



2017 Annual Review

Atradius Dutch State Business

Key figures 2017

	2017	2016	2015
Premium Income:	€ 103 million	€ 114 million	€ 145 million
Claims Paid:	€ 40 million	€ 15 million	€ 96 million
Recoveries:	€ 137 million	€ 232 million	€ 95 million
Applications received:	286	221	279
Promises and notices of cover issued:	163	116	129
Insurance policies issued:	113	96	105
Nominal risk exposure under promises and notices of cover issued:	€ 4.8 billion	€ 7.5 billion	€ 4.8 billion
Nominal risk exposure under insurance policies issued ¹	€ 2.5 billion	€ 2.7 billion	€ 4.5 billion
Aggregate nominal risk exposure	€ 7.4 billion	€ 10.2 billion	€ 9.4 billion

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Foreword

The global economic situation improved greatly in 2017 compared to 2016. On all continents, economies expanded. This was reflected in the Netherlands' export statistics. The value of our exports increased more than 10% in 2017. The first months of 2018 also showed good growth figures.

This is positive news for you as an entrepreneur. There are a few clouds on the horizon, some of them due to protectionist measures being taken by certain countries and the threat of a trade war which could ensue from protectionism. However, this year will be predominantly one in which once again there will be ample business opportunities for you.

We are keen to examine whether we can assist you in converting these opportunities into concrete orders. Precisely for this reason we modified our organisation in 2017. This included hiring a number of business developers, whose role is to explain our products to new potential clients and how these products can help them improve their competitive position. In this manner we strive to ensure that no export orders are lost which could have been concluded successfully if you had been able to find your way to us. In the small- and medium-sized enterprises sector in particular, there are businesses who are not aware of us, whereas the types of insurance we offer can be very suitable for their export business. The changes we made in our organisation are fully in keeping with our aspiration to do *more for* Dutch exporters as well as *for more* Dutch exporters.

The figures for 2017 are in line with our aspirations. We received more applications than in 2016 and 2015. The number of transactions we were able to support was also higher than in the prior two years, as was the number of new clients we were able to welcome.

Our objective is not only to reach more exporters but also to respond to the changes we see taking place around us. We therefore developed a product last year which offers support for the financing of renewable energy projects in developing countries. Climate Investor One, an initiative of the FMO, the Dutch development bank, is a driving force in this field and has established three project funds: for the development phase, construction phase and

operational phase of selected renewable energy projects. We are involved with the fund established for the construction phase of a project. Climate Investor One's funds offer Dutch exporters and project developers interesting opportunities in the transition to the supply of energy from renewable sources.

We furthermore overhauled our country cover policy. An important element was the introduction of a new method for establishing country limits. These are now determined mechanically on the basis of a country's classification and its export volume. The limits for many countries are now higher than they were previously. Moreover, for countries in Categories 0 to 3 which have investment grade ratings, country limits are no longer applicable.

This is good news, also because our country economists expect that, despite the threat of a trade war as mentioned previously, the global economy will continue to grow. This is certainly the case for many Asian economies: although they may expand at a slightly slower pace than before, their estimated 5.8 % increase in gross domestic product for 2018 is still respectable. Growth in sub-Saharan Africa is also expected to be considerable, at an overall average of 3.4 %, although there are large differences among the various countries, and the lower growth of the largest economies in the region (Angola, Nigeria and South Africa) stands in rather sharp contrast with the overall average. Growth in Latin America is expected to increase the most, relative to that of past years.

In conclusion, there are plenty of opportunities for Dutch exporters worldwide. We will be happy to assist you in making the most of these opportunities.



Bert Bruning
Managing Director Atradius Dutch State Business

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)
- 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)
- the export credit insurance and export finance facilities of the Dutch Trade and Investment Fund (DTIF)

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 and DTIF 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 therefore carry out our work for the DGGF and DTIF programmes in co-operation with the NEA. For further information, please refer to Chapter 8.

Since November 2010 Atradius Dutch State Business, on behalf of the Ministry of Foreign Affairs, has furthermore been managing a portfolio of soft loans granted to developing countries. The portfolio totalled approximately € 387 million at the end of 2017.

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 2017.

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.

A traditional component of our management of the total portfolio is the maintenance of country limits. In 2017 we introduced a new method for setting country limits which allows more room for supporting your transactions. We no longer set limits for countries in categories 0 to 3, provided they have been rated as investment grade by the three major rating agencies (Fitch, S&P en Moody's). Limits for other countries are determined mechanically on the basis of country category and export volume. Limits for many countries are now higher than they were in the past. One of the consequences of the new method is that the country limit restrictions placed on notices of cover issued for a number of countries have in almost all cases been lifted.

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 business community, banks, the government and Atradius Dutch State Business.

A recurring item on the agenda is benchmarking: a comparison of various facets of our export credit insurance facility with those of similar facilities offered by other countries. In past years the Ministry of Finance carried out the benchmarking exercise in co-operation

with Atradius Dutch State Business. In 2017 it was decided to discontinue this exercise. Instead, the Ministry of Finance will draw up a multi-year agenda which will describe policy objectives for the Dutch facility.

Broad support for exports

The Ministries of Finance and Foreign Affairs and Atradius Dutch State Business share the ambition to further develop the Dutch export credit insurance facility into an instrument offering wide support for exports. We developed a strategy to accomplish our aspiration, which, simply stated, is to do more for more Dutch exporters. This included closely examining and subsequently modifying our country policy. We furthermore developed a new product which aims to create more opportunities for developing renewable energy projects in emerging markets. For more information, please refer to Chapter 7. In addition, last year we created new staff positions in our organisation in order to more effectively provide information and offer support to Dutch exporters who are not yet aware of us or familiar enough with our products and services. We thus seek to ensure that no export orders are lost - either because they were not pursued or because they failed to materialise - which could have been concluded successfully if the Dutch company had been able to find its way to us. Our initial experience has been favourable. We welcomed many new clients. We furthermore received more applications in 2017 than in the prior two years. The number of transactions we were able to support rose as well.



Agro Care expands investment in Tunisia with investment insurance from Atradius

In 2017 Atradius Dutch State Business issued a policy to Agro Care to insure its investment in Desert Joy, in Gabes, Tunisia against political risks.

Agro Care, established in 1997, is active in greenhouse horticulture. It currently has 123 hectares under greenhouse cultivation in the Netherlands, making it the largest tomato grower in the country. In order to expand its tomato growing acreage in the winter, it invested in greenhouse horticulture companies in Tunisia (Desert Joy) and Morocco (QTM).

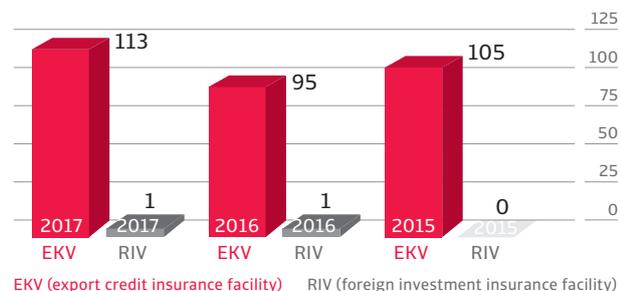
Desert Joy SARL's shares are owned by Agro Care Projecten BV (66%) and Gaprim SA, Tunisia (34%). Desert Joy runs a tomato plant nursery in Tunisia whose greenhouses currently cover 21 hectares. After starting operations in the 2013/2014 growing season, the company expanded operations in its second growing season and already broke even. Agro Care wishes to expand further for the next growing season. Desert Joy is the first Fair Trade certified tomato grower in the country. It grows tomatoes primarily for supermarkets in northern Europe, where demand for sustainably grown tomatoes continues to increase. Agro Care took out investment insurance for the investment required for the expansion. Our investment insurance protects Dutch investors against investment losses due to political

causes outside the Netherlands. Some examples are damages or financial losses due to war, expropriation, or transfer problems. An investor has little or no influence on these risks. They can however be key factors in an investor's decision whether or not to make an investment. In order to protect an investor against these types of risks, we offer investment insurance on behalf of and for account of the Dutch State.

The proposed investment is in Tunisia's interest. Desert Joy is established in a region where employment has been traditionally relatively low. Desert Joy provides direct employment for approximately 420 people and expects to double this number in the coming years. The new cultivation techniques introduced locally by Agro Care's investments enable local companies to optimise growing conditions and harvests. Desert Joy exports all its tomatoes and thus does not compete with local businesses growing produce for the domestic market. Fifteen per cent of the proceeds from the produce sold under Fair Trade certification will be deposited in a fund for the employees (who will have decision making powers) for setting up projects in fields such as education and health care. Depending on the growth of the Fair Trade sales, this can in time lead to significant sustainable investments which can considerably improve living conditions in the region.

New Business in 2017

Distribution of policies issued by type of facility:



The volume of policies issued declined to € 2.5 billion in 2017 from € 2.7 billion in 2016. Premium income decreased to € 103 million in 2017 from € 114 million in 2016. This difference was largely due to the fact that we had insured a few large transactions in the oil and gas sectors in 2016.

Number of policies issued per country

23	Netherlands
10	Ukraine
8	China
7	Russia
5	Liechtenstein
5	Indonesia
5	India
4	Nigeria
4	Angola
4	Brazil
3	Germany
3	Saudi Arabia
3	Tunisia
3	United Arab Emirates
2	Belgium
2	United States
2	Zambia
2	Ecuador
2	Mexico
2	Panama
14	Other Countries

Foreign investment insurance

Exposure under the foreign investment insurance scheme totalled approximately € 99 million at the end of 2017, a decline of 34.4% compared to year end 2016 (€ 151 million). This exposure was for 13 policies (2016: 19 policies), for transactions in five countries (2016: eight countries).

At the end of 2017 our highest exposures under the foreign investment insurance scheme were for the following countries:

	31-12-2017
Ukraine	€ 54.4 million
Tunisia	€ 15.6 million
Malaysia	€ 13.8 million

WP Toast delivers automated bread line to Kenya



In the year under review we insured a transaction in Kenya for WP Toast, a company related to Werner & Pfleiderer Haton in Panningen. WP Toast concluded a turnkey contract for the delivery of an industrial bakery to Kenafric Bakery Ltd. in Nairobi, Kenya.

Bread consumption in Kenya is expected to grow due to the expanding population combined with increasing urbanisation, rising disposable income and lower prices for wheat in comparison to, for example, corn.

Kenafric's new bakery will enable it to sell not only much more bread, but also to make bread of more consistent and better quality. It will furthermore substantially reduce production costs.

Last but not least, due to quicker handling, better packaging and the bread's longer shelf life, Kenafric will

be able to serve customers in a larger area. The new line will be the most highly automated bread line in Kenya.

WP Toast will develop the total concept for the bakery: it will design the bakery, supply and install the required machines and train personnel to operate them. WP Toast will also advise Kenafric on the design of the new building for the bakery, in particular on the connections required to ensure easy integration of the new line. The line will take twelve months to manufacture.

WP Haton, a sister company of WP Toast, will supply it with many of the machines for the Kenafric line. WP Haton specialises in dough processing solutions. The company delivers dough processing systems around the globe (2016: 104 countries) for bakeries producing up to 10 000 loaves of bread an hour.

Claims and recoveries and debt restructuring

In 2017, claims paid under the export credit insurance facility totalled € 37.8 million, which included € 17.7 million in claims paid under foreign exchange rate risk insurance policies. Claims totalling € 2 million were paid under the Good Projects Guarantee Scheme, which has meanwhile been discontinued. Total claims were therefore significantly higher than in 2016, when claims amounted to € 14.7 million.

In 2017 the largest claims were paid under policies for Brazil (€ 12.1 million), Ukraine (€ 4.6 million) and Russia (€ 2.5 million). The claim for Brazil was due to protracted default by a private debtor in the oil and gas sector. The amount paid for Ukraine was for claims under three separate insurance policies on a single private debtor in the agricultural sector. The claim for Russia was due to the bankruptcy and liquidation of a regional bank.

In 2017 no claims were paid under foreign investment insurance policies.

Recoveries (amounts Atradius collected from debtors after paying claims under insurance policies) totalled € 137.2 million in 2017 - € 94.5 million less than in 2016. This included a large portion (€ 99.6 million) on debt restructured under Paris Club agreements. Amounts outstanding were recovered predominantly under restructuring agreements concluded with Argentina (€ 80.5 million) and Indonesia (€ 11 million). A substantial amount (€ 17.6 million) was recovered from the UK following the resale of a vessel in 2017 subsequent to our payment of a claim in 2016. Large sums were furthermore received under debt restructuring agreements concluded previously with debtors in Cuba (€ 4.4 million) and Iran (€ 3.8 million).

Our total recoveries furthermore included realised foreign exchange gains of € 2.6 million on exchange rate risk policies and € 5.2 million in recoveries on transactions insured under the Good Projects Guarantee Scheme, of which € 3.6 million was received from Tajikistan. We came to an agreement with Tajikistan on a debt incurred in the 1990s.

Lastly, in 2017 Atradius Dutch State Business collected € 53.6 million in payments due on loans in the loan portfolio it manages for the Netherlands Investment Bank for Developing Countries (NIO). The NIO portfolio totalled € 387 million at the end of 2017.

Liabilities and receivables

At the end of 2017, the maximum liability (net of matured instalments) under current policies for all government facilities totalled € 10.9 billion (year end 2016: € 10 billion). The year-end maximum liability for promises of cover totalled € 5.9 billion (year end 2016: € 4.8 billion). Notices of cover outstanding at the end of 2017 totalled € 449 million, compared to € 2.1 billion at the end of 2016. A notice of cover is a promise of cover from Atradius Dutch State Business which is 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.

The 2017 year-end maximum liability figure includes all limits allocated under the Trade Finance Facility, which totalled € 393 million. The maximum liability for policies issued under the Trade Finance Facility is however substantially lower. This facility was discontinued at the end of 2017.

In 2017 we received 286 applications, compared to 221 applications in 2016. These included applications for a few 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 € 720 million in 2017. This was less than in 2016, as the volume of recoveries exceeded that of claims paid to policy holders. € 457 million of the € 720 million accounts receivable represented payments due under Paris Club restructuring agreements. At the end of 2016, accounts receivable totalled € 793 million, of which € 500 million represented payments due under Paris Club restructuring agreements.

Product innovation

In 2017 we started actively deploying our array of export credit insurance instruments to support or help support good climate projects. In this way we wish to contribute to boosting Dutch climate initiatives and to further greening our portfolio. In particular we see a role for Atradius Dutch State Business in the mobilisation of additional capital and financing from commercial financial institutions for climate related projects abroad. Last year we therefore developed a product in support of Climate Investor One, an innovative facility created for developing renewable energy projects in emerging markets.

A product we updated last year is our advance payment insurance. This type of insurance can be taken out when you order machines or other large equipment from a foreign supplier and need to pay part of the purchase price in advance. For more details on both product innovations please see below.

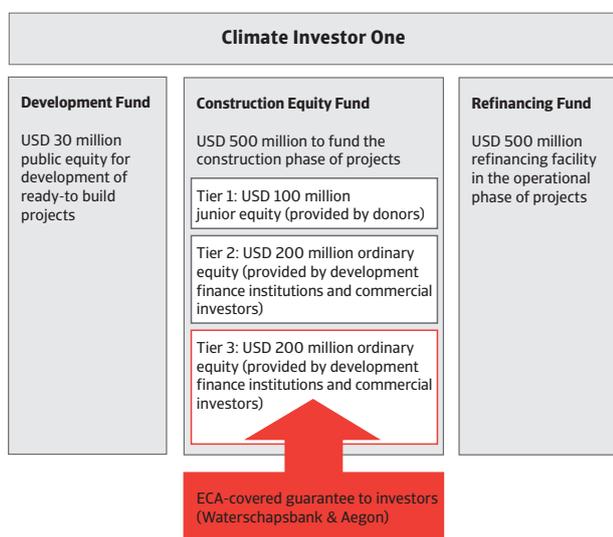
Climate Investor One

Climate Investor One is an innovative facility established for developing renewable energy projects in emerging markets in Africa, Asia, Latin America and South America. Thanks to a guarantee from the Dutch government, Aegon and the Nederlandse Waterschapsbank (NWB Bank) jointly made EUR 200 million available to Climate Investor One. This was a significant contribution to the Dutch fund's total volume of USD 530 million. The fund expects to

be able to develop, build and operate 20 medium-sized renewable energy projects in emerging markets and developing countries. Dutch exporters could play a role by, for example, delivering high-value products and services for such renewable energy projects. Dutch project developers, with aid from Climate Investor One, could obtain financing for their entire project from the development phase through to the operational phase. We can assist both Dutch exporters and project developers with products like our insurance policy for exporters and our foreign investment insurance policy.

Advance Payment Insurance Updated

In 2017 we dusted off and brought up to date a product we had been offering for decades: advance payment insurance. When the Netherlands needed to rebuild its production facilities, machines and equipment had to be imported. Importers made down payments on their purchases and thus ran the risk of a supplier being unable to deliver according to contract and in addition being unable to repay the down payments. Even today you may be required to make advance payments to foreign suppliers, for example for purchasing machines and equipment which are not manufactured in the Netherlands. Thanks to advance payment insurance you can enjoy peace of mind when expanding or upgrading your production capacity, and in so doing, strengthen your market position or enter a new market.



Climate Investor One

The facility consists of three funds which jointly support the entire life cycle of a project: from project development through to the construction and ultimate sale of an energy facility. When a facility is sold, the capital released and the revenues gained from the sale can be used for starting up new energy projects.

Climate Investor One is furthermore exceptional in that, with donor funds of USD 130 million and a guarantee from Atradius Dutch State Business, it was able to raise an additional USD 400 million in the private capital markets.

Dutch Trade and Investment Fund and Dutch Good Growth Fund

Dutch Trade and Investment Fund (DTIF)

A new fund, named the Dutch Trade and Investment Fund (DTIF) was launched on 1 September 2016 at the initiative of the Ministry of Foreign Affairs. The DTIF is intended for Dutch companies wishing to invest in or export to markets abroad. Companies wishing to invest abroad can apply to the Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*); those wishing to export can apply to Atradius Dutch State Business. On behalf of the Ministry of Foreign Affairs, under DTIF's funding scheme we can discount an exporter's bills of exchange up to an amount of € 5 million per transaction in cases where its bank is unwilling or unable to do so. The DTIF is available for transactions with countries which are not served by the Dutch Good Growth Fund (DGGF, see below) but are covered under our regular export credit insurance facility.

Our experience to date

To date we have facilitated transactions with buyers in, among other countries, the Dominican Republic, Canada and Iran.

Dutch Good Growth Fund (DGGF)

The Dutch Good Growth Fund is also a Ministry of Foreign Affairs initiative. 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 in 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.

DGGF Export Segment

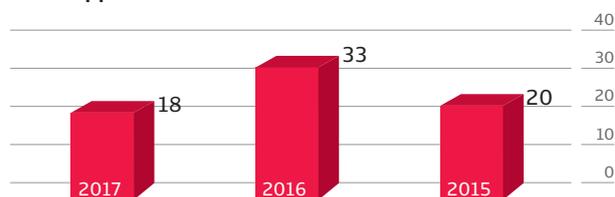
Atradius Dutch State Business manages the DGGF segment destined for Dutch capital goods exports and Dutch investments abroad. For Dutch exporters of capital goods to designated DGGF countries, we can offer alternative insurance solutions if their transaction cannot be insured under our regular credit insurance programme.

The transaction must however contribute to the sustainable development of the DGGF country. This means that it must create jobs and increase production capacity as well as transfer knowledge, expertise and technology locally.

Our experience to date

We have seen much interest in the fund from the moment it was launched. After the start-up period, this interest led to an increasing number of applications for transactions seeking support from the DGGF. To date we have received more than 70 applications, many of which we have been able to underwrite. A few examples of export transactions which we have insured under the DGGF are the delivery of innovative solar panels to Nigeria, a bakery line to Mongolia, electrical tools to Kenya, a pine nut factory to Afghanistan and a fish processing factory to Somalia.

DGGF applications



International Co-operation

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 in the OECD by the Participants to the Arrangement on Officially Supported Export Credits. The Participants, comprising the EU and most other OECD member countries, form the body which decides on adjustments and amendments to the Arrangement (also known as the Consensus). The Arrangement is the principal international covenant on officially supported export credit insurance. There are furthermore various committees and working groups in the OECD in which diverse export credit insurance subtopics are discussed.

In addition, Participants and non-Participants (in particular China and Brazil and other emerging economies) to the current Arrangement continued their consultations on the draft of a new Arrangement for all parties. These consultations 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 multi-lateral meetings were held in 2013. The purpose of the consultations is to develop worldwide guidelines for officially supported export credits in order to create a more level playing field for all countries, in particular between the group of countries which is bound by the OECD Arrangement and the group which is not. In order to accelerate negotiations, a Secretary General was appointed in mid-2017 to co-ordinate further meetings.

Berne Union

The Berne Union is the international organisation of private and public sector export credit and investment insurers. Atradius is a member of the Berne Union and is represented on its Management Committee.

Corporate Social Responsibility (CSR)

Corporate social responsibility and sustainability are increasingly important in our society. The new cabinet is therefore according much attention to climate issues and the development of a more sustainable economy. For Atradius Dutch State Business this means we too devote increasing attention to themes such as human rights, climate change, bribery and transparency. This led to our introducing policy changes and new initiatives in 2017.

Environmental and Social Due Diligence

Atradius Dutch State Business screens all applications in order to determine whether a due diligence review is required. In our screening we look at the size of the transaction, whether the region and/or sector involved is sensitive and whether human rights could be at risk. The screening and review process is prescribed in the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (known as the Common Approaches) agreed within the OECD. We furthermore follow supplementary national policy for transactions which are beyond the scope of the Common Approaches.

Human Rights

In 2017 we started updating the export credit insurance facility's corporate social responsibility policy. The update introduced an additional screening criterium for applications: in cases where there is an increased risk of project-related human rights violations, an environmental and social review of the transaction will be required. This additional criterion is in accordance with the OECD Common Approaches as revised in 2016. In order to emphasise the importance of and our commitment to human rights, Atradius Dutch State Business furthermore issued a policy statement on human rights.

Climate Change

In December 2015 the Dutch government signed the Paris Agreement, the UN global agreement on climate

change. Since then the Ministry of Finance and Atradius Dutch State Business have been actively looking into opportunities for deploying our range of export credit insurance instruments in support of climate projects. In 2017 that led to our playing a role in the establishment of Climate Investor One. By using export credit insurance instruments to mobilise commercial capital and financing for climate projects, we wish to contribute to augmenting Dutch efforts to combat climate change as well as to further greening our portfolio.

Anti-bribery and Corruption

The stance of the Dutch government and Atradius Dutch State Business when providing export credit insurance is that they do not want to be associated in any way with transactions in which bribery is or was involved. In 2017 Atradius Dutch State Business updated its policies and procedures regarding anti-bribery and corruption. We formulated explicit anti-bribery policy, modified insurance documentation and application forms and established criteria for our due diligence review of the Dutch exporter, the foreign buyer and any agents. Atradius Dutch State Business screens and assesses all insurance applications for transactions involving an agent. In 2017 no applications were declined on the grounds of an unacceptable risk of bribery.

Transparency

Atradius Dutch State Business has formulated its explicit transparency policy in an Information Disclosure Policy. Herein we clarify which information we will make available, when and how we will do so, and which information is confidential. The list of policies issued we customarily published on our website included information on the supported export transaction, the exporter, buyer and financier. As per the new policy we will be providing more details on each transaction as well as on the aspects taken into consideration during underwriting and the type of insurance policy issued.

Co-operation with our Stakeholders

Atradius Dutch State Business actively involved exporters, banks, NGOs and industry and trade organisations when updating its corporate social responsibility policy and formulating its new transparency policy. In order for the export credit insurance facility to function well, good co-operation with these parties is of great importance. In 2017 the policy documents concerning corporate social responsibility policy and transparency were discussed in various meetings. This allowed all stakeholders to share their vision on both documents.

Environmental and Social Impact Assessments for Transactions Insured in 2017

An environmental and social impact assessment was required for 59 of the policies we issued. 23 of these policies were for transactions classified as Category A projects (major potential adverse environmental and social impacts). Some of these policies pertained to deliveries for the same project. Five of the projects reviewed were classified as Category B projects (substantial potential adverse environmental and social impacts) and another five as Category C projects (little or no impacts). We conducted marginal reviews, known as M reviews, which focus on the reputation of the buyer and the related project, for nineteen transactions. Lastly, for seven transactions we conducted Category E reviews, which focus solely on the reputation of the exporter. For 78 of the policies we issued, the transactions were not reviewed as to their environmental and social impacts because their nature, small size, low potential sensitivity or the type of insurance meant that a review was not required.

Further information

For more information about the Atradius Dutch State Business environmental and social review and about corporate social responsibility, please refer to our Sustainability Report for 2017, available via our website.

Financial return for account of the Dutch state

Accrual-based results

In addition to presenting our results on an invoice basis (the basis used by the Dutch government for reporting results), we have presented them below on an accruals basis. State programmes, including government-supported export credit insurance facilities, must at minimum break even. This requirement is laid down in international agreements, including World Trade Organisation (WTO) and 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 elements

of this method is that provisions are made for outstanding risks. Another is that it 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 1999-2017. The cumulative return for this nineteen-year period was € 478 million (see table below). The cumulative return for the period from 1999-2016 was € 404 million. Thus the cumulative accrual-based result increased € 74 million in 2017. This increase was mainly 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 1999-2017, in millions of euros:

	1999-2017	1999-2016
1 Current assets	753	669
1.1 Premium income	1.305	1.202
1.2 Net claims paid	- 281	- 296
1.3 Net foreign exchange losses	- 17	- 2
1.4 Net interest income	41	41
1.5 Operating costs	- 296	- 277
2 Receivables	235	249
3 Provisions	- 510	- 513
3.1 for outstanding political risk	- 265	- 240
3.2 for outstanding commercial risk	- 111	- 120
3.3 for expected claims	- 74	- 97
3.4 for uncollectible receivables	- 60	- 55
3.5 for foreign exchange rate risk	-	-
Total	478	404

Note: Any discrepancies in totals are due to rounding

