**704,108**	**757,911**

15.3 Revaluation reserve

	2014	2013
Balance at 1 January	**37,624**	**21,378**
Change in revaluation reserve - gross	27,050	35,487
Change in revaluation reserve - tax	(5,934)	(8,201)
Net (gains)/losses transferred to net profit on disposal - gross	(14,340)	(14,256)
Net (gains)/losses transferred to net profit on disposal - tax	3,685	3,216
Balance at 31 December	**48,085**	**37,624**

All amounts in thousands of Euro, unless otherwise stated

15.4 Currency translation reserve

	2014	2013
Balance at 1 January	(38,319)	(21,576)
Change in currency translation reserve - gross	4,236	(19,821)
Change in currency translation reserve - tax	(1,032)	3,078
Balance at 31 December	(35,115)	(38,319)

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

15.5 Pension reserve

	2014	2013
Balance at 1 January	(124,649)	(124,823)
Recognised actuarial gains/(losses)	(14,937)	188
Change in pension reserve - gross	(21,523)	2,536
Change in pension reserve - tax	6,586	(2,348)
Effect of the asset ceiling	-	(14)
Change in pension reserve - gross	-	(19)
Change in pension reserve - tax	-	5
Balance at 31 December	(139,586)	(124,649)

15.6 Retained earnings

	2014	2013
Balance at 1 January	575,235	440,851
Result for the year	161,190	134,522
Reduction in non-controlling interests	-	(138)
Balance at 31 December	736,425	575,235

15.7 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 4.2 in the Company financial statements).

16 Subordinated loan

	2014	2013
Balance at 1 January	119,521	118,803
Accretion of interest	479	718
Redemption	(120,000)	-
Addition	248,104	-
Accretion of interest new loan	37	-
Balance at 31 December	248,141	119,521

On 3 September 2014, Atradius Finance B.V., a subsidiary of Atradius N.V. (the Company), redeemed its guaranteed subordinated bonds with a nominal value of EUR 1,000 each for an aggregate amount of EUR 120 million. The interest on the bonds was fixed at 5.875% per annum payable annually in the first 10 years.

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

The fair value estimate of the notes is EUR 251 million. The fair value of the notes is classified as Level 2 under the fair value hierarchy as it is based on binding quotes from independent brokers.

17 Employee benefit assets and liabilities

	2014	2013
Retirement benefits	78,441	90,494
Other long-term employee benefits	5,441	4,346
Total	83,882	94,840

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in the United Kingdom, Germany and the Netherlands and these represent 93% (2013: 93%) of the defined benefit obligation. The other plans relate to Spain, Italy, Switzerland, Sweden, Belgium, Norway, France and Mexico. 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 9.3 million in 2014 (2013: EUR 9.1 million).

Pension assets and liabilities

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

All amounts in thousands of Euro, unless otherwise stated

	Defined benefit obligation		Fair value of plan assets		Impact of minimum funding requirement / Asset ceiling		Net defined benefit (asset) liability	
	2014	2013	2014	2013	2014	2013	2014	2013
Balance at 1 January	**604,913**	**576,662**	**514,419**	**480,598**	**-**	**5**	**90,494**	**96,069**
Included in the income statement:								
Current service cost	11,447	11,645	-	-	-	-	11,447	11,645
Past service cost	(4,264)	(1,414)	-	-	-	-	(4,264)	(1,414)
Interest cost / income	22,958	21,810	20,211	18,501	-		2,747	3,309
Administration costs	473	278	-	-	-	-	473	278
Effect of movements in foreign exchange rates	778	(4,132)	331	(3,142)	-	-	447	(990)
Total included in the income statement	**31,392**	**28,187**	**20,542**	**15,359**	**-**	**-**	**10,850**	**12,828**
Included in OCI:								
Remeasurement loss (gain):								
Actuarial loss (gain) arising from:								
- demographic assumptions	(3,427)	2,110	-	-	-	-	(3,427)	2,110
- financial assumptions	108,674	8,035	-	-	-	-	108,674	8,035
- experience adjustments	(6,665)	240	-	-	-	-	(6,665)	240
- adjustments for restrictions on the net defined benefit asset	-	-	-	-	-	(5)	-	(5)
Return on plan assets excluding interest income	-	-	77,576	12,762	-	-	(77,576)	(12,762)
Effect of movements in foreign exchange rates	15,436	(563)	15,354	(428)	-	-	82	(135)
Total included in OCI	**114,018**	**9,822**	**92,930**	**12,334**	**-**	**(5)**	**21,088**	**(2,517)**
Other:								
Contributions paid by the employer	(2,926)	(2,915)	42,482	18,903	-	-	(45,408)	(21,818)
Plan participants contributions	2,153	2,034	2,153	2,034	-	-	-	-
Benefits paid	(16,827)	(13,400)	(19,575)	(14,809)	-	-	2,748	1,409
Additional benefits	-	4,523	1,331	-	-	-	(1,331)	4,523
Total other	**(17,600)**	**(9,758)**	**26,391**	**6,128**	**-**	**-**	**(43,991)**	**(15,886)**
Balance at 31 December	**732,723**	**604,913**	**654,282**	**514,419**	**-**	**-**	**78,441**	**90,494**

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 9.3 million (2013: EUR 10.3 million). In 2014 reimbursement rights of EUR 1.3 million were transferred to the plan assets since the related defined benefit plan is not insured with Seguros Catalana Occidente S.A. At the end of 2014, the defined benefit obligation related to the reimbursement rights amounts to EUR 25.0 million (2013: EUR 21.2 million).

The Group has pension related assets which under IAS 19 do not meet the criteria to qualify as plan assets. In Germany, for one of the plans, assets of EUR 16.5 million (2013: EUR 16.5 million) are classified as financial investments since in the event of bankruptcy, these assets are not fully secured for the members of the pension plan. In the UK, an escrow account has been set up in 2014 of EUR 26.9 million of financial investments to support the UK pension fund. In the event of insolvency, the Trustee of the pension fund has the right to those investments, provided certain conditions are met.

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	209 active members (2013: 225 active members). 0 inactive members (2013: 0 inactive members).	504 active members (2013: 507 active members). 389 inactive members (2013: 375 inactive members).	371 active members (2013: 388 active members). 1,351 inactive members (2013: 1,340 inactive members).
Defined benefit obligation	EUR 252 million (2013: EUR 213 million).	EUR 109 million (2013: EUR 91 million).	EUR 309 million (2013: EUR 247 million).
Plan assets	EUR 252 million (2013: EUR 193 million).	EUR 69 million (2013: EUR 49 million). Assets of EUR 16.5 million (2013: EUR 16.5 million) are recognised as part of the financial investments.	EUR 297 million (2013: EUR 239 million).
Remeasurement gain (loss) through OCI	EUR 5.8 million - gain (2013: EUR 7.6 million - gain).	EUR 11.7 million - loss (2013: EUR 0.8 million - loss).	EUR 10.1 million - loss (2013: EUR 8.2 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 2014 contributions amounted to 3.5% (2013: 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.

All amounts in thousands of Euro, unless otherwise stated

Fair value of plan assets

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

Plan assets	2014	2013
Cash and cash equivalents	6,256	2,875
Equity instruments	242,098	201,443
Debt instruments	184,667	143,661
Investment funds	188,655	137,034
Insurance contracts	19,550	18,647
Real estate	13,056	10,759
Total	**654,282**	**514,419**

All equity and debt securities 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 97.6 million (2013: EUR 31.6 million).

In 2015 the Group expects to contribute approximately EUR 21.2 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	
	2014	2013	2014	2013	2014	2013
Discount rate	3.75%	4.50%	2.25%	3.50%	2.25%	3.50%
Price inflation rate	3.25%	3.50%	1.75%	2.00%	1.75%	2.00%
Expected increase of future salaries	3.25%	3.50%	2.80%	3.05%	1.75%	2.00%
Expected increase of future benefit levels	3.00%	3.20%	1.50%	1.75%	0.75%	1.00%
Mortality table	CMI 2012 (1.5% LTR)	1PM/ FAL09M (medium cohort 1.5% floor, year of use)	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Prognosetafel AG2014 + adjusted experience	Prognosetafel 2012-2062 + adjusted experience
Duration in years	20	21	17	17	21	19

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

Defined benefit obligation	2014		2013	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(117,585)	154,899	(92,845)	123,755
Price inflation rate (1% movement)	90,916	(78,359)	71,632	(61,945)
Future salary growth (1% movement)	20,181	(18,773)	18,926	(17,051)
Future pension growth (1% movement)	120,477	(94,794)	94,625	(76,914)
Future mortality (+1 year)	22,746	n/a	25,927	n/a

17.2 Defined benefit costs

A total defined benefit cost of EUR 7.6 million (2013: EUR 10.3 million) is recognised in the income statement under net operating expenses (see Note 27). EUR 6.6 million (2013: EUR 9.9 million) relates to pension plans and EUR 1.0 million (2013: EUR 0.4 million) to other long-term employee benefits.

18 Insurance contracts

	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
Credit insurance		2014			2013	
Claims reported and loss adjustment expenses	288,282	(152,236)	136,046	260,969	(145,710)	115,259
Claims incurred but not reported	493,010	(221,579)	271,431	490,898	(224,915)	265,983
Claims provisions	**781,292**	**(373,815)**	**407,477**	**751,867**	**(370,625)**	**381,242**
Provision for unearned premium	286,044	(82,597)	203,447	263,497	(77,081)	186,416
Total	**1,067,336**	**(456,412)**	**610,924**	**1,015,364**	**(447,706)**	**567,658**
Bonding						
Claims reported and loss adjustment expenses	260,637	(140,907)	119,730	255,465	(143,121)	112,344
Claims incurred but not reported	54,306	(7,202)	47,104	59,750	(9,893)	49,857
Claims provisions	**314,943**	**(148,109)**	**166,834**	**315,215**	**(153,014)**	**162,201**
Provision for unearned premium	189,872	(64,441)	125,431	155,715	(54,171)	101,544
Total	**504,815**	**(212,550)**	**292,265**	**470,930**	**(207,185)**	**263,745**
Total insurance contracts	**1,572,151**	**(668,962)**	**903,189**	**1,486,294**	**(654,891)**	**831,403**
Current	1,084,203	(461,870)	622,333	1,031,663	(454,572)	577,091
Non-current	487,948	(207,092)	280,856	454,631	(200,319)	254,312

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 2014 amount to EUR 430.3 million (2013: EUR 491.9 million).

18.1 Claims development tables

The claims development tables provide an overview of how the Group's recognised claims costs for underwriting years 2005-2014 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 2014. Underwriting year here means the year in which the risks were accepted; for reinsurance business it is the treaty year.

All amounts in thousands of Euro, unless otherwise stated

Credit Insurance – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	653.8	737.3	787.9	1,438.9	749.0	515.2	739.7	809.6	682.1	753.0	
one year later	702.7	769.9	1,050.7	1,992.9	644.8	500.3	694.4	764.0	586.0		
two years later	689.2	744.4	1,069.4	2,116.2	620.6	451.2	670.4	704.9			
three years later	672.6	742.9	1,081.1	2,122.5	592.0	437.4	663.5				
four years later	669.5	738.5	1,084.9	2,136.2	578.7	438.9					
five years later	663.7	743.0	1,094.0	2,126.1	577.0						
six years later	661.8	738.0	1,090.5	2,120.0							
seven years later	658.1	736.1	1,089.3								
eight years later	656.2	736.2									
nine years later	656.1										
Current estimate of cumulative claims	656.1	736.2	1,089.3	2,120.0	577.0	438.9	663.5	704.9	586.0	753.0	8,324.9
Cumulative payments to date	652.6	731.6	1,077.6	2,098.4	576.8	437.3	656.2	678.1	481.4	170.7	7,560.7
Claims provision at 31 December 2014 in respect of 2005 - 2014	3.5	4.6	11.7	21.6	0.2	1.6	7.3	26.8	104.6	582.3	764.2
In respect of prior years (before 2005)											17.1
Total											**781.3**

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 2011-2013 in the current financial year for these blocks of business was EUR 117.9 million.

The remaining claim provisions for underwriting years 2005-2010 are higher than at the end of 2013 which is mainly due to more conservative recovery assumptions for the Spanish portfolio. Underwriting year 2014 is currently higher than underwriting year 2013 at the end of 2013 due to a number of large insolvency cases and losses incurred on the Chinese portfolio.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 48%. Risk mitigation for gross claims incurred as shown in this table 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. These differ from the quota share treaties due to the private instalment credit protection and the inward reinsurance business which are not ceded.

Bonding - Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Estimate of gross claims incurred:											
at the end of the year when risk was taken	8.6	12.5	8.8	13.2	10.7	10.2	19.3	19.0	21.7	19.0	
one year later	9.6	8.5	25.6	33.2	22.1	25.7	48.8	48.7	32.6		
two years later	17.8	21.6	29.2	38.8	30.7	36.4	60.8	53.7			
three years later	24.4	24.5	34.0	45.6	34.8	43.4	62.8				
four years later	22.9	27.8	30.1	49.3	36.2	43.4					
five years later	21.8	21.6	29.3	50.6	38.4						
six years later	20.9	22.1	31.8	52.1							
seven years later	22.1	25.9	41.1								
eight years later	23.6	30.7									
nine years later	23.7										
Current estimate of cumulative claims	23.7	30.7	41.1	52.1	38.4	43.4	62.8	53.7	32.6	19.0	397.5
Cumulative payments to date	16.6	22.1	29.4	39.7	21.2	23.7	40.1	22.9	9.6	1.9	227.2
Claims provision at 31 December 2014 in respect of 2005 - 2014	7.1	8.6	11.7	12.4	17.2	19.7	22.7	30.8	23.0	17.1	170.3
In respect of prior years (before 2005)											144.6
Total											**314.9**

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 2011-2013 in the current financial year was EUR 51.0 million.

As described in Note 4.2.6, bonding tends to be longer tail business and around half of the bonds written have tenors of over two years. The development for 2011, 2012 and 2013 add up to EUR 17.9 million, 35% of the premium earned for these years in 2014.

The claims development tables are presented on a gross basis. The effect of risk mitigation is in line with our quota share treaties as included in Note 4.2, detailing further disclosures on insurance risk. The overall impact of risk mitigation on claims provisions (for all underwriting years combined) is approximately 47%. Risk mitigation for gross claims incurred as shown in this table varies between 26% for the more recent years to 62% for the older years. This is due to a relatively higher retention in recent years due to the inward reinsurance business which is not ceded.

All amounts in thousands of Euro, unless otherwise stated

18.2 Insurance liabilities and reinsurance assets

18.2.1 Changes in insurance liabilities and reinsurance assets

	Gross	Reinsurance asset	Net	Gross	Reinsurance asset	Net
		2014			2013	
Credit insurance						
Balance at 1 January	**751,867**	**(370,625)**	**381,242**	**860,828**	**(419,592)**	**441,236**
Claims paid in the year	(544,441)	241,362	(303,079)	(661,630)	293,819	(367,811)
Increase/(decrease) in liabilities arising from claims	552,954	(235,294)	317,660	571,318	(251,907)	319,411
Foreign exchange rate and other movements	20,912	(9,258)	11,654	(18,649)	7,055	(11,594)
Balance at 31 December	**781,292**	**(373,815)**	**407,477**	**751,867**	**(370,625)**	**381,242**
Claims reported and loss adjustment expenses	288,282	(152,236)	136,046	260,969	(145,710)	115,259
Claims incurred but not reported	493,010	(221,579)	271,431	490,898	(224,915)	265,983
Total	**781,292**	**(373,815)**	**407,477**	**751,867**	**(370,625)**	**381,242**
Bonding						
Balance at 1 January	**315,215**	**(153,014)**	**162,201**	**290,943**	**(140,391)**	**150,552**
Claims paid in the year	(50,752)	13,977	(36,775)	(57,054)	21,914	(35,140)
Increase/(decrease) in liabilities arising from claims	49,651	(9,108)	40,543	85,237	(34,780)	50,457
Foreign exchange rate and other movements	829	36	865	(3,911)	243	(3,668)
Balance at 31 December	**314,943**	**(148,109)**	**166,834**	**315,215**	**(153,014)**	**162,201**
Claims reported and loss adjustment expenses	260,637	(140,907)	119,730	255,465	(143,121)	112,344
Claims incurred but not reported	54,306	(7,202)	47,104	59,750	(9,893)	49,857
Total	**314,943**	**(148,109)**	**166,834**	**315,215**	**(153,014)**	**162,201**
Claims provisions	**1,096,235**	**(521,924)**	**574,311**	**1,067,082**	**(523,639)**	**543,443**

18.2.2 Provision for unearned premium

Credit insurance	Gross 2014	Reinsurance asset 2014	Net 2014	Gross 2013	Reinsurance asset 2013	Net 2013
Balance at 1 January	**263,497**	**(77,081)**	**186,416**	**285,062**	**(83,801)**	**201,261**
Movement in the period	13,914	(6,583)	7,331	(12,904)	3,578	(9,326)
Foreign exchange rate and other movements	8,633	1,067	9,700	(8,661)	3,142	(5,519)
Balance at 31 December	**286,044**	**(82,597)**	**203,447**	**263,497**	**(77,081)**	**186,416**
Bonding						
Balance at 1 January	**155,715**	**(54,171)**	**101,544**	**155,950**	**(50,198)**	**105,752**
Movement in the period	31,661	(10,702)	20,959	6,276	(5,439)	837
Foreign exchange rate and other movements	2,496	432	2,928	(6,511)	1,466	(5,045)
Balance at 31 December	**189,872**	**(64,441)**	**125,431**	**155,715**	**(54,171)**	**101,544**
Provision for unearned premium	**475,916**	**(147,038)**	**328,878**	**419,212**	**(131,252)**	**287,960**

18.3 Government schemes

A stop-loss reinsurance scheme, in Spain, provided by Consorcio de Compensación de Seguros ('CCS'), was both entered into and cancelled by the Group 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 this account is considered settled.

The CCS scheme is accounted for as reinsurance contracts as stated in Note 2.18.5.

The impact of this government scheme on the Group's income statement in 2014 was a loss of EUR 10.3 million (2013: loss of EUR 7.5 million), mainly affecting the net insurance claims.

19 Provisions

2014	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**4,960**	**72**	**1,287**	**6,319**
Additional provisions	383	-	746	1,129
Unused amounts reversed	(3)	-	(37)	(40)
Utilised	(2,806)	(56)	(297)	(3,159)
Effect of movements in foreign exchange rates	30	2	-	32
Balance at 31 December	**2,564**	**18**	**1,699**	**4,281**
Current	1,167	18	-	1,185
Non-current	1,397	-	1,699	3,096

All amounts in thousands of Euro, unless otherwise stated

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

Restructuring

As at 31 December 2014, the restructuring provision comprises termination benefits of EUR 2.6 million for 68 positions of which 15 employees are still part of the workforce, accounting for EUR 1.4 million of the provision. The remainder relates to a deferred payment for 53 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. These provisions have not been discounted to reflect present value since the effect of discounting is not material.

20 Deferred and current income tax

Current income tax

	2014	2013
Current income tax assets	12,566	19,251
Current income tax liabilities	36,191	21,417
Net	**(23,625)**	**(2,166)**

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

	2014	2013
Deferred income tax assets before set-off	114,062	113,432
Set-off of deferred tax positions	(11,711)	(13,235)
Net deferred tax assets as presented in the statement of financial position	**102,351**	**100,197**
Deferred income tax liabilities before set-off	145,233	123,555
Set-off of deferred tax positions	(11,711)	(13,235)
Net deferred tax liabilities as presented in the statement of financial position	**133,522**	**110,320**

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

	2014	2013
Balance at 1 January	**(10,123)**	**2,601**
Credit (charge) to other comprehensive income for the year	5,166	(6,728)
Charge to the income statement for the year	(28,124)	(6,034)
Effect of movements in foreign exchange rates	1,910	38
Balance at 31 December	**(31,171)**	**(10,123)**

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

Deferred income tax assets before set-off

2014	Tax losses carried forward	Technical balances	Pensions	Fiscal goodwill	Other	Total
Balance at 1 January	**23,689**	**21,040**	**21,544**	**24,336**	**22,823**	**113,432**
Recognised in other comprehensive income for the year	-	-	4,761	-	(619)	4,142
Recognised in the income statement for the year	(1,940)	(3,059)	(2,780)	(3,116)	6,406	(4,489)
Effect of movements in foreign exchange rates	288	232	154	(7)	310	977
Balance at 31 December	**22,037**	**18,213**	**23,679**	**21,213**	**28,920**	**114,062**

2013	Tax losses carried forward	Technical balances	Pensions	Fiscal goodwill	Other	Total
Balance at 1 January	**31,711**	**24,019**	**25,348**	**23,216**	**22,216**	**126,510**
Recognised in other comprehensive income for the year	-	-	(3,516)	-	(1,838)	(5,354)
Recognised in the income statement for the year	(7,304)	(2,518)	(73)	1,144	2,829	(5,922)
Effect of movements in foreign exchange rates	(718)	(461)	(215)	(24)	(384)	(1,802)
Balance at 31 December	**23,689**	**21,040**	**21,544**	**24,336**	**22,823**	**113,432**

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.

All amounts in thousands of Euro, unless otherwise stated

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 for tax losses carried forward, unused tax credits, and deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the unused tax losses carried forward, unused tax credits, and deductible temporary differences can be utilised. In 2014, EUR 3.3 million deferred tax assets on the losses carried forward and deductible temporary difference were written down (2013: EUR 7.7 million), which is partly offset by the reversals of the impairments, prior year adjustments and foreign exchange movement.

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

Expiration unrecognised tax losses carried forward	2014	2013
1 - 3 years	4,017	3,785
4 - 9 years	6,981	2,689
Indefinite	36,730	41,592
Total	**47,728**	**48,066**

The Group has unrecognised tax losses carried forward balances amounting to EUR 47.7 million (2013: EUR 48.1 million).

The decrease of unrecognised tax losses is mainly due to reversal of impairment 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

2014	Financial investments	Technical balances	Equalisation provisions	Property, plant and equipment	Other	Total
Balance at 1 January	(8,975)	(8,907)	(59,958)	(19,959)	(25,756)	(123,555)
Recognised in other comprehensive income for the year	(801)	-	-	-	1,825	1,024
Recognised in the income statement for the year	7	3,798	(18,263)	3,120	(12,297)	(23,635)
Effect of movements in foreign exchange rates	40	(189)	907	84	91	933
Balance at 31 December	(9,729)	(5,298)	(77,314)	(16,755)	(36,137)	(145,233)

2013	Financial investments	Technical balances	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	(8,914)	14	3,988	(112)
Effect of movements in foreign exchange rates	187	268	1,260	-	125	1,840
Balance at 31 December	(8,975)	(8,907)	(59,958)	(19,959)	(25,756)	(123,555)

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

	2014	2013
Revaluation reserve in shareholders equity related to:		
Available-for-sale financial investments	(1,420)	(4,385)
Pension reserve in shareholders equity related to:		
Recognised actuarial gains/(losses)	6,586	(2,348)
Effect of the asset ceiling	-	5
Total	**5,166**	**(6,728)**

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

	2014	2013
Revaluation reserve in shareholders equity related to:		
Available-for-sale financial investments	(829)	(600)
Currency translation reserve in shareholders equity related to:		
Currency translation reserve	(1,032)	3,078
Total	**(1,861)**	**2,478**

21 Payables

	2014	2013
Accounts payable on insurance and reinsurance business	**183,078**	**165,599**
Payables arising out of reinsurance operations	92,731	79,596
Amounts due to policyholders	77,037	72,853
Amounts due to intermediaries and current account Dutch State	13,310	13,150
Trade and other accounts payable	**42,275**	**27,560**
Accounts payable	37,072	19,799
Other accounts payable	5,203	7,761
Total	**225,353**	**193,159**

The payables arising out of reinsurance include an amount of EUR 18.0 million (2013: EUR 16.5 million) related to the stop-loss arrangement with Consorcio de Compensación de Seguros (see Note 18.3). The payables due are substantially all current.

All amounts in thousands of Euro, unless otherwise stated

22 Other liabilities

	2014	2013
Ceded pipeline premium and return premium	150,944	137,283
Deposits received from reinsurers	51,702	51,683
Unearned reinsurance commission	49,429	42,631
Other accruals	48,115	45,205
Payroll and bonus accruals	39,769	37,714
Reinsurance accruals	29,779	36,903
IPT and stamp duties payable	7,435	10,926
Other taxes	9,840	10,153
Total	**387,013**	**372,498**

Other liabilities are substantially all current.

23 Net premium earned

	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Credit insurance		2014			2013	
Written premium	1,318,880	(599,718)	719,162	1,249,495	(586,123)	663,372
Change in provision for unearned premium	(13,914)	6,583	(7,331)	12,904	(3,578)	9,326
Other movements	6,123	(2,935)	3,188	(234)	142	(92)
Total	**1,311,089**	**(596,070)**	**715,019**	**1,262,165**	**(589,559)**	**672,606**
Bonding						
Written premium	178,765	(57,670)	121,095	156,184	(58,254)	97,930
Change in provision for unearned premium	(31,661)	10,702	(20,959)	(6,276)	5,439	(837)
Other movements	(37)	(5)	(42)	2	3	5
Total	**147,067**	**(46,973)**	**100,094**	**149,910**	**(52,812)**	**97,098**
Total premium earned	**1,458,156**	**(643,043)**	**815,113**	**1,412,075**	**(642,371)**	**769,704**

24 Service and other income

	2014	2013
Collections and recovery services	37,033	39,643
Information services and fees	115,254	110,421
Other service income	16,760	16,288
Total	**169,047**	**166,352**

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.

25 Net income from investments

Net investment income by type of investment	2014	2013
Income		
Debt securities available-for-sale	12,799	12,796
Debt securities at fair value through profit or loss	-	200
Loans	62	10
Equity securities available-for-sale	18,756	17,302
Other investments	2,871	2,369
Total income from financial investments	**34,488**	**32,677**
Investment property	502	493
Total investment income	**34,990**	**33,170**
Expenses		
Debt securities available-for-sale	(640)	(1,411)
Equity securities available-for-sale	(38)	(178)
Handling expenses	(2,367)	(2,033)
Total expenses from financial investments	**(3,045)**	**(3,622)**
Investment property	(1,355)	(286)
Total investment expenses	**(4,400)**	**(3,908)**
Net income from investments	**30,590**	**29,262**
Share of income of associated companies	7,247	5,804
Net income from investments including associated companies	**37,837**	**35,066**

Net investment income by nature of income/(expense)	2014	2013
Income		
Interest	13,761	12,100
Dividends	5,712	4,683
Realised gains	15,015	15,886
Unrealised gains	-	8
Rental income from investment property	502	493
Total	**34,990**	**33,170**
Expenses		
Handling expenses	(2,367)	(2,033)
Realised losses	(675)	(1,469)
Impairment loss	(1,199)	(217)
Depreciation of investment property	(159)	(189)
Total	**(4,400)**	**(3,908)**
Net income from investments	**30,590**	**29,262**
Share of income of associated companies	7,247	5,804
Net income from investments including associated companies	**37,837**	**35,066**

All amounts in thousands of Euro, unless otherwise stated

In interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 10.8 million (2013: EUR 9.7 million); this is derived from government and corporate bonds.

Net gains/(losses) by category	Impairments	Realised gains/(losses)	Impairments	Realised gains/(losses)
	2014		2013	
Investment property	(1,196)	-	(97)	-
Financial assets classified as available-for-sale	(3)	14,340	(120)	14,256
Financial assets classified as fair value through profit or loss	-	-	-	161
Total	**(1,199)**	**14,340**	**(217)**	**14,417**

26 Insurance claims

	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Credit insurance		2014			2013	
Claims paid in the year	544,441	(241,362)	303,079	661,630	(293,819)	367,811
Change in claims provisions	8,513	6,069	14,582	(90,311)	41,911	(48,400)
Claims handling expenses	32,218	-	32,218	33,391	-	33,391
Total	**585,172**	**(235,293)**	**349,879**	**604,710**	**(251,908)**	**352,802**
Bonding						
Claims paid in the year	50,752	(13,977)	36,775	57,054	(21,914)	35,140
Change in claims provisions	(1,101)	4,869	3,768	28,182	(12,866)	15,316
Claims handling expenses	1,828	-	1,828	1,784	-	1,784
Total	**51,479**	**(9,108)**	**42,371**	**87,020**	**(34,780)**	**52,240**
Total insurance claims	**636,651**	**(244,401)**	**392,250**	**691,730**	**(286,688)**	**405,042**

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

27 Net operating expenses

	2014	2013
Total administrative expenses	436,852	419,182
Acquisition costs	196,273	177,669
Change in deferred acquisition costs	(4,168)	3,602
Gross operating expenses	**628,957**	**600,453**
Commissions received for business ceded to reinsurers	(242,737)	(217,302)
Total net operating expenses	**386,220**	**383,151**

Administrative expenses by type of business	2014	2013
Insurance and information expenses	407,722	389,235
Recoveries and collections expenses	42,537	44,598
Other service expenses	11,715	10,572
Group costs	8,924	9,952
Total gross administrative expenses	**470,898**	**454,357**
Claims handling expenses allocated to insurance claims	(34,046)	(35,175)
Total administrative expenses	**436,852**	**419,182**

As part of the gross administrative expenses, depreciation, amortisation and impairment charges for intangible assets and property, plant and equipment amount to EUR 32.4 million (2013: EUR 22.4 million).

Employee benefit expenses	2014	2013
Salaries and wages (including social security costs)	269,348	263,076
Restructuring costs and termination benefits	380	3,413
Pension costs - defined contribution plans	9,348	9,142
Pension costs - defined benefit plans	7,642	10,334
Total employee benefit expenses	**286,718**	**285,965**

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

28 Finance expenses

Finance expenses	2014	2013
Interest and fees on the subordinated loan	8,825	7,771
Net interest on the net defined benefit liability	2,604	3,103
Other interest expense	3,503	5,046
Foreign exchange (income)/expense	1,210	(2,653)
Total	**16,142**	**13,267**

The subordinated loan costs include the periodic interest expenses of EUR 8.3 million (2013: EUR 7.1 million) and the accretion of interest on the loan in the amount of EUR 0.5 million (2013: EUR 0.7 million).

All amounts in thousands of Euro, unless otherwise stated

29 Income tax

	2014	2013
Current tax	43,056	33,227
Deferred tax	28,124	6,034
Income tax expense/(income) for the year	**71,180**	**39,261**

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

	2014	2013
Result before tax	**232,370**	**173,764**
Tax calculated at domestic tax rates applicable to results in the respective countries	67,121	44,101
Tax exempt (income)/loss	663	(1,710)
Write down/(reversal) of deferred tax assets	2,024	3,593
Reassessment of prior year local tax positions	(1,207)	(8,709)
Impact of change in tax rate	(2,917)	(1,231)
Other	5,496	3,217
Income tax expense/(income) for the year	**71,180**	**39,261**

The weighted average applicable tax rate was 28.9% (2013: 25.4%).

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

Impact of change in tax rate in 2014 reflecting the effect of changes in income tax rate in Spain, in 2013 in the UK and Norway.

30 Dividends per share

The dividends paid in 2014 and 2013 were EUR 53.8 million (EUR 0.68 per share) and EUR 43.5 million (EUR 0.55 per share) respectively.

31 Assets not freely disposable

The financial assets not freely disposable in 2014: EUR 234.4 million (2013: EUR 208.8 million). 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 assets not covering technical provisions is EUR 76.7 million (2013: EUR 56.2 million).

32 Capital commitments

Capital commitments of EUR 17.7 million (2013: EUR 15.7 million) are related to contracted obligations for future payments for outsourcing, networking, imaging and licences.

33 Operating leases

Non-cancellable operating lease commitments:

	2014	2013
Less than one year	26,107	20,694
Between one and five years	65,900	63,178
More than five years	22,608	33,079
Total	**114,615**	**116,951**

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% (2013: 94%) of the total future payments regarding operating leases.

During the year an amount of EUR 24.4 million (2013: EUR 23.9 million) has been recognised as expense.

34 Personnel

The number of employees working for the Group:

	2014	2013
Total average number of employees (full-time equivalent)	3,132	3,132
Total year end number of employees (full-time equivalent)	3,139	3,107
Total year end number of employees (headcount)	3,298	3,257

35 Related party transactions

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

	Associated companies	Parent (1)	Associated companies	Parent (1)
	2014		2013	
Sales to related parties	12,534	1,023	15,418	2,077
Purchases from related parties	2,549	71	2,108	2,423
Amounts owed by related parties	425	9,661	374	11,966
Amounts owed to related parties	1,252	191	1,347	649

(1) *Grupo* Compañía *Española de Crédito y Caución, S.L.*

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). The amounts owed by related Group companies consist of the fair value of insurance policies as calculated under the requirements of IAS 19.

Terms and conditions of transactions with related parties

Seguros Catalana Occidente, S.A. participated up to 2014 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.

All amounts in thousands of Euro, unless otherwise stated

No guarantees have been provided or received for any related party receivables for 2014 or 2013. For the years ending 31 December 2014 and 2013, the Group has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

Subordinated loan

Plus Ultra, Seguros Generales y Vida, S.A. de Seguros y Reaseguros, an associate of the ultimate parent of the Group has purchased on 23 September 2014 EUR 40 million (16%) of the guaranteed subordinated notes (see Note 16). The interest expense relating to this portion was EUR 570 thousand.

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.

Remuneration	2014	2013 (1)	2013
Management Board			
Short-term employee benefits (2)	2,240	2,014	2,014
Long-term employee benefits	1,180	1,109	1,109
Post-employment benefits	416	358	358
Total compensation paid to Management Board members	3,836	3,481	3,481
Number of members	5	5	5
Supervisory Board			
Short-term employee benefits (2)	485	490	490
Total compensation paid to Supervisory Board members	485	490	490
Number of members	8	9	9
Other identified staff			
Short-term employee benefits (2)	7,581	7,165	1,160
Long-term employee benefits	2,437	2,351	410
Post-employment benefits	843	844	140
Total compensation paid to other identified staff	10,861	10,360	1,710
Number of members	37	36	6

1) For comparison purposes only

2) 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 205,589 (2013: EUR 202,752) relates to the Management Board. The crisis tax levy is payable by the employer and is charged over income of employees exceeding EUR 150,000. These expenses are included in the remuneration costs mentioned.

The increase of other identified staff is due to a change in definition based on *"Regeling beheerst Beloningsbeleid 2014."*

From the total compensation payable to Management Board members, EUR 2.5 million (2013: EUR 2.2 million) has been paid at the end of the reporting period. The remaining balance payable is subject to meeting the variable pay conditions. The Management Board and Supervisory Board members also participate in the Boards of some of the subsidiaries. Apart from this they do not have other relationships with the Company or its subsidiaries.

36 Events after the reporting period

There are no events to report.

Company financial statements 2014

Contents

All amounts in thousands of Euro, unless otherwise stated

Company financial statements

Company statement of financial position (before profit appropriation)

Assets	Note	31.12.2014	31.12.2013
Fixed assets		1,394,078	1,292,351
Property, plant and equipment		63	82
Investments in group companies	3	1,394,015	1,292,269
Current assets		5,512	6,524
Receivables from group companies		474	398
Current income tax assets		1,502	-
Cash and cash equivalents		3,536	6,126
Total		1,399,590	1,298,875
Equity			
Capital and reserves attributable to the equity holders of the Company	4		
Share capital		79,122	79,122
Share premium reserve		716,267	828,389
Legal reserve participations		490,830	433,783
Retained earnings		(54,370)	(188,892)
Result for the year (unappropriated)		161,190	134,522
Total		1,393,039	1,286,924
Liabilities			
Provision for deferrred tax liabilities	5	1,226	2,829
Current liabilities		5,325	9,122
Payables to group companies		1,364	1,113
Trade and other payables		-	2
Other liabilities	6	3,961	3,742
Current income tax liabilities		-	4,265
Total		6,551	11,951
Total equity and liabilities		1,399,590	1,298,875

Company income statement

	2014	2013
Income after tax from group companies	166,821	146,235
Other results after tax	(5,631)	(11,713)
Result for the year	161,190	134,522

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 2013	79,122	940,348	365,664	(302,414)	113,660	1,196,380
Change in revaluation reserve and pension reserve 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
Balance at 1 January 2014	79,122	828,389	433,783	(188,892)	134,522	1,286,924
Change in revaluation reserve and pension reserve group companies	-	-	(4,476)	-	-	(4,476)
Change in currency translation reserve	-	-	3,204	-	-	3,204
Net income recognised directly in equity	-	-	(1,272)	-	-	(1,272)
Appropriation of prior year result	-	-	-	134,522	(134,522)	-
Result for the year	-	-	-	-	161,190	161,190
Change in regulatory reserve	-	(58,319)	58,319	-	-	-
Issue of share capital	-	-	-	-	-	-
Dividends	-	(53,803)	-	-	-	(53,803)
Balance at 31 December 2014	79,122	716,267	490,830	(54,370)	161,190	1,393,039

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 2014 consolidated financial statements, which are also included in the annual report. The Company income statement is presented in abbreviated form in accordance with Article 402 of Book 2 of the Dutch Civil Code.

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

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

The Company financial statements have been authorised for issue by the Management Board on 6 March 2015.

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 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.

2.3 Legal reserve participations

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

3 Investments in group companies

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

	2014	2013
Balance at 1 January	**1,292,269**	**1,203,365**
Share of profit/(loss)	166,821	146,235
Dividends received	(63,803)	(55,017)
Change in revaluation reserve and pension reserve	(4,476)	16,420
Foreign exchange reserve movements	3,204	(18,734)
Balance at 31 December	**1,394,015**	**1,292,269**

4 Capital and reserves

4.1 Share capital

The authorised share capital of Atradius N.V. amounts to EUR 250,000,000 and is divided into 250,000,000 ordinary shares with a nominal value of EUR 1 each (2013: the same) of which 79,122,142 ordinary shares were issued and full paid (2013: the same). The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.2 Share premium reserve

	2014	2013
Balance at 1 January	**828,389**	**940,348**
Transfer between legal reserve participations and share premium reserve	(58,319)	(68,442)
Dividends	(53,803)	(43,517)
Balance at 31 December	**716,267**	**828,389**

4.3 Legal reserve participations

	2014	2013
Balance at 1 January	**433,783**	**365,664**
Change in revaluation reserve and pension reserve group companies	(4,476)	16,420
Change in currency translation reserve	3,204	(16,743)
Change in regulatory reserve	58,319	68,442
Balance at 31 December	**490,830**	**433,783**

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;

All amounts in thousands of Euro, unless otherwise stated

- the regulatory reserve mainly consists of the equalisation provision, based on preliminary figures, of EUR 372.5 million (2013: EUR 316.5 million) and the required solvency, based on preliminary figures, of EUR 201.4 million (2013: EUR 199.2 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 2013 and 2014.

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

	2014	2013
Revaluation reserve and pension reserve group companies	(49,151)	(44,675)
Currency translation reserve	(59,259)	(62,463)
Regulatory reserve	599,240	540,921
Total	**490,830**	**433,783**

4.4 Retained earnings

	2014	2013
Balance at 1 January	**(188,892)**	**(302,414)**
Reduction of non-controlling interests	-	(138)
Appropriation of prior year result	134,522	113,660
Balance at 31 December	**(54,370)**	**(188,892)**

5 Provision for deferred tax liabilities

	2014	2013
Balance at 1 January	**2,829**	**12,119**
Utilised	(1,603)	(9,290)
Balance at 31 December	**1,226**	**2,829**

6 Other liabilities

	2014	2013
Other taxes	393	634
Long-term employee benefits	1,393	1,365
Other liabilities	2,175	1,743
Total	**3,961**	**3,742**

7 Contingencies

The Company has contingent liabilities in respect of guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has given guarantees to third parties in the ordinary course of business amounting to EUR 0.5 million (2013: 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 guarantor for the guaranteed subordinated loan, EUR 250 million, issued by Atradius Finance B.V. (see Note 16 of the consolidated financial statements).

8 Personnel

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

	2014	2013
Total average number of employees (full-time equivalent)	6	5.5
Total year end number of employees	6	6

9 Auditor fees

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

2014	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	1,028	1,274	2,302
Other audit services	135	71	206
Fiscal advisory services	-	-	-
Non-audit services	-	-	-
Total	**1,163**	**1,345**	**2,508**

2013	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	1,026	1,374	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**

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

10 Remuneration of Management Board and Supervisory Board

For information on remuneration of the members of the Management Board and the Supervisory Board: see Note 35 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 64.9 million out of the share premium reserve.

Events after the reporting period

There are no events to report.

Amsterdam, 6 March 2015

The Supervisory Board

Ignacio Álvarez (Chairman)
Francisco Arregui (Vice-Chairman)
Bernd Meyer
Dick Sluimers
José Ruiz
Xavier Freixes
Hugo Serra
Désirée van Gorp

The Management Board

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

Independent auditor’s report

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

Report on the financial statements

We have audited the accompanying financial statements 2014 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 2014, 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 2014, 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 2014 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 2014 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 2015

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 credit risk of buyers. Buyer underwriting determines the credit limits that are attached to the credit insurance policy and determines the amount for which shipments are insured. Buyers are assessed on financial and non-financial criteria, including financial status, profitability, liquidity, size, region, trade sector and payment experience.

Claim

An application by an insured customer for indemnification of a loss under the policy.

Claims ratio

A performance indicator that is defined as total claims including claims handling expenses divided by total insurance revenue.

Combined ratio

The 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.

Eurozone

Refers to the European Union member states that have adopted the Euro as their currency.

Expense ratio

A performance indicator that is defined as total insurance expenses divided by total insurance revenue.

Exposure

Total amount underwritten by the insurer as cover on a buyer, a country, under a policy or under all policies.

Financial year

A period used for calculating annual financial statements but which does not require that the period reported on constitutes a calendar year.

Global

Atradius' product and service offering to multinational customers, which provides tailored credit management solutions for customers worldwide in several languages and currencies.

Global Reporting Initiative (GRI)

A leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations 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 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 a reinsurance company for credit insurance and bonding business of primary insurers. This activity is performed by a dedicated team of underwriters at Atradius Reinsurance 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).

Overview of subsidiaries, associated companies and minority shareholdings

The following table sets forth, as at 31 December 2014, the name and jurisdiction of establishment of the subsidiaries, branches, associated companies and minority shareholdings of Atradius N.V. All companies are, directly or indirectly, wholly owned unless otherwise indicated. The companies are listed in alphabetical order.

Name	Country	Ownership
African Trade Insurance Agency	Kenya	1 share
Al Mulla Atradius Insurance Consultancy & Brokerage (L.L.C.)	UAE	49%
Atradius Collections B.V.	Netherlands	
Belgium branch	Belgium	
Canada branch	Canada	
Czech Republic branch	Czech Republic	
Denmark branch	Denmark	
France branch	France	
Germany branch	Germany	
Hungary branch	Hungary	
Ireland branch	Ireland	
Italy branch	Italy	
Poland branch	Poland	
Atradius Collections Holding B.V.	Netherlands	
Atradius Collections Limited	Hong Kong	
Atradius Collections Limited	United Kingdom	
Atradius Collections Pte. Limited	Singapore	
Atradius Collections Pty. Limited	Australia	
Atradius Collections Serviços de Cobranças de Dívidas Ltda	Brazil	
Atradius Collections, S.A. de C.V.	Mexico	
Atradius Collections S.L.	Spain	
Atradius Collections, Inc.	USA	
Atradius 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	
Thailand branch	Thailand	
United Kingdom branch	United Kingdom	
Atradius India Credit Management Services Private Ltd.	India	
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 Exterieur 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 LTDA	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	
Inversiones Credere S.A.	Chile	50%*
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%
Technical Credit Insurance Consultants S.A.	Belgium	
The Lebanese Credit Insurer s.a.l.	Lebanon	48.9%
Verenigde Assurantiebedrijven Nederland N.V.	Netherlands	0.65%

* Minus one share

Disclaimer

The information in the chapter 'The global economic environment in 2014' is for general guidance on matters of interest only. While we have made every attempt to ensure that the information contained in this report reflects careful analysis and investigations on our side before publication of this Annual Report, we are neither responsible for any errors or omissions nor for the results obtained from the use of this information.

The information in this Annual Report does not contain nor imply a warranty as to the completeness, accuracy, timeliness or otherwise. Atradius, its related partnerships or corporations, or the directors, partners, agents or employees thereof will in no event be liable to you or anyone regarding any decision made or action taken in reliance on the information in this Annual Report or for any consequential, special or similar damages.

Produced and published

This Annual Report is published by Atradius N.V. and prepared and coordinated by the Group Finance department.

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