Atradius
Dutch State Business

2015 Annual Review

Atradius Dutch State Business

Key figures 2015

	2015	2013	2012
Premium Income:	€ 145 million	€ 81 million	€ 57 million
Claims Paid:	€ 96 million	€ 83 million	€ 57 million
Recoveries:	€ 95 million	€ 84 million	€ 96 million
Applications received:	279	267	232
Promises and notices of cover issued:	129	127	92
Insurance policies issued:	105	98	100
Nominal risk exposure under promises and notices of cover issued:	€ 7.9 billion	€ 8.6 billion	€ 11.6 billion
Nominal risk exposure under insurance policies issued:	€ 8.3 billion	€ 6.7 billion	€ 5.0 billion
Aggregate nominal risk exposure:	€ 16.2 billion	€ 15.3 billion	€ 16.6 billion

These figures include:
- nominal risk exposure for policies issued subsequent to promises or notices of cover issued in 2014
- nominal risk exposure for exchange risk insurance included in promises and notices of cover and for polices in foreign currencies.

Atradius Dutch State Business N.V.
David Ricardostraat 1, Amsterdam
P.O. Box 8982, 1006 JD Amsterdam
The Netherlands

Tel. +31 (0)20 553 2693
www.atradiusdutchstatebusiness.nl

Atradius Dutch State Business
2015 Annual Review

Foreword

In 2015 the Dutch economy continued to improve and grew 2.1%. Exports, which played a key role, increased 4.2%. This was quite an achievement given the declining demand, for example, from China. The manufacturing industry contributed largely to the growth in exports.

We expect the Dutch economy to grow at a reasonable rate of around 1.7% in 2016, with exports once again making an important contribution. We are seeing a further shift in export demand towards goods from the manufacturing sector, a shift which started in 2015. Falling oil prices have reduced the importance of the offshore industry to some extent. We have noticed that, perhaps in partial compensation, exports for the sustainable energy industry have been increasing. At the end of 2015 for example, we insured an export transaction for a wind farm in Finland. There are still ample opportunities for the construction sector as well as for machinery manufacturers.

Atradius Dutch State Business's mission is to support exports. Our ambition is to not let a single export euro be foregone due to exporters or contractors being unfamiliar with our products. Our entire team and our product range of various types of insurance and guarantees, developed to suit your and your clients' needs, are at your disposal. As your needs and those of your clients change, we adapt to these changes. We therefore introduced several product innovations last year, some of which will help improve exporters' liquidity. For example, we can now issue a direct guarantee for bills of exchange discounting before an exporter delivers his goods and/or services. This enables the exporter to obtain working capital in an early phase of the production process.

In 2015 the Ministry of Foreign Affairs launched the Development Related Infrastructure Investment Vehicle (DRIVE). This instrument combines a grant with export credit insurance for the commercially financed portion

of a development-related export transaction. The exporter and his bank can apply to us for this insurance. We issued our first promise of cover for a DRIVE transaction at the end of 2015.

One of the innovations we will be introducing in 2016 will be the expansion of our export credit guarantee facility. The export credit guarantee enables banks to obtain funding on more attractive terms for financing Dutch exports. We also plan to further expand our cover for working capital finance.

In addition to developing products, we have taken initiatives to make our services more widely known. In the SME sector in particular, there are businesses who are not aware of what we can do for them. We gathered information from various sources to build a data base containing information about as many businesses as possible which sell capital goods or services abroad. Many of these businesses are not yet our clients. At the end of 2015 we carried out an e-mail campaign to increase recognition of the Atradius DSB brand and raise awareness of our product range. We linked the campaign to a webinar on economic developments. We furthermore issued the first digital version of our Creditnotes news magazine along with our customary printed version. In 2016 we will revamp our website to make information more readily accessible.

Our plans for 2016 include discussing the streamlining of various export support facilities with the NEA, the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*) and the FMO, the Dutch development bank.

Measured by volume, 2015 was a record year, with the volume of policies, which has been growing ever since the credit crisis, attaining € 8.3 million. The premium income we earned on behalf of the Dutch state increased once again as well. Although claims rose too, the net result posted for the year was very good.

The outlook for 2016 is one of cautious optimism. Many Asian economies will continue to expand, although at a slightly slower pace than, until recently, we have been accustomed to. Developments in the Middle East remain a concern, given the danger that the current conflicts in Syria and Iraq could escalate. Declining economic growth in Latin America and in particular, stagnation in Brazil led to export opportunities shifting to other countries. Falling oil prices had an impact not only on Brazil, but also on other countries which are heavily dependent on oil revenues, such as Russia and several African countries. The lifting of sanctions on Iran however provides new opportunities for Dutch exporters. Many western countries seem to be back on the road to growth although the mood is still cautious.

In brief: there are abundant export opportunities for the Dutch manufacturing sector, and we would be happy to support you in making the most of them.

Bert Bruning
Managing Director Atradius Dutch State Business

2015 at a glance

March	first export credit guarantee issued for a German Pfandbrief bank which financed a Dutch export transaction
April	cover introduced for interest rate breakage costs
May	pre-delivery direct guarantee introduced
June	DRIVE programme launched
September	first ORIO transaction insured
November	reinsurance and co-operation agreement concluded with ABGF, the Brazilian export credit insurance agency
November	reinsurance and co-operation agreement concluded with ATI, the pan-African multilateral credit insurance agency
November	exporters' meeting held with, as guest speaker, Hans de Boer, president of the Confederation of Netherlands Industry and Employers (VNO-NCW)
December	reinsurance and co-operation agreement concluded with OPIC, a US government institution which provides investment insurance
December	recourse requirements simplified
December	first webinar conducted
December	Atradius Dutch State Business app launched

Co-operation between the Dutch state and Atradius Dutch State Business

Atradius Dutch State Business N.V. is the Atradius Group company which the Dutch state has mandated to manage the following facilities:

- The export credit insurance facility (EKV: exportkredietverzekering) which includes a few special facilities such as the fair calling facility (FCC) and the trade finance facility (TFF)
- The foreign investment insurance scheme (RIV: Regeling Investeringsverzekering) established in 1969, offering insurance for political risks related to Dutch investments abroad.
- The export credit insurance and export finance facilities of the Dutch Good Growth Fund (DGGF). For further information, please refer to page 19.

Atradius Dutch State Business manages the export credit insurance facility and the foreign investment insurance scheme for account of the Ministry of Finance. The agreements with the Dutch state pertaining to these facilities date from 1932.

The DGGF facilities fall under the responsibility of the Ministry of Foreign Affairs and are managed by the NEA, the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*). We carry out our work for the DGGF programme in co-operation with the NEA.

Since November 2010, Atradius Dutch State Business has also been managing, on behalf of the Ministry of Foreign Affairs, a portfolio of soft loans granted to developing countries, which totalled approximately € 472 million and 17 million Netherlands Antillean Guilders at the end of 2015.

Risk-sharing arrangements with the Dutch state

The Ministry of Finance determines annually - after investigating conditions in the private credit insurance market - which risks can be taken under the Export Credit Insurance Facility; in other words, where the state can complement the private credit insurance market. The parameters for determining the risks to be taken for account of the Dutch state were left virtually unchanged for 2015.

Application processing times

In 2015 the average application processing time was 47 days. This was four days shorter than in 2014 (51 days) and slightly better than our target of 48 days. We have constantly reduced our average processing time since 2010 when it was still 72 days. We are conscious of our clients' need to have their applications processed as quickly as possible. We will therefore continue to strive for the shortest possible processing times - whether applications are processed under our own authority or submitted to the Dutch state - whilst of course always following sound risk underwriting practices.

Portfolio

As well as assessing individual risks, we closely monitor risks at portfolio level. Our portfolio consists of promises and notices of cover (notices of cover are promises of cover subject to the additional, essential condition that there is sufficient capacity under the relevant country limit at the time the export contract comes into effect), obligations under current policies, our right of recourse to exporters' liabilities under buyer credit insurance policies, direct guarantees, counter-guarantees, our right of recourse to banks under export credit guarantees, and receivables we have acquired on foreign borrowers upon having paid exporters' claims for losses.

In almost all cases, country limits were high enough to allow us to continue underwriting risks. In a few cases we reinsured risks with other parties in order to remain within the relevant country limit or were able to increase a country limit due to the improved economic climate in the country concerned.

In 2015 we made further progress in analysing our portfolio by sector, in particular the oil and gas sector. This sector constitutes a substantial part of our portfolio.

Benchmarking

Since 2003, in close co-operation with the Ministry of Finance, we have been comparing a number of aspects of our export credit insurance programme with that of Dutch exporters' competitor countries. This annual benchmarking exercise provides insight into the competitiveness of the Dutch export credit insurance programme. The benchmark indicators include product range, rules regarding national interests and national versus local content, country policy and premiums. A qualitative comparison of the corporate social responsibility policies was also made. Furthermore, the various government-supported export financing instruments were compared. The benchmarking exercise conducted at the beginning of 2016 to measure our competitiveness in 2015 revealed that, overall, the Dutch programme was quite competitive with that of twelve other OECD member countries and China. As in 2014, our overall export credit insurance programme score remained relatively high as a result of our continued product improvement and our underwriting. We obtained higher scores on some aspects of our programme than on others however. Our product range for insurance and guarantees was assessed as above average, as were our cover percentages. Countries which are not bound by the Arrangement, such as China, can however sometimes offer lower premiums.

The Dutch state does not offer export finance instruments. Some countries do, for instance in the form of government loans for exports, refinancing facilities or interest rate subsidies. The Netherlands can however offer alternatives, such as the export credit guarantee for banks, which enables them to obtain funding for financing exports.

Consultation with the government and the business community

The National Committee for Export, Import and Investment Guarantees (Rijkscommissie voor Export-, Import- en Investeringsgaranties) is the consulting body for export credit insurance matters. The committee consists of representatives from the government, the business community, banks and Atradius Dutch State Business. Its activities included determining ways to expand the range of products and tailor them even more to exporters' needs. As a result, several modifications were introduced early in 2016. We expect to introduce more product innovations during the course of 2016.

Broad support for exports

At the end of 2015, the Ministries of Finance and Foreign Affairs as well as Atradius DSB voiced their ambition of further developing Dutch export credit insurance into an instrument offering wide support for exports. We will be developing a strategy in 2016, which will entail examining various facets of our export credit insurance programme including our product range, underwriting procedure and country cover policy.

Global Economic Review: slower growth, sluggish pace

Inleiding

In 2015 economic growth slowed to a disappointing 3.1% (see Table 1). Whereas the developed countries slowly recovered, growth in emerging market countries continued to decelerate and the economies of some countries even shrunk. Emerging countries continued to be confronted with further declining commodities prices, political and geopolitical tensions, domestic policy concerns and the normalisation of US monetary policy. Commodity-exporting countries suffered the most. Decelerating economic growth and China's transition to a consumption-driven economy put further pressure on the growth of world trade. Forecasts indicate that both the global economy and world trade will make a slight recovery. The recovery will be fragile however and great uncertainties will remain, due chiefly to the monetary policies of the developed countries, the UK relation with the EU, China's economic growth, and political and geopolitical factors.

Commodities prices continued to plunge

Due to weakening global economic growth and to over-supply, commodity prices collapsed: in 2015, food prices declined on average 17% metals prices 25% and oil prices almost 50%. The - net - impact of lower commodity prices on the global economy was negative, whereas it had been expected to be positive. This expectation was based on the assumption that the increase in purchasing power of the large commodity-importing blocks would more than compensate for the decrease in purchasing power

Table 1: Key figures global economy	Real GDP-growth (% p.a.)				Inflation (% p.a.)			
	2014	**2015**	**2016**	**2017**	**2014**	**2015**	**2016**	**2017**
Global Economy	3.4	3.1	3.2	3.5	3.2	2.8	2.8	3.0
Developed countries	1.8	1.9	1.9	2.0	1.4	0.3	0.7	1.5
- United States	2.4	2.4	2.4	2.5	1.6	0.1	0.8	1.5
- Euro zone	0.9	1.6	1.5	1.6	0.4	0.0	0.4	1.1
- Japan	0.0	0.5	0.5	(0.1)	2.7	0.8	(0.2)	1.2
Emerging markets	4.6	4.0	4.1	4.6	4.7	4.7	4.5	4.2
Asia	6.8	6.6	6.4	6.3	3.5	2.7	2.9	3.2
- China	7.3	6.9	6.5	6.2	2.0	1.4	1.8	2.0
- India	7.2	7.3	7.5	7.5	5.9	4.9	5.3	5.3
- Indonesia	5.0	4.8	4.9	5.3	6.4	6.4	4.3	4.5
Latin America	1.3	(0.1)	(0.5)	1.5	4.9	5.5	5.7	4.3
- Brazil	0.1	(3.8)	(3.8)	0.0	6.3	9.0	8.7	6.1
- Mexico	2.3	2.5	2.4	2.6	4.0	2.7	2.9	3.0
Middle East and North-Africa	2.6	2.3	2.9	3.3	6.6	5.9	5.5	4.7
- Egypt	2.2	4.2	3.3	4.3	10.1	11.0	9.6	9.5
- Saudi Arabia	3.6	3.4	1.2	1.9	2.7	2.2	3.8	1.0
Eastern Europe	1.8	(0.2)	0.9	2.2	6.4	10.2	7.1	6.3
- Ukraine	(6.6)	(9.9)	1.5	2.5	12.1	48.7	15.1	11.0
- Russia	0.7	(3.7)	(1.8)	0.8	7.8	15.5	8.4	6.5
- Turkey	2.9	3.8	3.8	3.4	8.9	7.7	9.8	8.8
Sub-Saharan Africa	5.1	3.4	3.0	4.0	6.4	7.0	9.0	8.3
- Nigeria	6.3	2.7	2.3	3.5	8.0	9.0	10.4	12.4
- South Africa	1.5	1.3	0.6	1.2	6.1	4.6	6.5	6.3

Source: IMF

of commodity-exporting countries. It seems however, that consumers used part of their higher purchasing power to repay their debts, and that manufacturers had already cut costs - in many cases by curtailing investment - due to the significant drop in producer's revuenues.

Steep decline in global trade, which is still running in low gear

Lower commodity prices led to a decline in investments which in turn led to a sharp drop in the growth of world trade in capital goods. World trade by volume grew a meagre 2% in 2015 (3.1% in 2014). This reflected in particular the trade slump in emerging Asia, the decline in Latin American imports and US exports. China's transition from an investment-driven to a less trade-intensive, consumption- driven economy has led to a downturn in China's imports and the region's exports. Trade developments in the US and Latin America are interrelated. The extraordinarily steep decline in Latin American imports put pressure on US exports. The Latin American demand plunged because the impact of low commodity prices was exacerbated by the political crisis in Brazil, by far the largest country in the region.

Developed countries continue to recover slowly

The United States are still the driving force for growth in the developed countries, but a less powerful one than had been hoped for. This was due to declining investment in the US oil sector and, to a lesser extent, declining US exports. The growth rate stabilised at 2.4%. In the euro zone and Japan, economic growth picked up but remained sluggish. There are growing concerns about deflation in these countries. In order to prevent deflation, interest rates have been lowered further and in some cases are now even negative. This puts pressure on bank profitability, as banks are reluctant to pass on negative interest rates to savers.

Latin-American and East-European economic contraction hampers growth in emerging markets

Emerging market countries are still suffering from economic setbacks such as low commodity prices, the impending hike in US interest rates, political and geopolitical developments and, in some countries, inadequate policies. Economic growth slowed further to 4% from 4.6% in 2014, but was still significantly higher than that of developed countries. Net oil-importing, emerging market economies in Asia continued to contribute the most to economic growth. India is starting to take over from China as the world's fastest growing large economy. India's good macro-economic policies are now paying off. China's growth is gradually declining to a more sustainable level as the country makes the transition to a more consumption-driven economy. The major reason for the further deceleration in economic growth in emerging market countries is however the sharp contraction of the Brazilian and Russian economies, respectively the third and fourth largest emerging economies. A corruption scandal at the national petroleum company, Petrobras, plunged Brazil into a political and economic crisis. In Russia, the sanctions against the country exacerbated the impact of low oil prices.

Table 2: The Netherlands (% change year-on-year)

	2014	2015	2016	2017
Gross demestic product (GDP)	1.0	1.9	1.8	2.0
Private consumption	0.0	1.6	1.6	2.0
Private sector investment	2.7	7.2	6.0	4.2
Public expenditure	0.3	(0.3)	2.0	0.2
Export	4.0	4.2	3.6	4.1
Inflation	0.3	0.2	0.3	1.0
Public debt (% GDP)	(2.4)	(1.9)	(1.7)	(1.2)
Unemployment (%)	7.4	6.9	6.5	6.3

Source: CPB Netherlands Bureau for Economic Policy Analysis

The Middle East remains afflicted by geopolitical tensions, the worst being the conflict in Syria and the terrorist activities of the Islamic State. Low oil prices are not helping the region either. One positive development is that, now that nuclear-related economic sanctions against Iran have been lifted, it can rejoin the global economy, although other sanctions which are still in place will hinder the process.

Low commodity prices and political and geopolitical tensions were also the causes of sluggish growth in Africa. Concerns about government policy in the continent's two largest countries, Nigeria and South Africa have had a major impact on economic growth.

Many emerging market countries used exchange rates or their official reserves to absorb the shocks. However, countries with a relatively high level of external debt and low financial buffers had a difficult time, especially if they maintained a fixed exchange rate system. Many countries abandoned their fixed exchange rate system and a few countries, such as Egypt and Nigeria, imposed restrictions to safeguard their dwindling foreign exchange reserves. Many commodity-exporting countries resorted to borrowing from the World Bank.

Outlook: growth to remain sluggish; great uncertainty

The outlook for 2016 and 2017 remains modest. The global economy and world trade will grow slightly but continue to run in low gear. This outlook is based on the assumptions that commodity prices will recover slowly, China's economy will make a successful, controlled landing, the normalisation of US monetary policy will proceed smoothly and political problems in a number of large emerging market countries will de-escalate. As regards the latter, developments in Argentina under a new more market-friendly present have brought hope.

The global economy remains precarious however.

The most vulnerable countries remain those with large macro-economic imbalances, high - external - debt and low buffers.

We will continue to follow economic developments closely. We will expand our country cover policy when possible and tighten it when necessary.

New business in 2015

Distribution of policies issued by type of facility:

	2015	2014	2013
EKV (export credit insurance)	105	107	96
RIV (investment insurance)	0	1	1
Total:	**105**	**108**	**98**

The volume of policies issued increased to € 8.3 billion in 2015 from € 7.1 billion in 2014. Premium income increased to € 145 million in 2015 from € 126 million in 2014. This significant increase was largely due to a few very large transactions in the oil and gas sectors.
The volume of promises of cover declined slightly. We are beginning to feel the impact of lower oil prices; one consequence is that fewer projects are being put out to tender in this sector.

Number of policies issued per country

19	Netherlands (guarantee and working capital cover)
6	Panama
5	Ireland
4	Nigeria
4	Saudi Arabia
4	United Arab Emirates
3	Ecuador
3	Egypt
3	Tanzania
3	Ghana
3	Turkey
3	Brazil
2	Mexico
2	Paraguay
2	Peru
39	Other countries

Foreign investment insurance

Exposure under the foreign investment insurance scheme totalled almost € 165 million at the end of 2015, which was 3.6% less than at the end of 2014 (€ 171 million). This exposure was entirely for policies. As in 2014, policies were current for 21 transactions in 8 countries.

At the end of 2015 our highest exposures under the foreign investment insurance scheme were for the following countries:

	31-12-2015
Ukraine	€ 55.9 million
Ecuador	€ 40.5 million
Egypt	€ 24.1 million

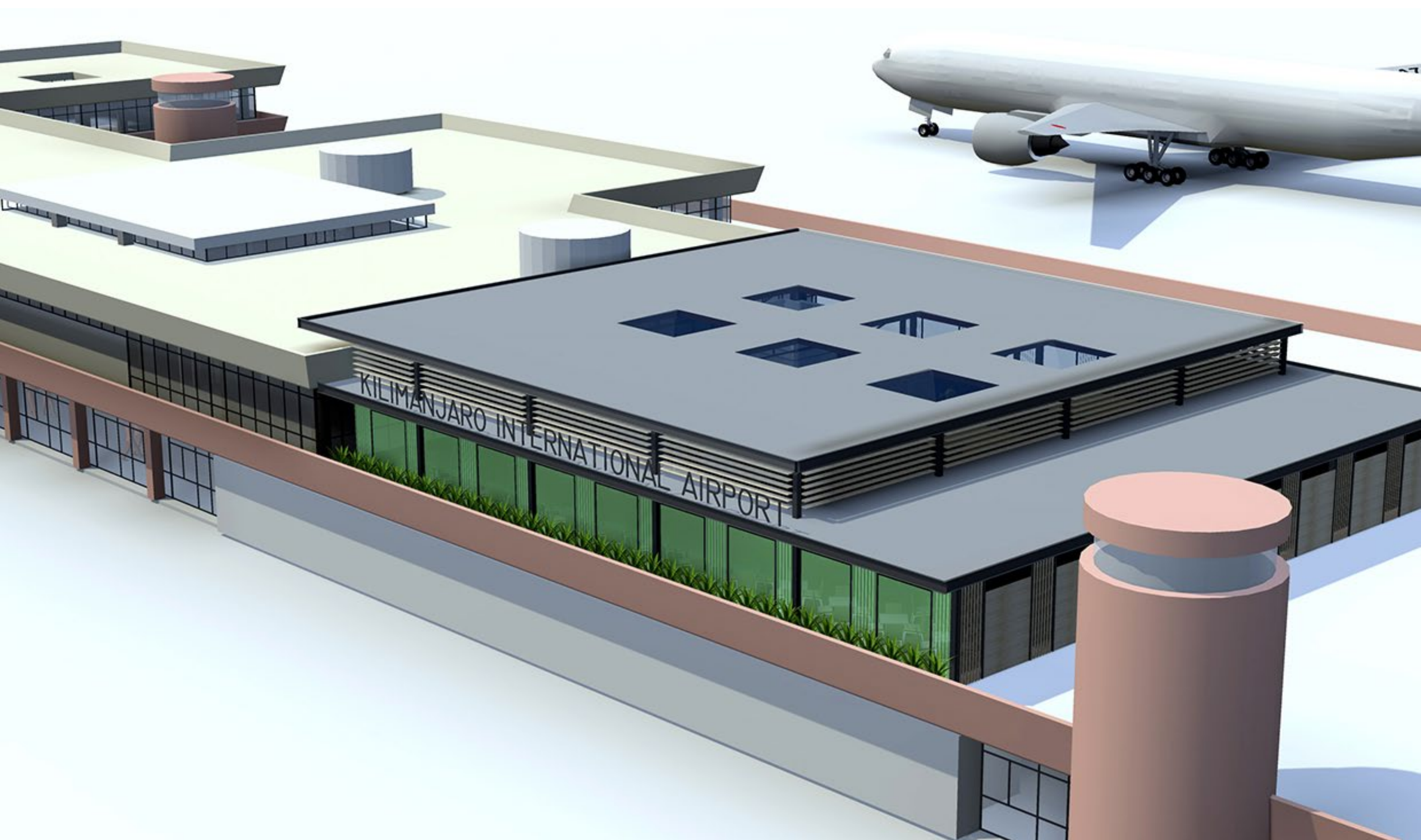
BAM International renovates airport in Tanzania

BAM International (BAM) is the international branch of the Royal BAM Group, which focuses on construction work outside Europe. The African market is of major importance to BAM. Last year, with credit insurance from Atradius DSB, BAM started constructing a new terminal for Dar es Salaam's Julius Nyerere International Airport, Tanzania's most important airport. In addition BAM is renovating the Kilimanjaro Airport (KIA) as part of the Tanzanian government's project to expand the capacity of the country's airports.

The KIA renovation project includes the construction of drainage and sewage works, runways and taxiways, the improvement of the environmental facilities and the refurbishment of the terminal. The project will take twenty months to complete. The transport sector plays an important role in Tanzania as it contributes to the country's social and economic progress. One of the Tanzanian government's priorities is therefore to build new airports and renovate existing ones.

The KIA renovation project is the first project benefitting from an ORIO grant that Atradius has ever insured. The Dutch government's ORIO grant facility provides aid for infrastructure development in developing countries. Atradius DSB will cover the manufacturing and credit risks inherent in the project.

ORIO grants are paid directly to the country concerned. As the aid is untied, the recipient country is not obliged to spend the funds on products and services from the Netherlands. The fact that this transaction was concluded with a Dutch company was therefore not at all a foregone conclusion and BAM can be proud of having secured the contract. (The ORIO programme has meanwhile been succeeded by the DRIVE facility.)



Janson Bridging builds 463 bridges in Sri Lanka

Dutch exporter Janson Bridging will be delivering 463 bridges to Sri Lanka over a period of three years. The bridges will be delivered to the Ministry of Economic Development of Sri Lanka. The Rabobank will provide an export credit for a large part of the project and Atradius DSB will insure this export credit. The modular steel bridges will be delivered as a turnkey project which will include the construction of foundations and access roads and the installation of the bridges.

This transaction is part of Sri Lanka's thousand bridges project. The Ministry of Economic Development of Sri Lanka has identified more than one thousand sites where bridges are needed or existing bridges need to be replaced. Some of the existing bridges are, for example, wooden girder bridges, improvised suspension bridges or simply a cement plate. The mobility of inhabitants in rural areas is limited due to the lack of infrastructure. By improving accessibility to rural areas, people will have better access to local markets, medical facilities, employment opportunities and educational facilities. Moreover, the new bridges, which in some cases will replace bridges which are more than fifty years old, will be suitable for freight transport. The project aims to greatly improve the local standard of living.

Bridges linking rural areas in Sri Lanka are to improve access to work, education and health care

Claims and recoveries and debt rescheduling

In 2015, claims paid under the Export Credit Insurance facility totalled € 96.4 million, which included € 0.7 million paid under foreign exchange rate risk insurance policies. Claims totalling € 0.7 million were paid under the Good Projects Guarantee Scheme. Total claims were therefore significantly higher than in 2014, when claims amounted to € 35.9 million.

In 2015 the largest claims were paid under policies for the United Kingdom (€ 67.4 million), Brazil (€ 10.8 million) and Iran (€ 10.1 million). The claims paid under policies for the United Kingdom were due to a project finance transaction. The claims for Brazil were due to protracted default by a local government. As in previous years, the claims for Iran were due to payments via Iranian banks coming to a standstill as a result of sanctions against these banks.

In 2015 no claims were paid under foreign investment insurance policies.

Recoveries (amounts Atradius collected from debtors after paying claims under insurance policies) totalled € 95.1 million in 2015, which was € 7.9 million less than in 2014. Recoveries included € 86.3 million on debt rescheduled under Paris Club arrangements. Most of the recoveries came from Argentina (€ 46.6 million) and Indonesia (€ 28.1 million). Large amounts were also received from Iraq (€ 4.3 million), Mexico (€ 3.9 million) and Egypt (€ 2.4 million). At the end of 2015 Cuba concluded a multi-lateral agreement with the Paris Club to reschedule its medium-term debt. Early in 2016 the Netherlands subsequently concluded a bilateral agreement with Cuba for its € 35.7 million portion of this debt.

Our total recoveries also included realised foreign exchange gains of € 2 million on exchange rate risk policies and € 2 million in recoveries on transactions insured under the Good Projects Guarantee Scheme.

In 2015 Atradius furthermore collected € 60.6 million in payments due on loans in the NIO portfolio, a loan portfolio it manages for the Netherlands Investment Bank for Developing Countries (NIO). The NIO portfolio totalled € 480.7 million at the end of 2015.

Liabilities and receivables

At the end of 2015, the maximum liability (net of matured instalments) under current policies for all government facilities (excluding the NIO portfolio and DGGF transactions) totalled € 19.8 billion (year end 2014: € 15.6 billion). The maximum liability for promises of cover totalled € 6.9 billion. Notices of cover outstanding at the end of 2015 totalled € 1.98 billion.

In 2015 we received 279 applications, compared to 287 applications in 2014. Our total exposure increased as a few of the new applications were for very large transactions.

When Atradius Dutch State Business pays a policy holder's claim, the policy holder assigns the related receivables to Atradius. Receivables which Atradius Dutch State Business (on behalf of the Dutch state) acquired on foreign borrowers and borrower countries subsequent to claims payments to policy holders (excluding insureds' own risk and interest payable after claims payments) totalled € 935 million in 2015. This was higher than in the previous year, as, in 2015, the volume of claims paid to policy holders exceeded total recoveries. € 564 million of the € 935 million receivables represented payments made under Paris Club rescheduling arrangements. At the end of 2014, receivables totalled € 889 million, of which € 608 million were payments made under Paris Club rescheduling arrangements.

Product innovation

In 2015 Atradius Dutch State Business continued to improve its products and implement product modifications.

For example, we expanded the scope of the direct guarantee for bills of exchange. We were previously able to issue a direct guarantee to the discounting bank against buyer default only after the exporter had delivered the goods and/or services. Provided certain conditions are met, we can now issue a direct guarantee to the discounting bank prior to delivery, which means the bank can discount the exporter's bills of exchange at an earlier stage. This is to the advantage of the exporter, as he can now obtain working capital financing from his bank on the basis of the bills of exchange.

For exporters we have simplified our buyer credit cover. Exporters no longer need to declare that we have a right of recourse against them in the event a buyer credit (loan) is in default due to the exporter's failure to comply with the terms and conditions of the export contract. Furthermore, exporters are no longer obliged to transfer any over-financing to us.

Buyer credit cover for banks has also been expanded. On certain conditions we can now cover certain losses on interest rate swaps.

In 2015 the Ministry of Finance and Atradius DSB held extensive discussions with banks about a new version of the export credit guarantee. The new version will also cover funding which banks have raised for export finance through bond issues. We will be introducing this version in the course of 2016.

We have various other product innovations and new products in the pipeline for 2016. These are in part prompted by the wishes of the National Committee for Export, Import and Investment Guarantees (*Rijkscommissie voor Export-, Import- en Investerings-garanties*).

We will be reporting on these innovations in the course of the year.

Dutch Good Growth Fund

The Dutch Good Growth Fund (DGGF) was launched in July 2014. The fund is an initiative of the Ministry of Foreign Affairs and falls under the responsibility of Minister Ploumen of the Ministry of Foreign Trade and Development Co-operation. The purpose of the fund is to provide financing and credit insurance - when mainstream market players are unable to do so - to enterprises and investment funds in the Netherlands and low- and middle-income countries for export transactions to and development-related investments in 71 designated countries. The fund comprises three segments; Atradius Dutch State Business is responsible for managing the export segment.

Examples of DGGF transactions

To date Atradius DSB has received more than 30 applications for support from the DGGF, many of which we have been able to underwrite. We have described a few transactions below.

Delivery of equipment for the food processing industry

Gea Food Solutions B.V. is to deliver various machines and equipment including a food former, food forming plates, a mixer and a breading machine to a company in India which produces frozen meals. 15% of the contract price will be paid in advance and 85% will be paid through supplier credit in the form of bills of exchange. Atradius DSB will discount the bills of exchange. The transaction is development related as it will generate jobs at the buyer's company and with its local suppliers, increase production capacity and transfer knowledge to local people.

Delivery of analysers for blood group serology

Sanquin Bloedvoorziening, Amsterdam is to deliver fully-automated analysers to a private enterprise in Vietnam. The analysers will be used for serology testing for patients who are to receive a blood transfusion. Sanquin will also install the equipment, train local staff and provide testing and support services. This transaction is development related as it will create jobs and much knowledge will be transferred to local managers and employees. The analysing equipment will furthermore lead to safer blood transfusions in Vietnam.

Other examples of export transactions insured under the DGGF programme are a fish processing plant for Ethiopia, farms for Mozambique and Zimbabwe, solar cell production equipment for India and ambulances for Mali. For more examples and information, please see the transactions posted on the DGGF website: http://www.dggf.nl/exporteren-Nederlands-mkb-transacties.

Our experience to date

We have seen much interest in the fund from the moment it was launched. We have received many applications and have been able to insure some of the transactions under our regular export credit insurance facility. To date we have issued three insurance policies and seven promises of cover for DGGF transactions. We expect these numbers to increase in 2016.

Marketing and Communication

Atradius Dutch State Business considers it important to inform the business community about the facilities we manage for the Dutch state. This is one of our main communication goals, and we provide information through personal contact with our clients, through the media, our website and our news magazine for customers, Creditnotes.

Marketing export credit insurance facilities is a complex activity, which must moreover be continually adapted to the wishes of our clients, to trends and to available marketing instruments. In 2015 we therefore focussed on reviewing and redefining our marketing strategy. We held an inquiry into the business community's recognition of the Atradius DSB brand and its awareness of our product range. We also conducted a client satisfaction survey and a survey among Creditnotes readers. On the basis of the results, we developed a new marketing strategy. This included establishing an exporter database, introducing an e-mail marketing tool and an app, revamping our website and sponsoring BNR Nieuwsradio, a private Dutch news broadcaster which also covers the financial news.

We will continue to visit clients and prospects, participate in trade missions, be a guest speaker at various export forums and seminars and organise information seminars for the Dutch business community, at times in co-operation with other parties, such as industry organisations.

Events and meetings we organised in 2015 included:

May	Introductory seminar for (new) staff of Atradius Dutch State Business clients
November	Introductory seminar for (new) staff of Atradius Dutch State Business clients
November	Exporters' meeting with, as guest speaker, Hans de Boer, president of the Confederation of Netherlands Industry and Employers (VNO-NCW)

International Co-operation

Reinsurance

Atradius Dutch State Business has concluded reinsurance agreements for export credit insurance with several official export credit insurance agencies in its extensive international network. The advantage of such agreements for exporters or their financiers is that they need to deal with only one insurer. This insurer will obtain reinsurance from each relevant foreign credit insurance agency for the part of the transaction sourced from the agency's own country. If foreign export credit agencies (ECAs) cannot conclude reinsurance agreements for legal reasons, Atradius concludes Memorandums of Understanding (MoU) wherever possible. Atradius had previously concluded a MoU with Sinosure, China's official export credit insurance agency, and with ECIC, our fellow South African credit insurer. MoUs provide a framework for future co-operation but are not specifically aimed at, nor confined to, reinsurance. In 2015 we concluded MoUs with OPIC, a US government development finance institution which provides investment insurance, ABGF, the Brazilian export credit agency and ATI, the pan-African multilateral export credit insurance agency.

We expect to conclude reinsurance or co-operation agreements with a few more insurers in 2016.

Reinsurance agreements are currently in effect with the following insurers:

Ashra	Israel
ATI	Africa
CESCE	Spain
COFACE	France
Credendo	Belgium
ECICS	Singapore
EDC	Canada
EFIC	Australia
EGAP	Czech Republic
EKF	Denmark
EKN	Sweden
Euler Hermes	Germany
Finnvera	Finland
GIEK	Norway
KUKE	Poland
MEHIB	Hungary
ICIEC	multilateral
NEXI	Japan
ODL	Luxembourg
OPIC	United States
OeKB	Austria
SACE	Italy
SID	Slovenia
SERV	Switzerland
UKEF	United Kingdom
US Ex-Im Bank	United States

The European Union (EU) and the Organisation for Economic Co-operation and Development (OECD)

The EU Working Party on Export Credits and Credit Guarantees is an important EU forum. It coordinates the viewpoints of the EU member countries for discussions among and decision-making by the Participants to the Arrangement on Officially Supported Export Credits in the OECD. The Participants, comprising the EU and most other OECD member countries, form the body which decides on Arrangement matters. The Arrangement (also known as the Consensus) is the principal international covenant on officially supported credit insurance. In addition, various OECD committees and working groups deal with diverse subjects, including deterring bribery.

In 2015 there was much debate about whether or not polluting coal-fired power stations should benefit from export support. A compromise was ultimately reached, both in the EU and in the OECD. An agreement was also reached to include smart grids in a separate annex to the Arrangement. Smart grids are IT applications for generating and distributing electricity more efficiently.

OECD member countries almost came to an agreement on minimum premiums for transactions with rich countries but one member withdrew its support at the last moment. This question remains to be resolved.

Another important development was that the Participants to the Arrangement held further consultations with other countries, in particular China and Brazil. Other emerging economies also participated in these consultations, which were conducted by the International Working Group on Export Credits (IWG), outside of the framework of OECD agreements. After the US and China had held preparatory bilateral meetings, the first multilateral meetings were held in 2013. The purpose of these consultations was to develop worldwide guidelines for officially supported export credits in order to create a more level playing field for all countries: i.e. those which are bound by the OECD Arrangement and those which are not. In 2015 further consultations were held on the export of ships and medical equipment. Agreements for the latter sector are intended to serve as a template for broader agreements for all medium-term export credits.

Berne Union

The Berne Union is the international organisation of private and public sector export credit and investment insurers. Atradius is a prominent member of the Berne Union and is represented on its Management Committee. The Prague Club, an information exchange network for new and maturing insurers of export credit and investment, is part of the Berne Union.

Corporate Social Responsibility (CSR)

Environmental and social review

We screen all applications for export credit insurance and foreign investment insurance which we are to underwrite on behalf of the Dutch state in order to determine whether an environmental and social review is necessary. In our screening we look at the size of the transaction and whether a sensitive region or sector is involved.

The screening and review process is set out in the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (known as the Common Approaches) agreed within the OECD. The relevant standards and guidelines of the Common Approaches have been incorporated in the Dutch national policy for environmental and social reviews, the *Milieu- en Sociale Beoordeling* (2012).

Atradius Dutch State Business's environmental and social specialists conduct the screenings and reviews. We assess applications according to the standards of the IFC, a member of the World Bank Group.

International and national developments

In 2015, OECD member countries worked on improving the screening and assessment of project-related human rights issues as well as on diverse other matters such as animal welfare. The ECA environmental and social specialists of the national credit insurance agencies subsequently made recommendations to the Export Credit Group of the OECD for improving the Common Approaches. The revised Common Approaches were adopted in April 2016.

Furthermore, in 2015 new rules were agreed in the OECD on limiting official support for coal-fired power plants with the aim of reducing (greenhouse) gas emissions.

Environmental and social review developments

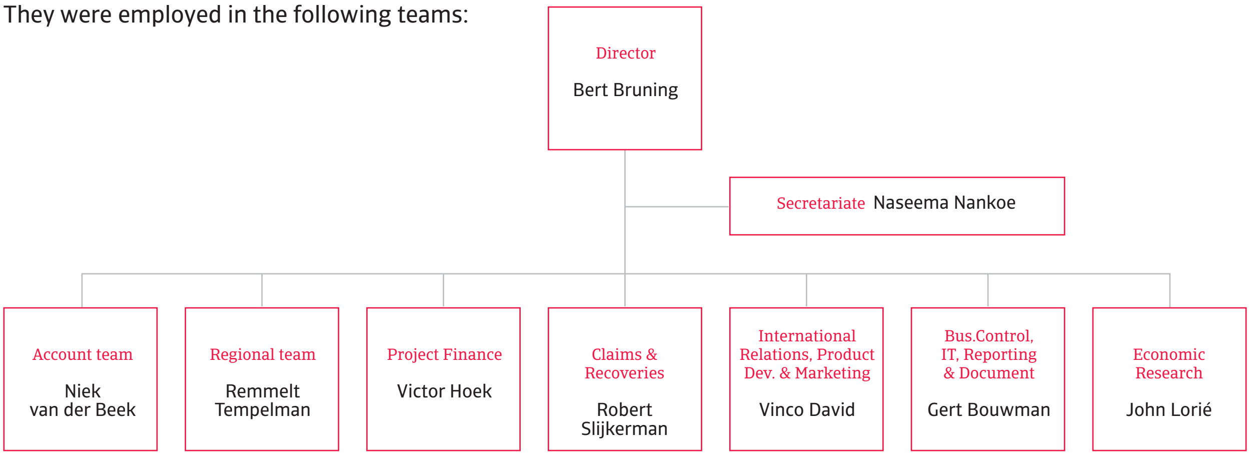
In the year under review we saw an increase in the number of applications which needed to be screened and reviewed as to their environmental and social aspects. The number of applications for support from the Dutch Good Growth Fund (DGGF) also rose. In addition to the increase in the number of projects to be reviewed, we also witnessed growing national and international interest in corporate social responsibility. This field continues to evolve and expand. There is an increasing focus on corporate governance and transparency in addition to the interest in classic issues such as the environment and human rights.

For more information about the Atradius DSB environmental and social review and about corporate social responsibility, please refer to our Corporate Social Responsibility Report for 2015 which is available via our website.

Staff and Organisation

Atradius Dutch State Business staff totalled 56 people (50.3 FTEs) on 31 December 2015 (55 people/49.7 FTEs on 31 December 2014).

They were employed in the following teams:



Financial return for account of the Dutch state

Accrual-based results

In addition to presenting our results on an invoice basis, we have presented them below on an accruals basis. State programmes must, at minimum, break even. This includes government-supported export credit insurance facilities and is laid down in international agreements, including World Trade Organisation (WTO) and the OECD agreements. Breaking even means that, in the long run, proceeds (premiums and recoveries) must cover costs (claims payments and operating costs). This is to prevent unauthorised government support. The accrual-based method of accounting (*bedrijfseconomische resultaatbepaling: BERB*) is used to determine whether the facilities do indeed break even. One of the features of this method is that provisions are made for outstanding risks. This method also incorporates the facilities' operating costs, which the method of reporting results on an invoice basis does not.

For our calculations we took into account all policies issued since 1999. According to the accrual-based method of accounting, revenues covered costs for the period from 1999-2015. The cumulative return for this seventeen-year period was € 359 million (see table below). The cumulative return for the period from 1999-2014 was € 293 million. Thus the cumulative accrual-based result increased € 66 million in 2015. This increase was partly due to premium income; it is standard practice to allocate a portion of this to revenues.

Cumulative results, using accrual-based accounting, of all facilities (underwritten after 1998) for 1999-2015, in millions of euros:

		1999-2014	1999-2015
1	**Current assets**	**455**	**494**
1.1	Premium income	943	1.088
1.2	Net claims paid	(281)	(371)
1.3	Net foreign exchange losses	(4)	(3)
1.4	Net interest income	40	41
1.5	Operating costs	(243)	(260)
2	**Receivables**	**230**	**319**
3	**Provisions**	**(392)**	**(454)**
3.1	for outstanding political risk	(178)	(224)
3.2	for outstanding commercial risk	(74)	(99)
3.3	for expected claims	(76)	(58)
3.4	for uncollectible receivables	(63)	(72)
3.5	for foreign exchange rate risk	(1)	-
	Total	**293**	**359**

Note: discrepancies in totals are due to rounding

Atradius Dutch State Business NV
David Ricardostraat 1
P.O. Box 8982
1006 JD Amsterdam
The Netherlands

Tel. +31 (0)20 553 2693