

# Atradius Finance B.V.

Interim condensed financial  
report for the six months ended  
30 June 2014

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# 1 Report of the Management Board

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

Atradius N.V. is the sole shareholder of the Company. The Atradius 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 Atradius Group offers products and services in more than 45 countries (2013: more than 45) and employed 3,280 people as at 30 June 2014 (December 2013: 3,257). The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A. which is a listed company in Spain. As a global insurance company, the Atradius Group is exposed to various risks related to the nature of its business and the external environment. These include insurance, financial and operational risks. For further information we refer to note '4. Risk and capital management' in the 2013 Atradius N.V. consolidated financial statements.

The key risk the Company is exposed to is credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The main exposure to credit risk is under the subordinated loan granted by the Company to Atradius Insurance Holding N.V. Atradius N.V. acts as first priority guarantor under the EUR 120 million Fixed to Floating Rate Step-up Guaranteed Subordinated Bonds due 2024 (the 'Bonds') issued by the Company and Atradius Credit Insurance N.V. as second priority guarantor.

At the date of this interim condensed financial report the key operating entities (Atradius Credit Insurance N.V., Atradius Reinsurance Ltd., Atradius Trade Credit Insurance, Inc. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.) are rated 'A (Excellent), outlook stable' by A.M. Best and 'A3, outlook stable' by Moody's. Furthermore, the Bonds have a debt rating of 'bbb+', outlook stable' by A.M. Best.

On 31 July 2014, notice has been given to the holders of the Bonds that the Bonds will be redeemed in full on 3 September 2014 at their principal amount plus any accrued interest.

Subsequently, the Company has given notice to Atradius Insurance Holding N.V. to terminate the loan granted by the Company with effect from 3 September 2014.

Amsterdam, 26 August 2014

The Management Board

C. Gramlich-Eicher  
J.D. Sung  
D. Hagener

## 2 Conformity statement

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

- The Atradius Finance B.V. 2014 interim condensed financial report gives a true and fair view of the assets, liabilities, financial position and profit or loss of Atradius Finance B.V.;
- The Atradius Finance B.V. 2014 interim condensed financial report gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Amsterdam, 26 August 2014

The Management Board

C. Gramlich-Eicher  
J.D. Sung  
D. Hagener

All amounts are in thousands of Euro, unless otherwise stated

### 3 Interim condensed company financial statements

#### Interim condensed company statement of financial position

<b>Assets</b>		<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>Note</b>		
<b>Financial assets</b>			
Loans and receivables	5.1.1.1	120,000	120,000
<b>Current income tax assets</b>		3	-
<b>Other assets</b>		5,827	2,284
<b>Cash and cash equivalents</b>		654	676
<b>Total</b>		<b>126,484</b>	<b>122,960</b>
<b>Equity</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>	5.2.1	649	644
<b>Total</b>		<b>649</b>	<b>644</b>
<b>Liabilities</b>			
<b>Subordinated loans</b>	5.3.1	119,880	119,521
<b>Other liabilities</b>		5,955	2,795
Miscellaneous liabilities and accruals		5,955	2,795
<b>Total</b>		<b>125,835</b>	<b>122,316</b>
<b>Total equity and liabilities</b>		<b>126,484</b>	<b>122,960</b>

#### Interim condensed company statement of comprehensive income

		<b>Six months ended 30 June</b>	
	<b>Note</b>	<b>2014</b>	<b>2013</b>
Interest income on loans and receivables	6.1	3,898	3,898
Interest expense on subordinated loan	6.2	(3,884)	(3,884)
<b>Net income from investments</b>		14	14
Net operating expenses	6.3	(6)	(6)
<b>Result for the period before tax</b>		8	8
Income tax (expense) / income		(3)	(3)
<b>Result for the period</b>		<b>5</b>	<b>5</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>5</b>	<b>5</b>

### Interim condensed company statement of changes in equity

Attributable to the equity holders of the Company			
	Subscribed capital	Retained earnings	Total
<b>Balance at 1 January 2013</b>	<b>18</b>	<b>620</b>	<b>638</b>
Total comprehensive income for the period	-	5	5
<b>Balance at 30 June 2013</b>	<b>18</b>	<b>625</b>	<b>643</b>
<b>Balance at 1 January 2014</b>	<b>18</b>	<b>626</b>	<b>644</b>
Total comprehensive income for the period	-	5	5
<b>Balance at 30 June 2014</b>	<b>18</b>	<b>631</b>	<b>649</b>

### Interim condensed company statement of cash flows (direct method)

	30.06.2014	30.06.2013
<b>I. Cash flows from operating activities</b>		
Interest received - loans and receivables	-	-
Interest received - other	-	-
Cash receipts from related parties	-	-
Cash payments to suppliers and related parties	(16)	(14)
Income tax (paid) / received	(6)	(6)
<b>Net cash generated by operating activities</b>	<b>(22)</b>	<b>(20)</b>
<b>II. Cash flows from financing activities</b>		
Interest paid - subordinated loans (bond)	-	-
Interest paid - other	-	-
<b>Net cash (used in)/generated by financing activities</b>	<b>-</b>	<b>-</b>
<b>Changes in cash and cash equivalents (I + II)</b>	<b>(22)</b>	<b>(20)</b>
Cash and cash equivalents at the beginning of the period	676	671
Cash and cash equivalents at the end of the period	654	651

## 4 Summary of significant accounting policies

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

### 4.1 Basis of presentation

The principal policies applied in the preparation of these condensed interim financial statements are equal to the policies as set out in the Company's financial statements for the year ended 31 December 2013. The Atradius Finance B.V. interim condensed financial statements for the six months ended 30 June 2014, including the 2013 comparative figures, have been prepared in accordance with IAS 34, 'Interim financial reporting' and include condensed financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows) and explanatory notes. The interim condensed financial statements should be read in conjunction with the audited 2013 financial statements of the Company.

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

### 4.2 New and revised standards

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

#### 4.2.1 Accounting pronouncements effective in 2014

The Company has not adopted any standards, amendments or interpretations in 2014 which had a material impact on the financial statements of the Company.

The following amendments have been adopted:

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of "legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on the Company's financial statements;

### 4.3 Segment reporting

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

## 5 Notes to the statement of financial position

### 5.1 Assets

#### 5.1.1 Financial assets

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

##### 5.1.1.1 Loans and Receivables

Loans and receivables are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell in the short-term. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

The financial fixed assets relate to a loan granted to Atradius Insurance Holding N.V., a related party, of EUR 120 million. The loan bears an interest on the principal amount consisting of a fixed rate of interest of 5.875% plus a margin of 0.023% per annum. Provided that notice has been given to the holders of the Bonds, the Company has the possibility to terminate the loan with Atradius Insurance Holding N.V., prior to the maturity date, without any penalties.

## 5.2 Equity

### 5.2.1 Capital and reserves

The authorised share capital amounts to EUR 90,000 divided into 90 shares with a nominal value of EUR 1,000 each. Eighteen shares (nominal value EUR 18,000) were issued and fully paid at balance sheet date. The fully paid ordinary shares carry one vote per share and carry the right to dividends.

## 5.3 Liabilities

### 5.3.1 Subordinated loans

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

The Bonds are measured at amortised costs. As the Bonds are not actively traded in the market, the fair value estimate of the Bonds as at 30 June 2014 of EUR 94.0 million (2013: EUR 89.8 million) was based on the present value of the Bonds' cash flows discounted using the Euro government bond yield curve as a benchmark and applying the credit spread of 498 bps (2013: 545 bps). The credit spread applied is based upon the spread of quoted subordinated bonds issued by similar issuers and with similar rating and maturity profiles.

The fair value estimate of the Bonds is provided by an external independent valuation company, which uses its own proprietary valuation systems to value securities supported by economic and market assumptions from financial information providers.

## 6 Notes to the statement of comprehensive income

### 6.1 Interest income

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

### 6.2 Interest expense

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

### 6.3 Net operating expenses

This amount consists of administrative expenses.

## 7 Personnel

This company has no employees (2013: nil).



All amounts are in thousands of Euro, unless otherwise stated

## 8 Related party transactions

	Revenue from related parties	Amounts owed by related parties	Amounts owed to related parties
<b>June 2014</b>			
Atradius Insurance Holding N.V.	3,539	125,823	-
Atradius Credit Insurance N.V.	-	-	1
<b>Total</b>	<b>3,539</b>	<b>125,823</b>	<b>1</b>

	Revenue from related parties	Amounts owed by related parties	Amounts owed to related parties
<b>June 2013</b>			
Atradius Insurance Holding N.V.	3,539	125,823	-
Atradius Credit Insurance N.V.	-	-	-
<b>Total</b>	<b>3,539</b>	<b>125,823</b>	<b>-</b>

### Compensation of key current and former management personnel of the Company

There was no remuneration for members of the Management Board.

## 9 Events after the reporting period

The Bonds were issued on 3 September 2004 with an original maturity of 20 years. The Company may redeem the Bonds, in whole but not in part, on 3 September 2014 and each interest payment date thereafter. The Company will redeem the Bonds in full on 3 September 2014 at their principal amount plus accrued interest.

The Company has given notice to Atradius Insurance Holding N.V. to terminate the loan granted by the Company with effect from 3 September 2014.

All amounts are in thousands of Euro, unless otherwise stated

**Authorisation of interim condensed financial statements**

Amsterdam, 26 August 2014

The Management Board

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C. Gramlich-Eicher

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J.D. Sung

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D. Hagener