



**Atradius. Always evolving.**

**Annual Report summary 2013 Atradius N.V.**



## This is Atradius

As a leading global credit insurer, Atradius' aim is to support our customers' growth by strengthening their credit and cash management.

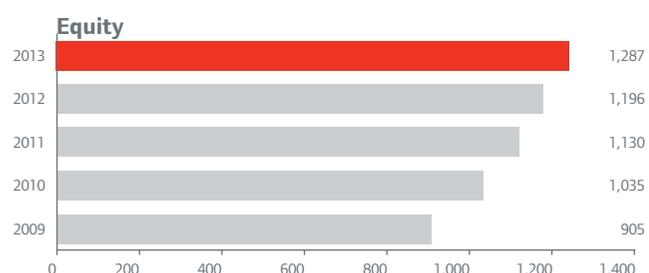
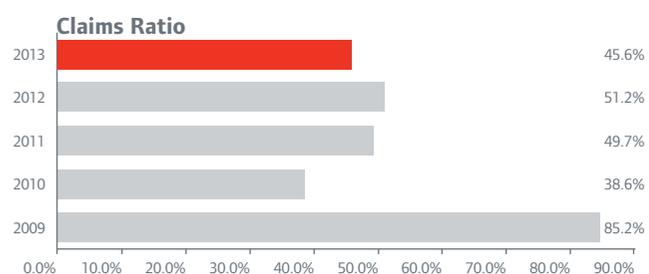
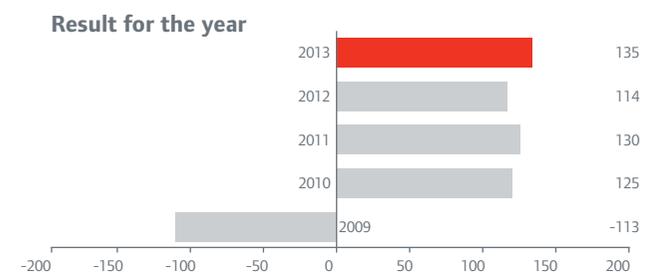
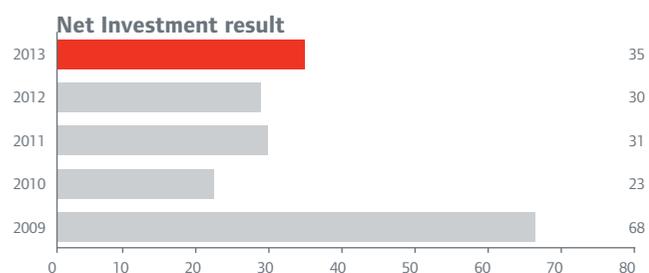
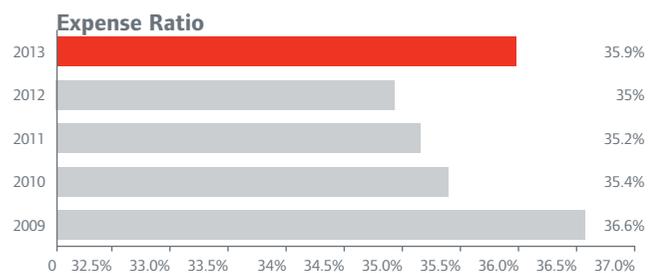
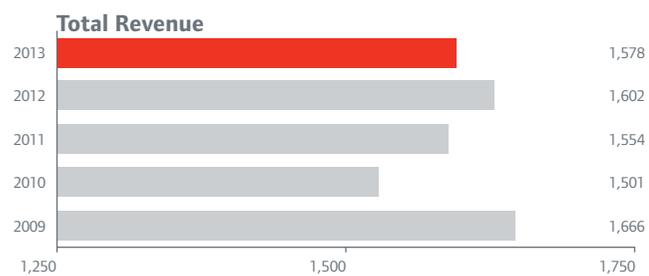
We do this through a wide range of credit management services. In addition to our core credit insurance products, these include bonding, debt collection and reinsurance, all of which are supported by the expertise of our people and a wealth of constantly updated financial data on over 100 million companies worldwide.

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

### Our 2013 performance at a glance

A strong result with positive contributions across the Group

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



## Atradius. Always evolving

Throughout our long history we have evolved: growing in size, financial strength and geographic reach, all the time adapting to the often volatile nature of global and national economies and the changing demands of the businesses that we serve. We are perfectly placed to continue this process of evolution.

Each year we find ways to make our customers' credit and risk management more efficient and their lives easier. And each year we continue to build on the foundation of service excellence which our customers have come to value and rely on: through product innovations designed to suit the specific needs of small businesses and larger organisations alike, with a constant drive for increased efficiency and improved customer service.

Our success is reflected in the strong credit ratings assigned to the Atradius Group by A.M. Best and Moody's. At the time of writing, A.M. Best rates the key operating entities of the Atradius Group 'A (Excellent), outlook stable' and Moody's 'A3, outlook stable'.

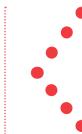
### Throughout 2013 our strategic focus has determined the evolution of our business.

Excelling in the way we serve our customers is the main driver of our strategy, and indeed that strong customer focus has always been, and remains, a defining characteristic of the way we do business. During 2013 we continued to ensure that all our people maintain a customer-focused mindset, whatever their role within the organisation.

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

Geographic expansion is also central to our strategy: we aim to support our customers wherever they do business. During 2013 we extended our operations in markets that offer real growth opportunities for our customers. Latin America, South East Asia, Africa and Russia are all focus areas that will contribute, not only to our customer's growth, but also to ours.

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



**"Atradius allows us to give open account terms, where in the past we had to rely on Letters of Credit. This helps the credit department, the sales team and the customer"**

## A year of real change

The global economic environment changed in 2013.



**The slide in global activity that had begun in 2011 bottomed out, and the gap in growth rates between advanced and emerging economies stopped widening. Europe emerged from recession and the US economy continued to improve, while growth across emerging economies moderated.**

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

Global trade picked up in the second half of 2013, reaching 2.7% for the full year. While still low, the regional pattern of growth has changed, with trade growth in emerging economies slowing relative to advanced economies: the difference in trade growth between emerging and advanced economies narrowed noticeably. The changes in the level and pattern of global output played a key role in these developments, as did the continued trend towards protectionism and financing constraints on international trade.

The Eurozone's export growth slowed slightly in 2013, but with wide variation across member states. German and Spanish exports grew faster than the Eurozone average, while France performed below average and Italy's poor export growth record continued. Outside the Eurozone, exports from the UK picked up and the US also saw positive export growth. Those two countries, together with Japan, were instrumental in improving export growth in advanced economies.

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

### The US returns to centre stage

In the second half of 2013 the Eurozone no longer dominated the economic scene. Focus instead turned to the US and, to a lesser extent, the emerging economies. It was economic policy in the US, more than any other factor, that made an imprint on economic conditions in 2013. The Republicans vented their opposition to President Obama's healthcare programme and the forthcoming year's budget, with potentially dire consequences averted only by a temporary resolution: a more structural solution is still needed. The process of scaling back (or 'tapering') the expansionary monetary policy of the US Federal Reserve (the Fed) began with a statement by the Fed in May that caused a mini-crisis in financial markets. The impact was felt in emerging economies too, as investors woke up to the reality of more limited growth prospects in some of these countries.

Despite the Cypriot rescue package and ongoing political uncertainty in Italy, financial markets remained relatively calm and sovereign bond yield differences across the Eurozone narrowed. Progress was made in breaking the negative feedback loop between banks and sovereigns by the creation of a European Banking Union. The situation in the European banking sector has not fundamentally changed, however, with financial fragmentation still widespread. Bank lending remains constrained, hampering the economic recovery in the Eurozone.

Despite some improvement globally, high insolvency levels still dominate most advanced economies. Insolvencies fell in the US, the UK and Germany, while the Eurozone saw an overall increase, especially in peripheral states. Insolvencies also rose in both Spain and Italy, although at a slower pace than in 2012. A similar picture was seen in the Netherlands and in France with insolvencies still rising, though less sharply.

## The evolution of trade credit

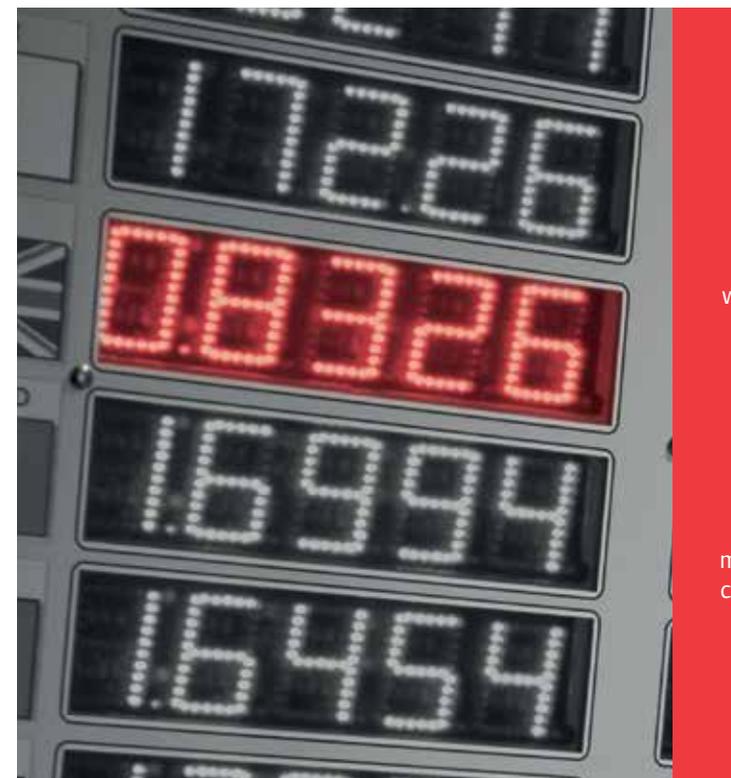
The earliest recorded use of paper money was in China, around 800 A.D. during the Tang Dynasty. It was a simpler way for traders to buy and sell without having to carry around heavy bags of coins.

The recipient would then redeem the paper note against its stated value in coinage.

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

What paper money created was trade credit, a practice that has been the foundation of commercial transactions ever since.

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



**"Atradius allows us to focus on our core business by helping us to manage credit risk"**

# Geographical review

## 2013 across the Atradius world

### The United Kingdom and Ireland

A profitable year, due to high customer retention and solid sales acquisition, with an increased focus on service delivery. Investment in 'front office' operations will prove beneficial in this heavily broker-dominated credit insurance market. The emphasis has been on developing a stronger customer-facing presence and working more closely with customers and brokers. The sales team has been strengthened and now offers a seamless proposition to both the SME and middle market segments.

### France, Italy, Belgium and Luxembourg

In 2013 we saw an increase in demand from bonding customers for both domestic services and international surety bond support. Our credit insurance business in France performed well and a new product, CreditPower, that optimises customers' credit management, was launched in the region. In Belgium customer satisfaction and retention were very positive and the Government subsidised Atradius for a campaign to promote better debt management. In Italy we enhanced our local service for domestic and international business and established partnership with banks and business associations.

### The Netherlands and Nordics

The economic downturn in the Netherlands put pressure on revenue, with high insolvencies, notably in the construction sector, and the retail sector hit by macroeconomic developments. However, we supported our customers during these difficult times, for instance through enhancements to the Modula policy and the launch of 'mkbZeker': an SME focused product. As a result, customer retention remained high. In the Nordics, sales were robust. Business in the energy sector improved and we maintained our leading position in food related sectors with a high retention rate. We built on our relations with the government export credit agencies in Denmark and Sweden and grew our business in the Baltics.

### Oceania and Asia

In Oceania we achieved both excellent retention and new business acquisition. New distribution channels are key to our local strategy and an alliance with Steadfast, a major broker aggregator group, proved very successful and will continue in 2014. Our Asian direct business grew and, despite tough competition, we increased our customer base with investment in our risk and commercial teams in key hubs such as Dubai, Singapore and Shanghai.

### North America

Insurance revenue increased in 2013. To match the expanding US market for credit insurance, we opened offices in New York, New Jersey, Texas and Illinois. Our US sales force consists of both a broker-focused team and a direct sales network targeting non-brokered customers. This year we achieved an excellent retention rate and a 20% increase in our US customer base. Customer retention was also high in Mexico where, to maintain our sales momentum, we invested heavily in the Atradius-owned information provider Informes Mexico to optimise risk acceptance and speed of service. In Canada, our new Montreal office focuses on customers and brokers in the French-speaking region.

### Spain, Portugal and Brazil

Despite the economic crisis in the Iberian region, our gross insurance result showed an impressive improvement in 2013. Crédito y Caución, which represents the Atradius Group in the region, maintained its leadership in the Spanish market. Careful risk management, reflecting the prevailing economic conditions in the region, resulted in reduced claims costs. While those economic conditions also led to a fall in insured shipments, we are now well placed to take advantage of the increase of international business in the region.

### Germany, Central and Eastern Europe

In Germany, although insured shipments – especially steel – fell victim to Europe's economic woes, revenue from credit insurance rose, due to high customer retention and steady growth in our customer base. Elsewhere, a successful sales drive in Greece, Austria, Turkey and Poland and good customer retention resulted in positive revenue growth. Interest in our services is growing in Turkey, while our growth in Greece is a sign of our determination to support customers through difficult times. Many customers in Eastern Europe, especially in Poland, felt the effects of the sudden downturn in construction but credit insurance played a stabilising role with significant growth in our revenue in Eastern Europe.

## Evolving to meet our customers' needs

Atradius customers trust us to provide the support they need to trade with confidence and, because every business is different, our credit insurance is designed to be flexible, so that the cover we offer can be tailored to meet each customer's needs.



Our adaptable 'whole turnover' credit insurance serves small, medium and large businesses engaged in domestic or export trade. It can be easily combined with other Atradius products, such as our debt collection services, to create a comprehensive credit management solution.

For multinational corporations, we offer a tailored credit management solution - our Global policy - widely acknowledged to be 'best in class'. Customers can choose between a single policy that works for both the parent company and all its subsidiaries, stand-alone policies to accommodate varying country conditions, or a combination of the two.

We also offer a range of structured credit risk solutions for specific large and complex transactions: from enhanced credit protection for single contracts or buyers to pre-export finance.

### Buyer intelligence at your fingertips

Our buyer rating tool enables customers to assess the quality of their buyer portfolio and monitor their credit risk. Currently it provides ratings for buyers in more than 110 countries. In addition, through our Group company Iberinform, we offer a comprehensive credit information service on Spanish buyers.

### Skilled and sensitive debt collection

Atradius Collections helps both credit insured and uninsured businesses collect their trade debts while maintaining sound relationships with their customers. Its reputation is built on the strength of the Atradius Group and its own international network of collectors, lawyers and insolvency practitioners.

### Covering the risks of multiple instalment agreements

Atradius Instalment Credit Protection 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 currently offered in Belgium and Luxembourg.

### An extensive range of bonding products

Our range of bonding products puts customers in a stronger financial position when dealing with their business partners: protecting the beneficiary if the supplier - our customer - fails to meet its contractual obligations.

### Insuring the insurers

Atradius Re offers a wide range of reinsurance solutions for the credit insurance and bonding insurance business of primary insurers around the world.

**"Atradius has opened up new sales channel 'doors' for us with exceptional service and personalised support"**

## The economic outlook for 2014

In 2014 global growth is expected to increase to 3.0% from 2.4% in 2013, with stronger growth in the US and Europe.

Growth in emerging economies is expected to be roughly the same as in 2013 and the oil price is likely to hover around its current level of USD 110 per barrel Brent, with fluctuations between USD 100 and 120.

US growth will be helped by the favourable state of the local energy sector and at present economic indicators point to sufficiently robust growth. Slow reform and uncertainties surrounding the European Banking Union mean that European growth is likely to be weak. The pace of growth in emerging economies is unlikely to change much, while the Chinese economy is forecast to slow as it steers away from investment and towards consumption-led growth. The Middle East and North Africa are still expected to be prone to political unrest, with little prospect of a resolution of the Syrian civil war. The growth outlook for Eastern Europe is 2.8%, up from 2013's 1.9%.

Risks to this outlook remain. There is still a small possibility of the Eurozone crisis resurfacing. Real economic growth is feeble and policy steps are needed to make banking union a reality. High unemployment, particularly in peripheral countries, puts pressure on social cohesion and thus on the ability to push through reforms. Growth in emerging economies may slow more than currently expected, and careful US monetary policy design and clear policy guidance is needed to prevent capital movements and financing issues for those economies. The political gridlock in the US could worsen, damaging the economy both in the US itself and beyond. These risks, however, are relatively small compared to the situation that prevailed in 2013.



## The evolution of risk management

Life is a gamble, and it is in the practice of gambling that we find the roots of risk management: as gamblers used mathematics as a guide to probability. From those calculations grew the concept of risk underwriting and insurance. In the 17th century, Lloyds of London started life in a coffee shop, where sea captains would seek partners to share the many risks of their voyages.

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

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



All amounts in thousands of Euro, unless otherwise stated.

## Consolidated financial statements

### Consolidated statement of financial position

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

All amounts in thousands of Euro, unless otherwise stated.

### Consolidated income statement

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

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

The information in this document has been derived from, and should be read in conjunction with, the Atradius N.V. Annual Report 2013. The Annual Report is available on [www.atradius.com](http://www.atradius.com)

# Global footprint



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

## Europe

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

## Middle East

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

## Asia

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

## Africa

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

## Americas

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

## Oceania

Australia	Sydney, Brisbane, Melbourne, Perth
New Zealand	Wellington

Connect with Atradius on social media



www.atradius.com

Atradius N.V.  
 David Ricardostraat 1, 1066 JS Amsterdam  
 P.O. Box 8982, 1006 JD Amsterdam  
 The Netherlands  
 Phone: +31 20 553 9111  
 Email: info@atradius.com