10060338809

Atradius Credit Insurance N
New Zealand Branch

Company Directory

Nature of Business	Trade Credit Insurance
Registered Office	Level 7 70 Shortland Street Auckland 1010
Company Number	1547417
IRD Number	88-865-499
Directors	David CAPDEVILA Peter INGENLATH Delfin Arroyo RUEDA Isidoro Francisco UNDA
Parent entity	Atradius Credit Insurance NV, The Netherlands
Auditor	Deloitte Touche Tohmatsu, Sydney
Bankers	Bank of New Zealand
Solicitors	Morrison Kent
Business Location	Auckland

No disclosure has been made in respect of section 211(a), (e) to (h) and (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with Section 211(3) if the Act.

Deloitte.

Independent Auditor's Report to the Members of Atradius Credit Insurance NV – New Zealand Branch

Report on the Financial Report

We have audited the accompanying financial report of Atradius Credit Insurance NV - New Zealand Branch ("the Branch"), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information of Atradius Credit Insurance NV - New Zealand Branch during the financial year as set out on pages 4 to 23.

Directors' Responsibility for the Financial Report

The directors of Atradius Credit Insurance NV are responsible for the preparation of afinancial report that gives a true and fair view in accordance with generally accepted accounting practice in New Zealand and for such internal control as the directors determine is necessary to enable the preparation of afnancial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our firm carries out other assurance engagements for Atradius Credit Insurance NV. The firm has no other relationship with or interests in Atradius Credit Insurance NV or its subsidiaries.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Member of
Deloitte Touche Tohmatsu

Opinion

In our opinion, the financial report of Atradius Credit Insurance NV - New Zealand Branch:

a. gives a true and fair view of Atradius Credit Insurance NV - New Zealand branch's financial position as at 31 December 2010 and of its performance for the year ended on that date; and

b. complies with generally accepted accounting practice in New Zealand.

Emphasis of Matter

The New Zealand branch is part of Atradius Credit Insurance NV, which is incorporated in the Netherlands. The assets of the branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying Statement of Financial Position and its debts may result in claims against assets not appearing thereon. Our opinion is not qualified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 28 April 2011

Atradius Credit Insurance NV
New Zealand Branch

Statement of Comprehensive Income
For the Year Ended 31 December 2010
In New Zealand Dollars

	Note	**2010**	**2009**
Revenue	2 (a)	5,571,766	6,748,797
Underwriting expenses			
Reinsurance expenses		(2,748,361)	(3,569,943)
Gross claims expenses		(1,000,986)	(1,107,970)
Commission costs		(511,346)	(707,715)
Deferred acquisition costs		(70,884)	(10,262)
Administrative expenses			
Group overhead costs		(309,854)	(809,830)
Personnel expenses		(138,469)	(696,152)
Lease payment		(52,415)	(133,057)
Consultancy		(33,537)	(67,316)
Communication cost		(18,950)	(33,580)
Travel cost		(10,303)	(29,733)
Marketing cost		(6,375)	(62,984)
Depreciation costs		(2,647)	(9,193)
Other expenses		(10,837)	(152,089)
Other revenue/(expense)	5	489,620	557,392
Profit/(loss) before tax	3	1,146,422	(83,635)
Taxation credit/(expense)	7	28,702	(386,480)
Profit/(Loss) for the period		**1,175,124**	**(470,115)**
Other comprehensive income		-	-
Total Comprehensive Income/(Loss) for the year attributable to the members of Atradius Credit Insurance N.V		**1,175,124**	**(470,115)**

The accompanying notes from an integral part of these financial statements.

Atradius Credit Insurance NV
New Zealand Branch

Statement of Changes in Equity
For the Year Ended 31 December 2010
In New Zealand Dollars

	Note	Retained Deficit
	12	
Balance at 1 January 2009		(5,942,847)
Net Comprehensive (Loss)		(470,115)
Balance at 31 December 2009		(6,412,962)
Balance at 1 January 2010		(6,412,962)
Net Comprehensive Profit/(Loss)		1,175,124
Balance at 31 December 2010		(5,237,838)

The accompanying notes form an integral part of these financial statements.

Atradius Credit Insurance NV
New Zealand Branch

Statement of Financial Position
As at 31 December 2010
In New Zealand Dollars

	Note	2010	2009
Assets			
Cash and cash equivalents	10	811,758	390,157
Reinsurance receivables	15	1,794,404	2,127,585
Trade receivables	9	651,058	752,513
Deferred acquisition costs		101,147	172,031
Other investments		531,420	535,611
Miscellaneous assets and accruals		61,975	90,756
Total Current Assets		**3,951,762**	**4,068,653**
Non Current Assets			
Tax asset		15,114	32,726
Property, plant and equipment	8	20,750	23,398
Total Non Current Assets		**35,864**	**56,124**
Total Assets		**3,987,626**	**4,124,777**
Equity			
Retained Deficit	12	(5,237,838)	(6,412,962)
Total Equity		**(5,237,838)**	**(6,412,962)**
Liabilities			
Underwriting Provisions	14	1,860,692	2,558,385
Payables			
Reinsurance payables	16	431,365	96,070
Other accounts payables	17	6,584,905	7,302,413
Other Liabilities			
Misc liabilities and accruals		348,502	580,871
Total Current Liabilities		**9,225,464**	**10,537,739**
Total Equity and Liabilities		**3,987,626**	**4,124,777**

The accompanying notes form an integral part of these financial statements.

For and on behalf of the directors who authorised the issue of these financial statements.

Isidoro Unda
Director Isidoro Unda
Date 28·4·2011

Director Delfin Rueda
Date 28·4·2011

Notes to the financial statements

1 Significant accounting policies

Reporting Entity

Atradius Credit Insurance NV New Zealand Branch (the "Branch") is a branch of Atradius Credit Insurance NV, the Netherlands (parent company), a trade credit insurance company. The ultimate parent entity is Grupo Catalana Occidente SA, a company incorporated in Spain. The Branch was incorporated on 26 August 2004. The Branch has an office in Auckland.

Statement of Compliance and Basis of Presentation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), applying the Framework for Differential Reporting for entities adopting New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and its interpretations as appropriate for profit-orientated entities that qualify and apply differential reporting concessions. The Branch is a profit-orientated entity and is a reporting entity for the purpose of the Financial Reporting Act 1993 with which its financial statements comply.

The Branch qualifies for Differential Reporting exemptions as it has no public accountability, and there is no separation between the owners and the governing body. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted.

The financial statements are presented in New Zealand Dollars (NZD), the functional currency of the Branch. The financial statements are prepared on the historical cost basis except for the investments (New Zealand Government stock holdings), which are stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued financial support of Atradius Credit Insurance NV. During the year the branch reported a profit of $1,175,124 (2009 loss $470,115) and has a retained deficit of $5,237,838 (2009 deficit $6,412,962).

The New Zealand branch is part of Atradius Credit Insurance NV, which is incorporated in the Netherlands. The assets of the branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying balance sheet and it's debts may result in claims against assets not appearing thereon. This entity has confirmed that its policy is to ensure that the New Zealand Branch is in a position to meet its disclosed obligations as and when those obligations fall due.

Notes to the financial statements

1 **Significant accounting policies (continued)**

Premium Revenue

Premium revenue comprises amounts charged to policyholders. Premiums are brought to account from the date of attachment of risk and are earned over the period of the indemnity in accordance with the pattern of incidence of risk.

Unearned premium is determined by apportioning premiums over the effective periods of risk underwritten. They are calculated on a monthly pro-rata basis.

Acquisition Costs

Deferred acquisition costs represent the proportion of acquisition costs (primarily commissions) attributable to unearned premiums. Deferred acquisition costs are measured at the lower of cost or recoverable amount. These costs are amortised in proportion to premiums over the estimated lives of the policies.

Outwards Reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received.

Claims Outstanding

Claims expense and a liability for outstanding claims are recognised in respect of all insurance business. The liability for claims outstanding includes an estimate in respect of incurred but not reported claims, a risk margin and the anticipated direct and indirect costs of settling those claims.

Liability Adequacy Test

At each balance date, a liability adequacy test is performed to determine if the underwriting provisions are adequate. If a shortfall is identified the deferred acquisition cost is written down with a corresponding charge to the Statement of Comprehensive Income.
If additional liability is required this shall be recognised in the Statement of Financial Position as an unexpired risk liability.

Premium Receivables

All premium receivables are stated at their net realisable value. Known losses are written off against income in the period in which they become evident.

Notes to the financial statements

1 Significant accounting policies (continued)

Reinsurance Receivables

Reinsurance and other recoveries receivable on Incurred But Not Reported are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims.

Property, Plant and Equipment

Owned assets
The Branch owns no land or buildings. Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Depreciation
Depreciation is charged at the same rate as is allowed by the Income Tax Act 1994. All depreciation is charged to the Statement of Comprehensive Income. The following rates have been used (see note 8).

Office furniture	18% - 40% diminishing value
Fixture fittings and equipment	9% - 24% diminishing value

The residual value of assets is reassessed annually.

Investments

The Insurance Companies Deposits Act 1953 requires that a deposit be lodged for Insurance business to be undertaken in New Zealand. This investment is recorded at fair value with fair value changes recorded through the Statement of Comprehensive Income.

All assets of the branch are held to back insurance liabilities and are designated at fair value through profit or loss upon initial recognition, in accordance with the provisions of NZIFRS 4 Appendix D. The measurement of general insurance liabilities under NZ IFRS 4 Appendix D incorporates current information; measuring the financial assets backing these general insurance liabilities at fair value eliminates or significantly reduces a potential measurement inconsistency which would arise if the assets were classified as available for sale or measured at amortised cost.

Trade and Other Receivables

Trade and other receivables are stated at their cost less impairment losses

Notes to the financial statements

1 Significant accounting policies (continued)

Impairment

The carrying amounts of the Branch's assets are reviewed at each balance date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

Trade and Other Payables

Trade and other payables are stated at cost.

Sublease Income

Income from sub-leased property is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Notes to the financial statements

1 Significant accounting policies (continued)

Net Financing Costs

Net financing costs comprise of interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, and fair value changes on investments and foreign exchange gains and losses. Interest income is recognised in the Statement of Comprehensive Income statement as it accrues, using the effective interest method.

Foreign Currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to NZD at the foreign exchange rate at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Income.

Income Tax

Any income tax credit/(expense) recognised in the Statement of Comprehensive Income is the estimated income tax payable or receivable in the year, adjusted for any differences between the estimated and actual income tax payable in prior periods. Income tax credit on expense comprises current and deferred tax.
A deferred tax asset has been recognised for unused tax losses and deductible temporary differences to the extent that is probable that the future taxable profits will be available against which they can be utilised.

Goods and Services Tax

Goods and Services Tax (GST) incurred on the purchase of goods and services is not recoverable from the taxation authority therefore GST is recognised as part of the cost of these purchases and expenses.

In New Zealand Dollars

2(a) Operating Revenue

	Note	2010	2009
Total Gross Earned Premium	2 (b)	3,696,258	4,763,522
Reinsurance and Other Recoveries			
Reinsurance Recoveries	2 (b)	840,321	1,001,415
Reinsurance Commission	2 (b)	1,035,187	983,860
Total Reinsurance and Other Recoveries		1,875,508	1,985,275
Total Operating Revenue		**5,571,766**	**6,748,797**

2(b) Underwriting Result

	Note	2010	2009
Gross Written Premium		3,390,577	4,699,862
Unearned Premium Movement		305,681	63,660
Gross Earned Premium	2 (a)	3,696,258	4,763,522
Outward Reinsurance Premium Ceded		(2,537,422)	(3,537,853)
Unearned Reinsurance Premium Movement		(210,939)	(32,090)
Reinsurance Expense		(2,748,361)	(3,569,943)
Net Earned Premium		**947,897**	**1,193,579**
Reinsurance Commission Income	2 (a)	**1,035,187**	**983,860**
Total Gross Claims Expense	6	(1,000,986)	(1,107,970)
Reinsurance and Other Recoveries	2 (a)	840,321	1,001,415
Net Claims Cost		**(160,665)**	**(106,555)**
Acquisition Costs			
Deferred Acquisition Cost Movement		(70,884)	(10,262)
Commissions		(511,346)	(707,715)
Group Overhead Costs		(309,854)	(809,830)
Personnel Expenses		(138,469)	(696,152)
Lease Payments		(52,415)	(133,057)
Consultancy		(33,537)	(67,316)
Communication Cost		(18,950)	(33,580)
Travel Cost		(10,303)	(29,733)
Marketing Cost		(6,375)	(62,984)
Depreciation Cost	8	(2,647)	(9,193)
Other Expenses		(10,837)	(152,089)
Total Expense		**(1,165,617)**	**(2,711,911)**
Underwriting Result	3	**656,802**	**(641,027)**

In New Zealand Dollars

			2010	2009
3	**Profit/(Loss) before tax**			
	Underwriting Result	2 (b)	656,802	(641,027)
	Other revenue	5	489,620	557,392
	Operating Profit/(Loss) Before Tax		**1,146,422**	**(83,635)**
4	**Operating Expenses include the following:**			
	Deloitte Audit Fees		26,573	22,737
	Other firms' professional advice		49,175	43,580
			75,748	**66,317**
5	**Other revenue/(expense)**			
	Interest Income		34,130	20,990
	Interest Expense		(97,470)	(81,239)
	Fair value Change in Investments		(879)	13,132
	Sub lease rental		2,500	21,049
	Foreign Exchange Gain		551,339	583,460
	Total other revenue	3	**489,620**	**557,392**

In New Zealand Dollars

6 Claims and Loss Adjustment Expenses

	Gross 2010	Reinsurance 2010	Gross 2009	Reinsurance 2009
Balance at 1 January	1,590,476	(1,139,816)	2,669,879	(2,079,048)
Claims Settled in the year	(1,370,987)	1,080,083	(1,999,074)	1,695,184
Claims Handling Expenses	(22,011)	-	(188,299)	-
Foreign Exchange Loss on Reinsurance Asset		(22,566)	-	245,463
Total Gross Claims Expense	1,000,986	(840,321)	1,107,970	(1,001,415)
Balance 31 December (note 14)	**1,198,464**	**(922,620)**	**1,590,476**	**(1,139,816)**

7 Income Tax expense

	Note	2010	2009
Current Tax Expense		(28,702)	-
Past Year		-	-
Current Year		-	386,480
		(28,702)	**386,480**
Reconciliation of effective tax rate			
Profit/(Loss) before tax	3	1,146,422	(83,635)
Income Tax using company tax rate at 30%		343,926	(25,090)
Non-Deductible (Income)/expense		(124,643)	72,644
Utilisation of tax losses		(219,283)	-
Tax Losses Not recognised		-	(47,554)
Other taxes		(28,702)	386,480
Current tax		**(28,702)**	**386,480**

Notes to the financial statements

In New Zealand Dollars

8 Property, Plant and Equipment

2010	Cost	Current Year Depreciation	Accumulated Depreciation	Carrying Value
Computer Hardware	99,112	(1,085)	(99,039)	73
Fixtures and Fittings	44,219	(1,562)	(23,542)	20,677
Total	**143,331**	**(2,647)**	**(122,581)**	**20,750**

2009	Cost	Current Year Depreciation	Accumulated Depreciation	Carrying Value
Computer Hardware	74,589	(4,937)	(73,430)	1,159
Fixtures and Fittings	42,377	(4,256)	(20,138)	22,239
Total	**116,966**	**(9,193)**	**(93,568)**	**23,398**

9 Trade and Other Receivables

	2010	2009
Trade Receivables and Pre-payments	651,058	748,442
Other Trade Receivables	-	4,071
	651,058	**752,513**

10 Cash and Cash Equivalents

Bank Balances	811,758	390,157
	811,758	**390,157**

11 Financial Instruments

Financial Assets are classified in one of the following categories at initial recognition:

- Loans and receivables; and
- Fair value through profit or loss

In New Zealand Dollars

11 Financial Instruments (continued)

Loans and Receivables
Assets in this category are measured initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Financial assets classified as loans and receivables include:

- Reinsurance receivables
- Trade receivables; and
- Cash

Fair Value through Profit or Loss
Financial assets are measured at fair value with movements recognised in the Statement of Comprehensive Income. Interest is recognised on an amortised cost basis in the Statement of Comprehensive Income using the effective interest method. Fair value movements have been calculated taking this into account. Financial assets classified at fair value through profit or loss is:

- Government bonds

Credit risk - financial instruments which potentially subject the Branch to a concentration of credit risk consist principally of cash, receivables and Government bonds. The Branch does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by the Branch. The maximum credit risk exposure is the carrying amount of the individual assets.

Interest rate risk – other than the Government bond, the Branch has no significant exposure to interest rate risk.

12 Capital and reserves

	2010	2009
Retained Deficit - Opening Balance	(6,412,962)	(5,942,847)
Net Profit/(Loss)	1,175,124	(470,115)
Closing Balance	**(5,237,838)**	**(6,412,962)**

13 Operating Leases

Non cancellable operating Leases rentals are Payable as follows

Less than one year	16,000	42,000
Between one and five Years	-	16,000
	16,000	**58,000**

One of the leased properties has been sublet by the branch. The lease and sub lease have expired pending renegotiation and are currently treated as a month to month lease. During the year ended 31 December 2010 $2,500 was recognised as income in the Statement of Comprehensive Income in respect of sub-leases (2009: $21,049).

Notes to the financial statements
In New Zealand Dollars

14	Underwriting Provisions	2010	2009
	Unearned Premium		
	2010		967,910
	2011	662,228	-
		662,228	**967,910**
	Provision for Future claims		
	Underwriting Year 2001	-	-
	Underwriting Year 2003	-	3,423
	Underwriting Year 2004	61,707	55,299
	Underwriting Year 2005	1,006	1,688
	Underwriting Year 2006	-	-
	Underwriting Year 2007	352	(5,053)
	Underwriting Year 2008	248,547	293,474
	Underwriting Year 2009	137,149	1,241,644
	Underwriting Year 2010	749,703	-
		1,198,464	1,590,475
	Total Underwriting Provisions	**1,860,692**	**2,558,385**

Provision for Future Claims

Estimates for future claims payments are made either on a case by case basis, or by statistical methods. The estimation of the outstanding claims provision is based on a variety of techniques that analyse historical experience, trends and other relevant facts. The claims provision reflects the estimation of future payments relating to claims incurred at the reporting date calculated by an in-house actuary. The expected future payments include those in relation to claims reported but not yet paid and claims incurred but not yet reported.

The claims reported portion of the provision is made by claims personnel having regard to the facts and circumstances of each claim reported. Large claims are assessed separately being measured on a case by case basis. The IBNR is calculated based on statistical analysis of historical experiences, which assumes that the development pattern will be consistent with past experience. Allowance is made however for changes or uncertainties which may create distortions in underlying statistics such that historic trends may not reflect the cost of future claims.

The impact of any changes in assumptions used in calculating the liability valuation, if there were any, would largely be offset by a corresponding change in the respective reinsurance recoveries. Therefore no sensitivity analysis has been provided.

14 Underwriting Provisions (continued)

Sources of uncertainty include the speed with which customers submit claims, as measured from the moment that the insured shipment took place, the expected average claims payment for these claims and the expected fraction of cases that do not lead to a payment. These four parameters are reviewed at least twice a year, and they are adjusted as is required by the statistical evidence available at the time. Factors other than strict statistical evidence may lead to adjustment of parameters as well, e.g. knowledge of changes in business processes, changes in portfolio composition and the Branch's view of economical development.

These estimates are produced per period that policy holders brought risk under the cover of the policy (the period that the insured shipment took place) and they aim to give the best estimate for ultimate loss net of salvage, subrogation and other recoveries. The estimation process starts with the number of claims that have been reported per period of risk to estimate the final number of claims for the period. By the nature of the product, very few claims will have been reported during the most recent months. Consequently, the expected number of claims for risks taken on during the most recent year is a separate source of uncertainty in the estimation of future claims payments.

Experience shows that the uncertainty resulting from the statistical estimates for traditional credit insurance is limited.

Of the outstanding claims reserves, 73% (2009: 73%) have been set by this statistical method. The remainder of outstanding claims reserves for credit insurance are for which claims provisions are set on the basis of what has been reported by policy holders and our underwriters' view of the ultimate loss.

Taking into account the estimated time to settle, no discount has been applied to the provision for future claims.

The present value of expected cash flows for future claims including a risk margin for the company is $1,198,464 comprising central estimate of $1,042,140 and a 15.3% risk margin of $156,324 (2009: $198,983). The provision of the risk margin provides adequacy to the 75th percentile.

Uncertainty about this amount and timing of claims payments is typically resolved within one year.

To determine the appropriate risk margin we have performed analysis of the variability in historical data and applied judgement in selecting assumptions. The estimate of the uncertainty in the liability central estimate has been developed using the 3 components being, independent error being defined as the purely random component of volatility, modelling error, being uncertainty inherent in the process of designing and setting parameters for a model of the future, and systematic error, defined as the component of uncertainty relating to the potential for systematic events (environmental and outside our control) to influence the future claims experience in ways which change the structure of the liabilities.

When determining the risk margin we have considered the correlation between 3 classes within the historical claims data so as to include allowance for diversification benefits, the three classes are domestic IBNR, export IBNR, and open claim cases (insolvent companies and paid claims).

14 Underwriting Provisions (continued)

Liability Adequacy Test

The conduct of the liability adequacy test as at 31 December 2010 identified a surplus.

The test is based on prospective information and so is dependent on assumptions and judgments. It does not appear that any reasonable possible changes in the key assumptions on which the calculations are based would result in a deficiency being recognised at 31 December 2010.

Insurance Contract Risk Management

A key risk is the exposure to insurance risk arising from underwriting of credit insurance contracts. The insurance contracts transfer risks to the insurer by indemnifying the policyholders against adverse affects arising from the occurrence of specified uncertain events. Risk management activities can be separated into underwriting, claims management, reserving, and investment management. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations.

The frequency and severity of claims is affected by several factors. These include all factors that affect credit risk in general. Thus the status of the economy is a major driver for frequency and severity of claims. The Branch's business processes are designed to effectively manage the impact of many risk factors that affect frequency and severity of claims. Its affect may vary by country and sector. For trade credit risk, the behaviour of customers may affect the frequency and severity of claims as well, for instance through risks inherent to their business activities and their risk management practices. Specific events (e.g. natural disasters) may impact on frequency and severity of claims. But so do structural changes in the economy (e.g. easier access to markets to producers in low cost countries). What specific events or structural changes are relevant in this respect will vary over time.

Acceptance of risk – Access to our broad worldwide database of company information allows us to thoroughly analyse risk before acceptance. Analysis of risk considers a variety of factors including industry, geographical location and financial strength.

14 Underwriting Provisions (continued)

Pricing – Many years experience enables the underwriters to calculate acceptable pricing and acceptable terms and conditions of cover.

Claims management – Claims are handled separately to the underwriting by the claims department. Settling authorities are delegated according to level of experience and to ensure adequate review of the claims assessment.

Reinsurance – Risks underwritten are reinsured in order to limit exposure to losses, stabilize earnings, protect capital resources and ensure efficient control and spread the risk underwritten.

Atradius Credit Insurance maintains quota share reinsurance and excess of loss treaties with Atradius Reinsurance of Dublin, Republic of Ireland and with a panel of third party reinsurers. The treaties cover the lines of business, scope of cover, territorial scope, and maximum limit/exposure.

Reinsurance is placed with companies based on an evaluation of financial strength of the reinsurers, terms of coverage, and price. The financial position of reinsurers is monitored on an ongoing basis and periodically reviewed to ensure the reinsurers ability to fulfil their obligations to the branch under respective existing and future reinsurance contracts. All the reinsurers have a rating of at least Standard and Poors “A-“.

The Standard and Poors rating for Atradius Credit Insurance is A-.

Investment management – To ensure liquidity all investments are held in bonds and short term deposits.

Concentration of insurance risk - Analysis and monitoring of claims and credit limit data is done regularly to effectively deal with concentration by various sectors including industry, geographic location and customer.
The process before approval of credit limits to customers takes into account the risks associated with these and other sectors.

Foreign Currency Risk - The risk that the company will incur losses through exposure to foreign exchange movements. Reinsurance assets are denominated in EUROs and hence their value is subject to changes in exchange rates.

Notes to the financial statements

In New Zealand Dollars

15 Reinsurance Receivables

	2010	2009
Atradius Re, Ireland	694,608	938,574
Swiss Reinsurance Company , Switzerland	-	309,143
3rd Party Reinsurance Receivables	1,099,796	879,868
	1,794,404	**2,127,585**

Reinsurance receivables are receivable on demand and do not accrue interest. Reinsurance receivables include the reinsured share of unearned premium being $513,226 (2009:$720,913).

16 Reinsurance and Insurance Payables

	2010	2009
Atradius Re, Ireland	166,980	15,589
Swiss Reinsurance Company, Switzerland	-	20,925
3rd Party Reinsurers	264,385	59,556
	431,365	**96,070**

Reinsurance Payables are payable on demand and do not accrue interest.

In New Zealand Dollars

17 Other Accounts Payables

	2010	2009
Payroll Liabilities	39,153	38,565
Other Accounts Payable	105,392	114,315
Atradius Credit Insurance NV, Netherlands	6,440,360	7,102,664
Atradius Collections Australia	-	6,624
Atradius Credit Insurance NV, United Kingdom	-	40,245
	6,584,905	**7,302,413**

Inter-company account balances are payable on demand and do not accrue interest.

18 Identity of Related Parties

Notes 15, 16, 17 and 18 identify related parties with whom the branch has transacted with over the period.

Material related party transactions

- The Branch maintains a quota share reinsurance treaty arranged via a broker which includes 21 treaty partners. Atradius Re-Insurance of Dublin deemed to be a related party. Re-insurance transactions have occurred with this related party during the period. Refer notes 15 and 16.
- In 2010 Atradius Credit Insurance NV Amsterdam charged the Branch group overhead charges during the period. (2010: $353,853, 2009:$584,160).
- All other intercompany balances relate to the net-shared services charges (Information Technology charges which for 2010 was a credit of $44,112 (2009 charge: $225,670)

All related party receivable balances are considered receivable in full.

19 Segment Information

The Branch operates in the trade credit insurance industry in the New Zealand domestic market.

20 Capital Commitments

There are no capital commitments (2009: None).

21 Contingent Assets & Liabilities

Atradius Credit Insurance is party to a letter of credit from the Bank of New Zealand for the sum of $32,500 to cover payroll direct credits. (2009: $32,500).

22 Credit Rating

The Insurance Companies (Ratings and Inspections) Act 1994 requires that Insurance companies that provide general insurance and disaster insurance written in New Zealand must be rated by an approved ratings agency. The approved ratings agencies are Standard & Poors or A.M. Best & Co.

The above requirement is not mandatory for trade credit insurance. Atradius Credit Insurance NV (New Zealand Branch) has elected not to be rated.

23 Subsequent Events

There have been no events subsequent to balance date which require disclosure in these accounts except that there are proposed changes to the New Zealand prudential standards. The directors are actively reviewing these changes as they are drafted so as to assess their impact on the business.

Being a global company Atradius complies with capital requirements in each regulatory regime.

KONINKLIJKE NOTARIËLE BEROEPSORGANISATIE

VAN DOORNE N.V.
60009694

I, Daan ter Braak, civil-law notary in Amsterdam, hereby certify that the attached photocopy - after having been compared with the original document - is a true copy of the document, shown to me, which has been returned to the interested party, such in accordance with article 49 paragraph 3 of the Dutch Notaries Act (*Wet op het notarisambt*).

Amsterdam, 5 May 2011.

mr. D. ter Braak
JE MAINTIENDRAI
notaris te Amsterdam

Atradius Credit Insurance N.V. Annual report 2010

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Report of the Management Board

Report of the Management Board

Following the economic upheaval of the previous year, in 2010 we saw a marked recovery in the overall risk environment. Despite decreasing declared turnover and credit insurance revenue, this return to a more stable global economy contributed to Atradius Credit Insurance N.V.'s improved result in 2010, as did the risk mitigating actions that we had taken in 2009. Atradius Credit Insurance N.V. is further referred to as 'the Company" and together with its subsidiaries referred to as "the Group".

2010 saw the Group invest in a number of initiatives to increase customer service. A common factor in many of these was the transfer of executive powers to the country organisations – and thus closer to our customers – not only to take more account of the diversity of the markets that we serve but also to provide a speedier service and clearer communication. Some of these initiatives are already in place and others have been launched in early 2011.

While the future looks far brighter than it did during the downturn, the improvement to the global economy, while generally positive, has not been geographically uniform and uncertainties remain. We therefore continue to monitor some markets cautiously, in view of their less than stable outlook for 2011.

In line with our corporate mission, we will focus our efforts on strengthening our customers' credit management and supporting their growth through our accurate assessments of their buyer risks, effective debt collection and reliable protection against a range of contractual defaults.

It was evident in 2010 that emerging markets outperformed European markets in their economic growth. This is reflected in the strong performance of our New Markets operations and of those other units whose revenues derive from emerging market-related trade. However, as our revenues are earned primarily from the European markets, our overall revenues have suffered as a result of the slow recovery in those key markets that are still highly vulnerable, and are experiencing volatility or simply a slower increase in trade. This is evident in the European countries severely affected by sovereign debt crises like Greece and Ireland. Despite the rescue packages being put into place by the European Union and the International Monetary Fund, a fear of widespread contagion remains.

Among the other uncertainties for the economic outlook is the risk that the US government's various stimulus programmes and fiscal outlays may not have their desired effect. The economic growth rate of the US affects not only its internal growth but also the global economy, because of the importance of US consumer demand to the export led economies of Asia and Europe.

A dominant feature of 2010 that may well continue in 2011 is the strong volatility in the currency markets. The strength of a country's currency is a major factor in the competitiveness of its exports, and relative exchange rates also affect the demand for imports. In this respect, the tensions between governments appeared to increase during the course of the year.

The outlook for 2011 is one of continued moderate improvements in the world economy, but tempered by the still significant uncertainties that we have mentioned. As we continue to align our own turnover and revenue growth with that of the overall economy, again taking into account the specific nature of our customers' markets, the impact of our customer service excellence initiatives will contribute positively to our results. These benefits will be felt to an even greater extent in subsequent years as our customers increasingly benefit from these initiatives.

Financial performance overview

The Group's 2010 financial performance was supported by the general economic improvement on the previous year. The sharp drops in economic output slowed - and in many cases reversed - especially in the second half of the year, with insolvency levels stabilising and even decreasing. Combined with the outcome of our earlier actions to mitigate risk, this resulted in a very positive impact on our profitability, which was also affected by advantageous foreign exchange developments.

Total revenues for the Group reached EUR 793.4 million, a decrease of 6.2% compared to 2009. This fall needs to be seen in context, with the turnover of many of our customers remaining under pressure, especially for those focused on the domestic European markets. Despite adapting our prices to reflect the risk levels created by the financial crisis, reduced exposure and declared turnover and loss of business meant that we could not match the previous year's revenue levels.

Operating expenses decreased as our planned cost reduction programme was implemented. Together with a much improved claims ratio this led to a technical result (income) of EUR 30.7 million compared to a loss of EUR 81.7

million in 2009. Despite a reduction in investment income, our net profit after tax increased to EUR 34.2 million compared to a loss of EUR 64.2 million in 2009. The foreign exchange gains included in this result is EUR 7.3 million.

Insurance revenues
The insurance revenues decreased by 6.1%, to EUR 782.5 million, as a result of decreased levels of earned premium and fee income. This decrease is in part explained by our balanced underwriting approach in the first half of the year to protect our customers, as the economic situation in many of our markets remained uncertain. In addition, we experienced a slow economic recovery in important credit insurance trade sectors and geographic markets and this had an impact on the volume of trade.

Towards the end of the year, we began to see positive signs of improved revenue generation. For 2011 we expect revenues to grow, based on a continued economic recovery and our growth initiatives.

Claims development
An improvement to our claims ratio was one of the positive results of 2010, showing that our efforts during and after the financial crisis had proved successful. The actions taken to reduce overly high risk exposure, combined with the benefits from previous underwriting years, had the effect of significantly reducing the claims rate, despite our overall lower revenues. Our gross claims ratio based on insurance revenues decreased to 31.7% from 85.4% in 2009.

In the second half of the year, we were able to increase our risk acceptance ratios because of the more stable economic outlook and our improved portfolio profile. Provided that the risk environment remains stable, this will have a positive impact on 2011 revenues. As always, we continue to monitor the situation closely and are fully geared up to take quick and decisive action, if that becomes necessary.

Operating expenses
As was planned in 2009, our cost containment measures and the scaling down of staff numbers resulted in a structural reduction in operating expenses in 2010. Gross insurance operating expenses (including group costs which mainly relate to the group restructuring) decreased to EUR 303.6 million (2009: EUR 327.7 million), as a result the gross expense ratio moved from 39.3% in 2009 to 38.8% in 2010. Our focus on cost efficiency will continue in 2011 and 2012.

Net investment income
Net investment income, including income from associated companies, reached EUR 5.9 million: a decrease on 2009 levels. This was a consequence of a reduction in the size of our investment portfolio, due to cash outflow for claims in 2009, the realisation of net losses in our portfolio and the persistent low level of interest rates.

Shareholders' equity
From a 2010 starting point of EUR 557.0 million, our equity base reached EUR 583.7 million by the end of the year. We realised a return on average equity of 6.0%, a strong improvement on the 2009 result (-10.8%).

This improvement has further strengthened our already strong capital position, and is also reflected in Standard and Poor's affirmation of our A- credit rating, albeit still with a stable outlook. The improvement in our equity base will support our future growth, allowing us to take on more insurance business while maintaining strong capital ratios.

Strategic initiatives
Our overall strategic focus remains on credit insurance and related products and services in our existing markets. Our crisis management in 2009 made way in 2010 to more positive initiatives, including several projects designed to improve customer service excellence and to drive balanced revenue growth and profitability. As ever, our guiding principle is to manage risk and enable our customers to trade profitably.

Operating model
A key project in 2010 was a comprehensive review of our business strategy and operating model, leading to the decision to organise our business on a more decentralised model from 2011 onwards, whereby our country organisations will assume responsibility, not just for commercial decisions, but also for support functions, such as marketing, human resources and finance, that were formerly steered centrally. The major benefit that will accrue to our business partners and ourselves, through this refocus, is that – while we remain a globally integrated insurer with group-wide governance, processes and technical platforms – the shift to more country and unit specific authority, responsibility and accountability means that we can flexibly and swiftly adapt to local variations in demand and thus capture local market opportunities that might otherwise be lost. Our Global unit, providing an aligned service proposition to large multinationals, is unaffected by this change, as is our Special Products area. To safeguard a balanced growth approach, the formal separation of our Risk functions from our Commercial operations

remains intact. However, we will provide our customers and business partners with even more direct and technically advanced access to our risk underwriters.

Customer service excellence
One of the main aims of our strategic review was to define and put in place growth initiatives for the future. The common theme of these initiatives is a strong focus on increased customer service excellence based on local market circumstances. Most of these initiatives will be launched in 2011 and will incrementally contribute to our revenue growth ambitions in the coming years.

Efficiency improvements
Our focus on service excellence is matched by our ongoing efficiency drive. Over recent years, we have laid the foundations for these efficiency improvements: for example, through investment in infrastructure to gain the benefits of consistent quality of our service. Our new operational structure will allow us to take advantage of our status as the world's most integrated credit insurer while at the same time exploiting local growth potential.

Lower cost base
In 2010 the effects of the previous year's cost saving programme became manifest, with our operating expenses reducing from their 2009 level. As business volumes (exposure and revenue) in future years are expected to grow proportionally faster than our costs, we foresee a positive impact on our cost ratio. At the same time, we will continue to strengthen our cost control measures and closely monitor efficiency and productivity gains.

Information technology

Customer service quality and satisfaction

Customer service quality improvement was our primary IT focus in 2010 - and effective customer communication is vital to that task. Information alerts via our online service platform Serv@Net were introduced and enhanced to ensure that relevant information is passed to our customers in a timely fashion. In December, we also introduced online access to Atradius Buyer Ratings, to which our customers can subscribe instantly via Serv@Net.

Our online platform has been further enhanced: from a single transaction system for limits, claims and policy information into a portfolio management environment providing online portfolio management information to customers and brokers. This improved IT service platform will provide information to our customers and brokers that will help them considerably in managing their buyer portfolios.

Quality improvement

In 2010 our IT department underwent a major reorganisation, designed to maintain a high quality service while achieving cost efficiencies, and to ensure that the Group remains flexible to market demands. As part of this reorganisation, our IT development services have been outsourced to a market leading IT service provider, enabling Atradius to instantly access technology innovations from these managed services.

While our application systems are customer facing, our IT infrastructure is the engine of our IT services. To ensure future cost efficiency, growth and performance, the Group's data centre was consolidated into one location and moved to a modern infrastructure environment, with application and desktop managed services outsourced.

Standards and Business Continuity

In our service management, the industry standard of ITIL version 3 has been implemented in 2010 and the project management methodology PRINCE II is being applied throughout the Group.

An important aspect of this is our ability to continue our operations in the event of a disaster. A team of business continuity experts has implemented a defined IT Business Recovery Plan, which is activated in the event of a disaster and encompasses evacuation plans, recovery management, both internal and external communications and the continuity of business systems and processes during this period.

Solvency II

The Group has been active in ensuring that we comply with the Solvency II regulatory regime, which comes into effect on 1 January 2013 and which stipulates a new set of regulatory capital requirements and risk management standards. To meet those requirements, we have established a Solvency II programme, which is business driven and consists of a number of projects, each directly relevant to the Solvency II framework. Its aim is to support all those activities necessary for the Group to become fully compliant. As well as launching this programme, other key activities in 2010 were a gap analysis and the completion of the Quantitative Impact Study 5.

Corporate responsibility
Throughout 2010, we have built on our existing commitment to ensure active corporate responsibility in the many aspects of our business. As a result, our customers, shareholders, business partners and our own employees can be assured of our absolute integrity and regard for the environment. While this commitment stems from ethical principles, the ways in which it is manifested demonstrate the contribution that genuine corporate responsibility makes to the financial health of our business, in terms of improved customer service, cost saving and brand value. We have introduced a wide range of energy saving projects throughout our offices and have positively lowered our carbon footprint. We dispose of materials ethically and, wherever possible, obtain energy from sustainable sources.

Management Board
The members of the Management Board of the Company also serve on the Management Board of Atradius N.V. A number of changes to the structure of the Management Board of Atradius N.V. were made following the departure of two board members in August 2010. The Management Board of Atradius N.V. currently consists of four members: Isidoro Unda (Chairman and Chief Executive Officer); Peter Ingenlath (Vice-Chairman and Chief Market Officer); David Capdevila (Chief Market Officer) and Delfín Rueda (Chief Financial and Risk Officer).

We would like to thank our customers and shareholders for their trust and cooperation, and our own people for their commitment.

The Management Board
Isidoro Unda (Chairman)
Peter Ingenlath (Vice-Chairman)
David Capdevila
Delfin Rueda

Consolidated financial statements 2010

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Consolidated financial statements

Consolidated statement of financial position

Assets	Note	31.12.2010	31.12.2009
Intangible assets	6	65,718	72,102
Property, plant and equipment	7	42,262	46,936
Investment property	8	3,864	4,515
Investments in associated companies and joint ventures	9	500	412
Financial investments	10	639,242	594,684
Reinsurance contracts	11	658,311	758,397
Deferred income tax assets	20	90,237	80,417
Current income tax assets	20	20,581	15,332
Receivables	12	193,170	238,914
Accounts receivable on insurance and reinsurance business		139,147	169,607
Other accounts receivable		54,023	69,307
Other assets		172,592	146,475
Deferred acquisition costs	13	9,974	9,773
Miscellaneous assets and accruals	14	162,618	136,702
Cash and cash equivalents	15	55,883	44,168
Total		1,942,360	2,002,352

Equity

Capital and reserves attributable to the equity holders of the Company	16	583,711	556,950
Total		583,711	556,950

Liabilities

Employee benefit liabilities	17	66,165	59,319
Insurance contracts	18	822,708	971,644
Provisions	19	12,993	35,476
Deferred income tax liabilities	20	73,192	68,196
Current income tax liabilities	20	14,098	4,824
Payables	21	93,990	102,369
Accounts payable on insurance and reinsurance business		74,736	73,347
Trade and other accounts payable		19,254	29,022
Other liabilities	22	275,503	203,574
Borrowings	15	-	-
Total		1,358,649	1,445,402

Total equity and liabilities		1,942,360	2,002,352

All amounts are in thousands of Euro, unless otherwise stated.

Consolidated income statement

	Note	2010	2009
Insurance premium revenue	23	771,795	822,032
Insurance premium ceded to reinsurers	23	(556,539)	(588,686)
Net premium earned		**215,256**	**233,346**
Service and other income	24	21,593	23,598
Share of income of associated companies and joint ventures	25	6	(39)
Net income from investments	25	5,852	28,531
Total income after reinsurance		**242,707**	**285,436**
Insurance claims and loss adjustment expenses	26	(248,151)	(712,056)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	164,740	509,456
Net insurance claims		**(83,411)**	**(202,600)**
Net operating expenses	27	(119,253)	(165,592)
Total expenses after reinsurance		**(202,664)**	**(368,192)**
Operating result before finance costs		**40,043**	**(82,756)**
Finance income and expenses	28	8,065	(996)
Result for the year before tax		**48,108**	**(83,752)**
Income tax (expense) / income	29	(13,879)	19,590
Result for the year		**34,229**	**(64,162)**

Consolidated statement of comprehensive income

	Note	2010	2009
Result for the year		**34,229**	**(64,162)**
Other comprehensive income:			
Net fair value gains / (losses) on available-for-sale financial investments	16.3	2,392	2,123
Effect of the asset ceiling on defined benefit pension plans	16.5	(7,816)	-
Actuarial gains / (losses) on defined benefit pension plans	16.5	(4,132)	(9,525)
Exchange differences on translating foreign operations and associated companies	16.4	2,088	(438)
Other comprehensive income for the year, net of tax		**(7,468)**	**(7,840)**
Total comprehensive income for the year		**26,761**	**(72,002)**

Consolidated statement of changes in equity

	Attributable to the equity holders of the Company						
	Subscribed capital	Share premium reserve	Revaluation reserve	Currency translation reserve	Pension reserve	Revenue reserve	Total equity
Balance at 1 January 2009	7,740	420,966	(1,068)	(4,332)	(66,545)	272,191	628,952
Issue of share capital	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,123	(438)	(9,525)	(64,162)	(72,002)
Result for the year	-	-	-	-	-	(64,162)	(64,162)
Other comprehensive income	-	-	2,123	(438)	(9,525)	-	(7,840)
Balance at 31 December 2009	7,740	420,966	1,055	(4,770)	(76,070)	208,029	556,950
Balance at 1 January 2010	7,740	420,966	1,055	(4,770)	(76,070)	208,029	556,950
Issue of share capital	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,392	2,088	(11,948)	34,229	26,761
Result for the year	-	-	-	-	-	34,229	34,229
Other comprehensive income			2,392	2,088	(11,948)	-	(7,468)
Balance at 31 December 2010	7,740	420,966	3,447	(2,682)	(88,018)	242,258	583,711

All amounts are in thousands of Euro, unless otherwise stated.

Consolidated statement of cash flows

	2010	2009
I. Cash flows from operating activities		
Result for the year before tax	48,108	(83,752)
Adjustments for:		
Realised capital (gains) and losses on investments	1,483	(15,224)
Unrealised capital (gains) and losses on investments	210	938
Other dividends received	(1,676)	(1,949)
Impairment loss	459	529
Share of income of associated companies and joint ventures	(6)	50
Depreciation and amortisation	19,338	20,041
Interest expense	-	3,710
Interest income	(3,981)	(16,993)
Other non-cash items	(20,863)	(22,558)
Changes in operational assets and liabilities:		
Insurance contracts	(148,936)	(201,373)
Reinsurance contracts	100,086	119,787
Derivative assets held for risk management	298	89
Deferred acquisition costs	(201)	2,341
Accounts receivable and payable on insurance and reinsurance business	31,849	(20,392)
Changes in other assets and liabilities	32,177	26,228
Income tax paid	(12,510)	(49,980)
Interest paid	(3,472)	(3,710)
Net cash (used in) / generated by operating activities	**42,363**	**(242,218)**

II. Cash flows from investing activities	**2010**	**2009**
Investments and acquisitions (cash outflows):		
Loans and receivables	(24,071)	(8,497)
Financial investments available-for-sale	(276,634)	(558,692)
Property, plant and equipment and intangible assets	(7,617)	(10,773)
Divestments, redemptions and disposals (cash inflows):		
Associated companies	-	207
Investment property	600	2,821
Loans and receivables	-	1,362
Financial investments available-for-sale	264,979	844,929
Property, plant and equipment and intangible assets	154	130
Other dividends received	1,676	1,949
Interest received	5,428	19,447
Net cash (used in) / generated by investing activities	**(35,485)**	**292,883**
Changes in cash and cash equivalents (I + II)	**6,878**	**50,665**
Cash and cash equivalents at the beginning of the year	44,168	(9,842)
Effect of exchange rate changes on cash and cash equivalents	4,837	3,345
Cash and cash equivalents at the end of the year	**55,883**	**44,168**

The cash and cash equivalents are presented net of bank overdrafts (see Note 15).

Notes to the consolidated financial statements

1 General information

Atradius Credit Insurance N.V. ('the Company'), with its statutory seat in Amsterdam, the Netherlands (together with its subsidiaries referred to as 'the Group'), is a leading credit insurance company. Credit insurance covers losses resulting from non-payment or late payment for goods and services by buyers of the Group's insured customers.

The sole shareholder of Atradius Credit Insurance N.V. is Atradius Insurance Holding N.V. The parent company of Atradius Insurance Holding N.V. is Atradius N.V. (together with its subsidiaries referred to as 'the Atradius Group'), which is a company incorporated and domiciled in Amsterdam, the Netherlands. The ultimate parent of Atradius N.V. is Grupo Catalana Occidente, S.A. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

These consolidated financial statements have been authorised for issue by the Management Board on 28 April 2011 and have been reviewed by the Supervisory Board. On 28 April 2011 the consolidated financial statements have been adopted by the General Meeting of Shareholders of Atradius Credit Insurance N.V.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

2.1 Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. They have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial investments, and financial investments and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The income statement of Atradius Credit Insurance N.V. for 2010 is incorporated in the consolidated financial statements, which allows for a presentation of a condensed company income statement in the company financial statements in compliance with Book 2, Article 402 of the Netherlands Civil Code.

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

2.2 Change in accounting estimates

In 2010 the Company has changed its estimating process for the recoveries related to the instalment credit protection business. This business covers the risk of non-payment of loans and financing arrangements and upon payment of a claim the Company is subrogated into the rights of the customer and assumes the recovery actions. The recovery process is a key component for this business; estimated undiscounted recoveries can exceed estimated claims paid since recovery cash flows include the principal, costs, interest (incurred post claim) and penalties.

The previous estimating process did not fully take into consideration the actual ultimate recovery expectation. The new process takes into account the anticipated ultimate recovery cash flow and removes from this interest and charges that are considered to be future profits. The provision for ultimate recoveries is estimated using a statistical methodology. Included in this new process are also the external and internal claims handling costs.

This change has had the effect of an increase in the net provisions for recoveries of EUR 13.9 million (before taxes) with a related impact to the income statement (change in recoveries provisions as part of the net insurance claims) before allocation.

In conjunction with the above change in the estimating process, the Company has started discounting the recoveries provisions for the instalment credit protection business since the recoveries are anticipated to be received over a long term.

The total effect of the above changes resulted in an additional profit of EUR 6.5 million before taxes, reported as part of the net insurance claims (total effect of EUR 4.4 million after taxes).

2.3 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 Group require retrospective application.

2.3.1 Standards, amendments and interpretations effective in 2010

The Group has not adopted any standards, amendments or interpretations in 2010 which had a material impact on the consolidated financial statements of the Group.

The following new and revised standards, amendments and interpretations have been adopted in 2010, but have had no material effect on the consolidated financial statements:

- Amendments to IFRS 1, 'Additional Exemptions for First-time Adopters' (effective 1 January 2010). The amendment introduces additional exemptions for first time adopters in the oil and gas exploration industry and for the accounting for leases. The amendments have had no impact on the Group's consolidated financial statements as the Group already prepares financial statements under IFRS;
- Amendments to IFRS 2, 'Group Cash-settled Share-based Payment Transactions' (effective 1 January 2010). This amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The Group does not have any share-based payment schemes in place;
- Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' (effective 1 January 2011). The amendment applies when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. The amendments have had no impact on the Group's consolidated financial statements as no early contributions were effected;
- Revised IAS 24, 'Related Party Disclosures' (effective 1 January 2011). The standard has been revised by simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. It also provides a partial exemption from the disclosure requirements for government-related entities. In making those revisions, the fundamental approach to related party disclosures contained in IAS 24 has not been reconsidered. The standard had a minor impact on the disclosures to the consolidated financial statements;
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective 1 July 2010). IFRIC 19 provides guidance on the accounting of so called 'debt for equity swaps'. This interpretation is at the moment not applicable, since there is no practice of swapping debt for equity by the Group;
- Improvements to IFRSs (April 2009). In April 2009 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate provisions for each standard. The adoption of these amendments did not impact the Group's consolidated financial statements.

2.3.2 Standards, amendments and interpretations not early adopted

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

- Amendments to IFRS 1, 'Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters' (effective 1 July 2011). In respect of the removal of fixed dates, the amendments will provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRS. The amendments in respect of severe hyperinflation will provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The amendments will have no impact on the Group's consolidated financial statements as the Group already prepares financial statements under IFRS;
- Amendments to IFRS 7, 'Financial Instruments: Disclosures' (effective 1 July 2011). The amendments will help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position and will promote transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets. These amendments

are not expected to impact the Group's consolidated financial statements but we will further review the impact of these amendments;
- IFRS 9. 'Financial Instruments' (effective 1 January 2013). This standard will replace the current standard, IAS 39, and aims to reduce complexity in the accounting and reporting of financial instruments. The standard might have a minor impact on the disclosures to the consolidated financial statements;
- Amendments to IAS 12, 'Deferred Tax: Recovery of Underlying Assets' (effective 1 January 2012). The amendment provides an exception to the general measurement principle of deferred tax assets and liabilities in respect of investment property measured using the fair value model in accordance with IAS 40. Under the exception, the measurement of deferred tax assets and liabilities is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. This amendment will not impact the Group's consolidated financial statements as investment property is not measured using the fair value model;
- Improvements to IFRSs (May 2010). In May 2010 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate provisions for each standard. The adoption of these amendments will have a minor impact on the Group's consolidated financial statements.

2.4 Changes in presentation

The presentation of, and certain terms used in, the statement of financial position, income statement, statement of cash flows, statement of changes in equity and certain notes have been changed in 2010 to provide additional and more relevant information. Certain comparative amounts have been reclassified to conform to the current period presentation. These changes are not significant in nature, except those detailed below.

The presentation of cash and cash equivalents has changed to reflect that under the Group's cash-pooling arrangement cash balances of branches within the same legal entity are netted. This resulted in a reclassification of EUR 144.6 million between cash and cash equivalents and (short term) borrowings, decreasing both the borrowings and the cash and cash equivalents as presented on the face of the statement of financial position.

2.5 Consolidation

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

2.5.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

2.5.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:
- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in the income statement.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group except for the accounting for insurance contracts (see Note 2.18).

2.5.3 Associated companies and joint ventures

Associated companies are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associated companies and joint ventures are accounted for using the equity method and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss). Associated companies and joint ventures are further both referred to as 'associates'.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interests in companies in which the Group does not exercise significant influence are accounted for at fair value, in accordance with the accounting principle for available-for-sale investments.

2.6 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of which the Management Board regularly reviews components of the Group in order to allocate resources to the segments and to assess their performance. Operating segments are reported in a manner consistent with the internal reporting provided to the Management Board.

2.7 Foreign currencies

2.7.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Euro (EUR), which is the Group's presentation currency.

2.7.2 Transactions and balances

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

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

2.7.3 Group companies

The results and financial position of all the Group's entities and branches that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

The most relevant functional currencies for the Group are presented below:

All amounts are in thousands of Euro, unless otherwise stated.

Currency	End Rate		Average Rate	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
GBP	1.162	1.126	1.166	1.118
USD	0.748	0.694	0.754	0.720
AUD	0.761	0.625	0.685	0.559
HKD	0.096	0.090	0.097	0.093
SGD	0.584	0.495	0.551	0.495

2.8 Purchase accounting, goodwill and other intangible assets

2.8.1 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 2.5.2) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to the Group's relevant cash-generating units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Goodwill on the acquisitions of associates is included in investments in associated companies and joint ventures.

2.8.2 Insurance portfolios

Acquired insurance portfolios are initially recognised at fair value by estimating the net present value of future cash flows related to the liability arising from insurance contracts, being the provision for unearned premium and the provision for outstanding claims at the date of acquisition. The difference between the carrying value and the fair value of the insurance contracts is recognised as an intangible asset.

The Group subsequently amortises this asset based upon the duration of the underlying cash flows. The carrying amount after initial recognition is adjusted for accumulated amortisation and any accumulated impairment losses.

2.8.3 Software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and to bring to use the specific software. These costs are amortised on the basis of the expected useful life which is between three and five years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overhead. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Computer software development costs recognised as assets are amortised using the straight-line amortisation method over their estimated economic useful lives, not exceeding a period of five years.

Subsequent expenditure on capitalised intangible assets are capitalised only when they increase the future economic benefits embedded in the specific assets to which they relate. All other expenditure is expensed as incurred.

Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses.

2.9 Property, plant and equipment

Land and buildings comprise offices occupied by the Group ('property for own use'). Land and buildings are stated at the cost of acquisition or construction, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For analysis of the residual value, the fair value is assessed based on active market prices, adjusted if necessary, for any difference in the nature, location or condition. All other property, plant and equipment are stated at the lower of historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciation period is based on the estimated economic useful life of the asset. Land is not depreciated. All other assets are depreciated using the straight-line depreciation method over the estimated economic useful lives presented below:

Asset categories	Years
Land	Nil
Property for own use	50
Fixtures and fittings	3 to 10
Information systems hardware	3 to 5

2.10 Investment property

Property held for long-term rental yields that is not occupied by the companies of the Group, is classified as investment property.

Investment property comprises freehold land and buildings. It is stated at the cost of acquisition or construction, less any subsequent accumulated depreciation and subsequent impairment losses. For analysis of the residual value, the fair value is assessed based on active market prices, adjusted if necessary for any difference in the nature, location or condition. Investment property is depreciated using the straight-line depreciation method over the estimated economic useful life of the property, being 50 years.

2.11 Fair values of financial investments

The fair values of financial instruments traded in active markets (such as publicly traded available-for-sale securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial investments held by the Group is the current bid price.

The fair values of financial instruments in markets that are no longer active are determined using valuation techniques. The Group uses a variety of methods and assumptions that are based on market conditions existing at the balance sheet date. See Note 4.4.1.1 for the basis of the determination of the fair value of financial instruments.

2.12 Recognition and derecognition of financial investments

All purchases and sales of financial investments classified as fair value through profit or loss and available-for-sale that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the Group commits to purchase or sell the asset. Loans and receivables are recognised at settlement date, which is the date the Group delivers the asset.

Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial investment, it derecognises the financial investment. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the value of the asset.

2.13 Classification of financial instruments

The Group classifies its financial investments into three categories: investments available-for-sale, loans and receivables and financial investments at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. The Group determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

2.13.1 Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial investments that are either designated in this category or not classified in any of the following categories.

Regular way purchases and sales of financial investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Financial investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions. Financial investments are no longer recognised when the rights to receive cash flows from the assets have expired or when they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Unrealised gains and losses arising from changes in the fair value of financial investments classified as available-for-sale are recognised in equity net of deferred tax. When financial investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains/losses on financial investments.

2.13.2 Loans and receivables

Loans and receivables (including deposits) are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that the Group intends to sell in the short term, or that it has designated as at fair value through income or available-for-sale. Deposits withheld by ceding companies and receivables arising from insurance contracts are also classified in this category. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

2.13.3 Financial investments at fair value through profit or loss

This category has two sub-categories: financial investments held for trading and other financial investments designated at fair value through profit or loss by management at inception. A financial investment is classified into this category at inception if acquired principally for the purpose of selling it in the short term, if it forms part of a portfolio of financial investments in which there is evidence of short term profit-taking, or if so designated by management. This also includes hybrid (combined) contracts. Designation by management will only take place if the related assets and liabilities are managed on a fair value basis. Derivatives are classified as held for trading unless they are designated as hedges. Transaction costs on initial recognition are expensed as incurred. Interest income from debt securities classified as at fair value through profit or loss is recognised as interest in the income statement using the effective interest method. Dividend income from equity instruments classified as at fair value through profit or loss is recognised as dividends in the income statement generally when the dividend has been declared. For all financial investments classified as at fair value through profit or loss changes in fair value are recognised in unrealised gains or losses in the income statement.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at their fair value. Changes in the fair value of such derivative instruments are recognised immediately in the income statement. Those derivative instruments that are not designated as hedges are classified under held-for-trading and included in financial instruments at fair value through profit or loss.

The fair value of derivatives is based on their listed market price if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

2.14 Impairment of assets

2.14.1 Financial assets - general

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

2.14.2 Financial investments - carried at amortised cost

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.14.3 Financial investments - carried at fair value

The Group assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. Objective evidence that financial investments carried at fair value (including debt and equity securities) are impaired can include default or delinquency by an issuer, indications that an issuer will enter bankruptcy and/or the disappearance of an active market for a security. In addition, for an investment in an equity security management assesses whether there has been a significant or prolonged decline in its fair value below its acquisition cost.

Where such evidence exists for available-for-sale financial investments, the cumulative net loss that has been previously recognised directly in equity is recycled from other comprehensive income (the revaluation reserve) and recognised in the income statement. Impairment losses recognised in the income statement on equity securities are not subsequently reversed.

For debt securities classified as available-for-sale, the impairment loss is reversed through the income statement, but only to the amortised cost price if in a subsequent period the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement. Subsequent increases above the amortised cost price are credited against the revaluation reserve as a component of other comprehensive income.

2.14.4 Impairment of other non-financial assets

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

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised in the income statement, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. The amount of the reversal is recognised in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is only reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts which are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents. In the statement of financial position, bank overdrafts which do not meet the criteria for offsetting are presented separately as liabilities under borrowings.

2.17 Capital and reserves

2.17.1 Subscribed capital

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly related incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly related incremental transaction costs and the related income tax effects.

2.17.2 Share premium reserve

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

2.17.3 Revaluation reserve

The revaluation reserve comprises the unrealised gains/losses of the securities available-for-sale after the deduction of deferred tax, except for impairments that are charged directly to the income statement. Reversals of impairment losses in shares and other variable yield securities are also credited directly to this revaluation reserve. For debt instruments and other fixed income securities, any reversals of impairments above the original cost are included in the revaluation reserve.

2.17.4 Currency translation reserve

The net exchange difference that is recognised in the currency translation reserve in each period represents the following:

- in respect of revenue, expenses and capital transactions, the difference between translating these items at actual or average exchange rates and using the exchange rate at the balance sheet date, which is the case for recognised assets and liabilities; and
- in respect of the opening balance of equity (excluding the currency translation reserve), the difference between translating these items at the rate used at the balance sheet date at the end of the previous period and using the rate at the balance sheet date at the end of the current period.

2.17.5 Pension reserve

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

- actuarial gains and losses that arise in calculating the Group's pension obligations and fair value of the plan assets in respect of a defined benefit plan in the period in which they occur; and
- the de-recognition of assets that can occur when the plan assets are higher than the projected benefit obligation and the Group cannot recover any surplus through refunds from the pensions vehicle due to solvency and/or control requirements.

2.17.6 Revenue reserve

Revenue reserve is the accumulated amount of profits and losses at the balance sheet date, which have not been distributed to shareholders.

2.18 Insurance contracts

The Group issues contracts that transfer insurance risk. Insurance contracts are those contracts under which the Group accepts a significant insurance risk – other than a financial risk – from a policyholder by agreeing to compensate the beneficiary on the occurrence of an uncertain event.

Contracts which transfer significant insurance risk are accounted for in accordance with IFRS 4, 'Insurance Contracts'.

Insurance contracts are classified into two main categories:

- Credit insurance contracts: contracts that provide for specific payments to be made to reimburse the holder for the loss it incurs because a specified debtor fails to make a payment when due under the original or modified terms of a debt instrument; and

- Bonding contracts: contracts which the Group provides compensation to the beneficiary of the contract if the Group's bonding customer fails to perform a contractual obligation relative to the beneficiary.

2.18.1 Deferred acquisition costs

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

2.18.2 Provision for unearned premium

For credit insurance and bonding contracts, premium is recognised as earned premium proportional to the insurance risk of the contract. The provision for unearned premium represents the unearned share of premium for own account (net of reinsurance), for both the credit insurance and bonding businesses.

2.18.3 Provision for outstanding claims

Claims and loss adjustment expenses are charged to the income statement as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from the risks the Group has taken up to the balance sheet date. The Group does not discount its liabilities given the cycle of the Group's business. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported. When appropriate, deductions are made for salvage, subrogation and other expected recoveries from third parties.

Based on the type of business, the following methods are used to determine the provision for outstanding claims:

- direct insurance business: provision calculated based on statistical methods. For large cases, individual assessments are made. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience and other known trends and developments; and
- bonding: provisions are calculated on a case-by-case basis.

Additional information on the measurement of the provision for outstanding claims is provided in Note 4.3.8 of the risk management chapter.

2.18.4 Liability adequacy test

At each balance sheet date, a liability adequacy test is performed to ensure the overall adequacy of the total insurance contract liabilities. In performing this test, current best estimates of future contractual cash flows and claims handling expenses are used. Any deficiency on consolidated level is immediately charged to the income statement by establishing a provision for losses arising from the liability adequacy test.

2.18.5 Reinsurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet the classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (assumed reinsurance business) are also included in insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premium payables for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired by applying similar procedures adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

The Group has profit commission arrangements with its reinsurance companies that are based on the loss ratio per underwriting year. The Group accounts for these commissions based on detailed assessments of the ultimate expected loss ratios.

2.18.6 Income from reinsurance contracts

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

2.18.7 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired by applying similar procedures adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

2.18.8 Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell goods acquired in settling a claim (i.e. salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the goods acquired.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.19 Provisions

Provisions for restructuring and redundancy costs, onerous contracts and litigation are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Restructuring and redundancy provisions include employees' termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.20 Deposits received from reinsurers

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

2.21 Employee benefits

2.21.1 Post employment benefits

The Group operates various pension schemes. The schemes are determined by periodic actuarial calculations and are generally funded through payments to state plans, insurance companies or trustee-administered funds. The Group has both defined benefit plans and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. In a defined benefit plan the Group may pay contributions into a separate entity or fund. The Group, and in some cases the employees who are participating, funds a defined benefit plan and the Group has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The amount recognised as a defined benefit liability is the net total of the present value of the defined benefit obligation at the balance sheet date minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. The recognition of assets that arise by over-funding of the defined benefit plan is limited to the ability to use the surplus to generate future benefits. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability.

Actuarial gains and losses that arise in calculating the Group's obligations and fair value of the plan assets in respect of a defined benefit plan are recognised in the period in which they occur. These actuarial gains and losses are recognised outside the income statement and are presented in the statement of comprehensive income.

The derecognition of assets can occur when the plan assets are higher than the projected benefit obligation and the Group cannot recover any surplus through refunds from the pensions vehicle due to solvency and/or control requirements. These de-recognitions are presented in the statement of comprehensive income.

Past service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The contributions to these plans are recognised as expenses and booked in the income statement.

2.21.2 Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The net obligation is calculated annually by independent actuaries using actuarial techniques.

The Group has several kinds of post employment plans. The main plans are lump sum payments and pre-pension plans. A lump sum payment plan is a plan where the employees are entitled to a lump sum payment at the date their employment is terminated. A pre-pension plan is a plan where the employees are entitled to receive payments if they stop working before their actual retirement date.

2.21.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The Group liability is included as part of the provisions.

2.21.4 Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration, amongst others, individual targets and the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Income tax

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

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

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

Income tax in the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2.23 Consolidated income statement

2.23.1 Income

Revenue comprises the fair value for services, net of value added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

Premium earned
Written premium includes direct business and is defined as all premium and policy related fees invoiced to third parties, excluding tax, in respect of:

- Credit insurance
- Instalment credit protection
- Bonding

Written premium includes an estimate of not yet invoiced premium for which the Group is at risk. Accruals for premium refunds are charged against premium written. Premium earned includes an adjustment for the unearned share of premium (matching risks and rewards).

Part of the insurance premium is ceded to reinsurers. Premium ceded under reinsurance contracts is reported as a reduction of premium earned. Amounts recoverable for ceded unearned premium under cession agreements are reported as assets in the accompanying consolidated statement of financial position.

Service and other income
Service income includes the income from activities carried out by Atradius Dutch State Business N.V. acting as an agent on behalf of the Dutch State. This income is recognised as the service is provided.

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

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

Investment expenses comprise interest expense on borrowings, decreases in the fair value of financial investments at fair value through profit or loss, impairment losses recognised on financial investments, and losses on derivatives that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

Foreign currency gains and losses are reported on a net basis and consist of transaction and translation results.

2.23.2 Expenses

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

Net operating expenses
Net operating expenses comprise administrative expenses, gross acquisition costs, gross change in deferred acquisition costs, commission received for business ceded to reinsurers and the change in the reinsurer's share of deferred acquisition costs. Commissions received for business ceded to reinsurers is recognised over the life of the underlying policies.

Finance income and expenses
Finance costs include interest, and foreign exchange results. Interest income and expense is calculated using the effective interest rate method based on market rates rather than nominal, at the date that the instrument is recognised initially or modified.

Income tax
The total sum of income tax recognised in the income statement is the sum of current tax expense (or recovery) plus the change in deferred tax liabilities and assets during the period, net of tax amounts recognised directly in equity.

2.24 Leases

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

2.24.1 The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.24.2 The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.25 Consolidated statement of cash flows

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

- *Cash* comprises cash on hand and on demand deposits;
- *Cash equivalents* are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value;
- *Cash flows* are inflows and outflows of cash and cash equivalents;
- *Operating activities* are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities;
- *Investing activities* are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- *Financing activities* are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

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

3 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported assets and liabilities and contingent assets and liabilities. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas for which management is required to make judgements and estimates that affect reported amounts and disclosures are detailed below.

3.1 (Re-)insurance related estimates

The ultimate liability arising from claims made under insurance contracts
The estimate of the ultimate liability arising from claims including recoveries made, or to be made, under insurance contracts is the Group's most critical accounting estimate. Although management has endeavoured to adequately take all facts into account, by their very nature, estimates remain uncertain and the eventual outcome may differ significantly from the projected amount.

Pipeline premium
Pipeline premium is estimated as the not yet invoiced part of insurance premium earned at a reporting date. Although the calculation of the pipeline premium is derived from the core business systems and calculated at policy level, the calculation does involve the use of management estimates.

Sliding scale reinsurance commission
Reinsurance commission related to the main Group quota share treaties is calculated and accounted for at a provisional rate but reviewed against the development of the loss ratio as soon as an underwriting year matures. The sliding scale commission (an additional income or expense on top of the provisional commission) is based on an estimate by management of the ultimate loss ratio for an underwriting year.

3.2 Impairment of available-for-sale equity financial investments

The Group determines that an available-for-sale equity financial investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investment, industry and sector performance, changes in technology and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investment, industry and sector performance, changes in technology, and financing and operational cash flows.

Had all the declines in fair values below cost been considered significant or prolonged, the Group would have suffered an additional EUR 7.3 million loss before tax in its 2010 financial statements (2009: EUR 8.3 million loss before tax), being the transfer of the total equity reserve for unrealised losses to the income statement.

3.3 Estimated impairment of goodwill

In accordance with its accounting policy, the Group annually tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates (see Note 6).

In order to test the value in use against the recognised goodwill we have stress-tested the main assumptions (terminal value and discount rate) which have been applied when determining the value in use for the related cash-generating units. Increasing both assumptions downward and upward by 1% respectively, did not indicate any potential impairment of the goodwill under this scenario. The term 'potential' is used here since an indication of impairment does not always lead to an actual impairment charge to the income statement.

3.4 Pension and post-retirement benefits

The cost of these benefits, the present value of the pension and other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the future net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations.

As an indication of the assumption sensitivity on the management's estimates, a one percent fluctuation of the expected return on assets and of the discount rate used as at the balance sheet date would have increased / (decreased) the consolidated result for the year by the amounts shown below. The analysis assumes that all other variables remain constant.

Consolidated impact on the result for the year *(before taxes)*	**2010**	**2009**
Actual expected return on assets +1%	2,777	2,561
Actual discount rate +1%	777	2,501
Actual expected return on assets -1%	(3,720)	(2,897)
Actual discount rate -1%	(1,117)	(2,150)

4 Risk management

4.1 Integration in the Atradius Group's risk management framework

Atradius Credit Insurance N.V. is part of the Atradius Group and relies for its risk management on the Atradius Group's risk management framework. The information found in this note, therefore, is consistent, where relevant for Atradius Credit Insurance N.V., with the note on risk management found in the 2010 annual report of Atradius N.V. The Corporate bodies and committees as described in Note 4.2.3, 4.3.2 and 4.4.1 operate at Atradius Group level. The Management Board members of Atradius Credit Insurance N.V. are the members of the Management Board of Atradius N.V. and are therefore all participating in the Atradius Group's highest risk governance body, the Risk Strategy Management Board (RSMB), as described in Note 4.2.3.

4.2 Risk management

As a global insurance provider, the Group recognises the importance of risk management and internal control systems. The Group continues to strengthen its risk management capabilities by broadening the scope of risk management and enhancing the associated internal control systems within the organisation.

The relationship between risk and capital is fundamental for the Group. Understanding how risk taking consumes capital allows management to steer the Group and take strategic decisions based on risk. These decisions are increasingly being informed by Atradius' economic capital model. This model is being used for specific risk assessment activities and allows the Group to better monitor and manage risk levels within the organisation through the allocation of risk based capital. In addition, risk management and the relationship between risk and capital play a central role in the new regulatory regime, Solvency II, which is expected to take effect 1 January, 2013.

4.2.1 Solvency II

The Group as part of the Atradius Group, together with its ultimate parent company Grupo Catalana Occidente, S.A., has been actively involved in the Solvency II development process. Atradius N.V. participated in the CEIOPS Quantitative Impact Studies (QIS) 3 and 4 in 2007 and 2008 respectively. In 2009, the Dutch regulated entity Atradius Credit Insurance N.V. participated in De Nederlandsche Bank's (DNB) Risicogebaseerd Solvabiliteits Kader (RiSK) exercise – effectively a re-run of QIS 4 based on updated financials. During the second half of 2010, Atradius N.V. participated in the CEIOPS QIS 5. The Group continues to monitor the impact of proposed calculation schemes on its balance sheet – noting that implementing measures relating to the new Solvency II regime have yet to be finalised. The Group remains active in industry working groups on Solvency II and has provided commentary on regulatory proposals.

The Group maintains awareness of developments in order to be well-positioned to progress towards a successful implementation in accordance with the timelines specified by regulatory authorities.

4.2.2 The risk landscape

Our key objective is to achieve profitable and sustainable growth for the Group and our stakeholders. Opportunities to achieve such growth exist in our key market segments and can also be achieved through entering new markets and capturing dominant market share in a manner that is sustainable. It is our aim to offer 'best in class' credit risk management and non-risk related solutions to our customers, coupled with excellent service. The Group's core business is credit insurance. The Group has developed credit insurance products that meet the specific needs of small and medium enterprises (SMEs), large local companies and multinationals.

Although key economic indicators signal an improvement in many of our markets, there is still a risk of the insolvency environment worsening. This would impact the Group in several ways. A renewed increase in insolvency rates may lead to higher than expected claims. In addition, the Group might, in the near term, not be able to make the desired investment returns. The impact may not be limited to our future performance; it may also cause negative run-offs on provisions.

4.2.3 The risk management and internal control framework

The Management Board is ultimately responsible for risk management and internal control within the Atradius Group. Without affecting this responsibility in any way, the authority to take decisions in this context has been delegated to the Risk Strategy Management Board (RSMB), of which the entire Management Board are members. The membership further includes the Director of Group Risk Management, the Director of Strategy and Corporate Development and the Director of Finance. This structure ensures that the RSMB is properly informed of all relevant technical aspects related to risk, strategy and accounting when taking decisions. The RSMB's responsibility includes the development of the framework to manage risk as well as the ongoing overview of the largest risks. The RSMB establishes the internal risk control system by determining risk control policies and prescribing risk mitigation activities. In addition, the RSMB ensures that there are processes and systems to review the effectiveness of risk management and the internal control system.

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

The Atradius Group's risk management policies are established to identify and analyse the risks faced by the Atradius Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Atradius Group's activities. Through its training and management standards and procedures, the Atradius Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Atradius Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Atradius Group. The Audit Committee is assisted in this supervisory role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

4.2.4 Risk classification

The Group has classified its risks as insurance, financial and operational. Insurance risks are the risks of financial loss as a direct result of providing insurance; these are predominantly arising from the risk of non-payment by a buyer covered by a policy (credit insurance) or the risk of non-performance of a customer (bonding). Financial risks are the risks associated with the balance sheet positions and include market risk, credit risk and liquidity risk. Operational risks are the risks of direct or indirect loss resulting from fraud, inadequate or failed internal processes, people, systems or external events.

4.3 Insurance risk

4.3.1 Insurance products, their characteristics and sensitivity to insurance risk

The Group distinguishes two main direct insurance products: credit insurance and bonding. Credit insurance can be divided into three subcategories: traditional credit insurance, instalment credit protection and special products. Each of these categories has particular risk characteristics.

Traditional credit insurance
In traditional credit insurance, the Group insures its customers against the risk of non-payment of trade receivables. The causes of loss covered differ by policy. They usually include all forms of legal insolvency. Policies can also cover so-called political causes of loss which, amongst others, include the risk of non-payment due to payment transfer problems, cancellation of export/import licenses and contract frustration. This enumeration is not exhaustive. Traditional credit insurance does not cover non-payment of trade receivables due to commercial disputes. Each policy has a maximum credit period that the policyholder can offer to their buyers without prior approval from the Group. In traditional credit insurance, the Group usually only covers portfolios of buyers to mitigate the risk of adverse selection. Here, as below, 'buyers' are the customers of the insured customers of the Group, i.e. the parties that the Group insures credit risk on.

For traditional credit insurance, there are two underwriting processes: the policy underwriting and the buyer underwriting. Policy underwriting is the process by which the Group decides which customers to accept as policyholders and which terms and conditions for cover are offered. Buyer underwriting is the process by which the Group sets risk limits per buyer and issues credit limits. Buyer underwriting allows us to manage risk on the portfolio of existing policies. The policy underwriting takes place in the commercial units, the buyer underwriting in the risk service units.

Policies are issued for a fixed period, usually no longer than three years. Customers mostly have a self-retention to protect the Group from the risk of moral hazard. Self-retention can take the form of, amongst others, a cover percentage, per claim deductibles, aggregate first losses and combinations thereof. Virtually all policies have a maximum liability. A customer is covered for the credit risk on one of his buyers only after a credit limit on the buyer has been established. Most policies allow customers to establish credit limits for smaller amounts themselves under conditions specified in the policy. Larger credit limits have to be issued by the Group. Credit limits are an important risk management instrument for the Group as they limit the amount that the Group would have to pay out to a customer for a claim but also as the Group can, in principle, withdraw credit limits on any buyer at any moment. The Group uses this right to reduce exposure where it is no longer comfortable with its aggregate exposure on a buyer. ~~This is typically the case when, in the Group's judgement, the buyer will likely no longer be able or willing to pay its~~ trade payables. Credit limits can be issued subject to specific conditions. The Group can also impose conditions for cover on a country, or even withdraw cover on an entire country altogether. These are important tools in managing the Group's political risk exposure.

Within credit insurance, one can roughly identify three classes of customers: small and medium companies, large local companies and multinationals. Most customers, irrespective of their size, are served with our core Modula product. This product offers flexibility in a structured, modular and controllable manner, allowing it to be tailored to most customers' needs, where the level of flexibility will be greater for larger customers. The normal flexibility does not materially affect our ability to manage and control risks under the policies. When a change is required that may materially affect this ability, it needs to be formally approved by the Group Product Committee, which operates at Atradius Group level.

For small and medium companies, we offer additional products based on the Modula concept that specifically cater for the needs of a small or medium-sized company. For most, the risk characteristics do not materially differ from a traditional credit insurance product.

Multinationals will typically have the most tailored policies. It is generally in the nature of large customers that they require larger credit limits on their buyers, potentially leading to larger severity losses. This is offset by the fact that often the policies include larger (sometimes annual aggregate) deductibles and by the fact that, all other things being equal, larger buyers have a lower probability of default, reducing the frequency.

Instalment credit protection
The Instalment Credit Protection (ICP) unit insures its customers against non-payment of scheduled instalment payments. The exposure in 2010 was approximately 56% retail and 44% corporate, where retail exposure originates from consumer credit extended by financial institutions. Corporate exposure typically relates to the leasing of equipment (cars, computer hardware, etc.) to corporations and insurance of corporate loans provided by banks.

The retail exposure is by nature highly diversified. In the corporate sector, no single risk exceeds EUR 5 million.

Special products
The Group's special products business offers a range of tailor-made policies to insure against a number of credit and political risks. These include, amongst others, policies that cover single transactions, single trade relationships and asset confiscation. One distinguishing feature of the special products policies is that most of the time it is restricted in withdrawing credit limits, contrary to traditional credit insurance. On the other hand, for special products, more conditional policy wordings are commonly used that place a more significant burden of risk monitoring and diligent behaviour on the insured. TPE associated with this business at the end of 2010 was EUR 4.6 billion (2009: EUR 3.8 billion).

As the single transaction cover allows the customer to select which exposure they want covered, there is a higher risk of being adversely selected against than with traditional credit insurance. This is mitigated in part by tighter restrictions on the business Atradius accepts. As a result of which, the acceptance rate is low, with more than 70% of all enquiries being rejected outright. There is significant emphasis placed on policy underwriting, especially in relation to the quality and experience of the customer and its ability to react to changing circumstances. In addition, the analysis of the nature and terms of the underlying contract plays an important role in the underwriting process.

Bonding
The Group issues surety bonds for customers in Italy, France and the Nordic region. Surety bonds insure beneficiaries against our customer not meeting contractual, legal, or tax obligations. Beneficiaries range from (local) governments and tax authorities to companies.

The main risk for the Group in Bonding is the risk of our customers not meeting these obligations. Our customers may fail to meet these obligations either because they are not able to perform to the agreed or required level, or because they become insolvent. Next to this, there is the risk of fraud on the part of the customer, where the customer intentionally does not perform. The assessment of both the customer's financial strength and his ability to perform play an important role in the underwriting process. Unlike traditional credit insurance, the exposure cannot be unilaterally cancelled by the Group.

When a bond is called by the beneficiary, Atradius mediates to resolve conflicts and aims to avoid payment through working with both customer and beneficiary. If a payment is finally made, recovery action is taken against the customer. Consequently, the situations in which the Group incurs an irrecoverable loss nearly always relate to financial distress of the customer, making the triggers for losses similar to those for traditional credit insurance.

The spread of customers over industry sectors varies by country as a result of differing legal and market environments. As a consequence, the type of bonds issued are spread between bid bonds, performance bonds, maintenance bonds, advance payment bonds and various types of administrative bonds; they are issued with tenors ranging from a few weeks to years, where we only exceptionally issue bonds with tenors in excess of five years.

4.3.2 Risk mitigating procedures and controls - insurance risk

Authorities and risk governance

The starting point for the management of insurance risk is that all staff have well-defined authorities specifying the level of risk they can accept and that all risk acceptance must take place within the framework of the risk governance structure. The risk governance structure defines the process by which Atradius decides what risks it takes on and how it manages those risks. The main elements of the risk governance structure currently in place are described below.

Staff in commercial units have well-defined authorities specifying who can bind which policies. Authorities typically require the four eyes principle. Conditions are more onerous as policies become larger. The largest policies need sign-off from both the director of a commercial unit and the respective Chief Market Officer.

Most new credit insurance policies and renewals of policies are priced as part of policy underwriting using a structured pricing system. This system is risk and cost based and takes into account Atradius' risk outlook as defined by country, sector and buyer ratings. Parameters are updated on a regular basis. The pricing system is implemented group-wide.

Buyer underwriting takes place in risk services centres that ultimately report to the Chief Risk Officer, thus ensuring a separation of responsibilities with policy underwriting up to the Management Board. Staff in risk services also have well-defined authorities specifying who can set what capacity on a buyer, or who can sign-off what credit limit. As amounts grow, decisions need authorisation from one or more cosignatories, of increasing seniority. But even directors of risk service centres can only sign off capacities to a certain threshold and individual credit limits up to another lower threshold. In addition the signature of at least one other qualified buyer underwriter is always required. Beyond these thresholds, the local credit committee of the risk service centres takes decisions. The local credit committees again can only sign-off amounts up to certain thresholds. Beyond these thresholds the group credit committee takes decisions. The group credit committee thus underwrites the largest buyers in terms of exposure, including the top ranked buyers, by exposure, of each of the local credit committees.

In bonding, all bonding facilities and individual bonds are underwritten by technical underwriters who are part of the commercial units. Financial underwriters, who are not part of the commercial units, must approve the acceptance of facilities and individual bonds over certain thresholds. There is an authority structure in which decisions are escalated depending on the amounts involved. The last two steps in this authority structure are the local credit committee and the group credit committee mentioned above.

Special products is very much embedded within the Atradius risk governance structure described herein. All policies are bound within clearly defined authorities issued to the policy underwriters who report ultimately to the respective Chief Market Officer. All buyer risk is signed off by a dedicated risk services team which has a separate and distinct reporting line to the Chief Risk Officer. In addition, a dedicated risk management team with a functional reporting line to the Group Risk Management unit, ensures adherence to the risk governance model and monitors the portfolio risk and ensures compliance with the terms of the reinsurance treaty.

Additional checks on the largest exposures are imposed by Atradius' reinsurance structure. Exposures beyond a certain threshold are subject to so-called special acceptance by our leading reinsurers. The authority structure takes into account all sources of exposure on a buyer through direct business, i.e. including exposure for special products and bonding, although threshold amounts depend on the source of exposure.

Local credit committees and the Group Credit Committee are bodies in Atradius' risk governance structure. The risk governance structure consists of a number of bodies that act under delegated authority of the RSMB, the highest risk decision body in Atradius. The main bodies in the risk governance structure are:

- RSMB - acts as body of appeal for other bodies in the risk governance structure;
- Group and local credit committees – underwrite the largest buyer exposures. An additional check is performed on large exposures that exceed a certain threshold, which are subject to so-called special acceptance by the Group's leading reinsurers;
- Group Product Committee - decides what products the Group will offer. It also decides on deviations from existing products, or variations of existing products. Certain types of deals will only be made on approval of the Group Product Committee;
- Country Committee - sets Atradius' underwriting policy by country, whether Atradius will cover or not and under what conditions. The Country Committee monitors Atradius' exposure to country risk and sets country limits for political risk exposure. Thus, the Country Committee is the prime body through which Atradius manages country risk;
- Provisioning Committee - sets Atradius' claims provisions. It sets provisioning policy, signs off claims provisions set by actuarial models and decides on claims provisions for specific high value cases;
- Group Investment Committee – sets Atradius' investment policy. On an annual basis, it proposes a Strategic Asset Allocation (SAA) which defines limits on asset classes and duration. Throughout the year it decides on a portfolio distribution within those limits on a monthly basis;
- Reinsurance Outwards Committee – supervises Atradius' reinsurance process. It sets the rules for Atradius to obtain and negotiate reinsurance coverage from third party reinsurers. In addition, it approves material commutations;
- Quantitative Model Committee - approves models with which Atradius quantifies risk. This includes credit rating, pricing and capital models.

Instalment credit protection (ICP)
Policy underwriting is performed within the commercial units. Policies are generally issued for a fixed period with tacit renewal. Premium rates are dependent on probabilities of default, expected final loss given default, amount and duration of the loans. Premium is mainly written and invoiced at the time of inception of each covered loan. Indemnification rate can go up to 100%, but recoveries are for the benefit of Atradius.

Risk underwriting is performed by the risk underwriting teams within ICP. Credit decisions are made for each individual operation based on an automated decision model and manual decisions of underwriters. Authorities are granted to underwriters according to their seniority and expertise; escalation occurs according to pre-determined thresholds to the local ICP credit committees, then to the ICP credit committee and finally to the Management Board member responsible for instalment credit protection. In some cases, risk underwriting can be delegated to the policyholder, within a frame of underwriting criteria (including a mandatory consultation of the relevant national bank databases). The underwriting criteria are reviewed and formally signed off by ICP and such policies always include a form of risk sharing to ensure alignment of interest.

4.3.3 Risk management tools

The Group monitors exposure by counterparty, sector and country across all sources of insurance risk. The Group operates one single database, Symphony, which holds all credit insurance policies, all credit limits and all buyers. Symphony enables the Group to set global limits per buyer or per buyer group. Management information derived from Symphony allows the Group to monitor aggregate exposure by country, sector of buyer, or sector of insured and in many other different ways. Information on Italian, French and Nordic bonding portfolios is not held in Symphony however the Group does monitor the exposure from these portfolios together with exposure from credit insurance. Exposure from the instalment credit protection business is monitored separately.

All buyers with significant exposure are reviewed at least annually. The Group continually receives information on buyers through on-line connections with business information providers and from customers reporting negative payment experiences. Buyers are reviewed whenever new information requires this. The Group assigns an internal rating to all buyers on which it has exposure in excess of an internally determined threshold. The review process takes into account all sources of exposure on a buyer through direct business, i.e. including exposure for special products and bonding. The authority structure described in this note applies to buyer reviews.

As part of Symphony, the Group operates a risk and cost-based pricing system for credit insurance. Most new policies and non-tacit renewals are priced starting from a price suggested by the pricing system. The pricing system is forward-looking in the sense that it takes into account the Group's risk outlook as captured in country, sector and buyer ratings. It prices policies according to the credit risk under the policy, taking into account the buyers that each customer trades with.

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

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

4.3.4 Reinsurance

The Group transfers a significant portion of its insurance risk to external reinsurers, through a number of reinsurance arrangements that include quota share, excess of loss and facultative treaties. The reinsurance treaties are normally renewed annually. On renewal, the Group reassesses the structure of the treaties, including for the excess of loss treaties; the attachment points, spread of the layer and the number of reinstatements. There are a number of considerations that go into making these choices. These include the cost of the synthetic capital that reinsurance provides as measured by the economic capital model and the probability of exhausting the excess of loss cover and the impact on capital requirements as per rating agency model.

The Atradius Group, excluding the group company Compañia Española de Seguros y Reaseguros de Crédito y Caución, S.A., further referred to as Crédito y Caución, has one main reinsurance programme in place. The programme consists of a quota share treaty and a series of (per buyer and/or buyer group) excess of loss treaties. With regard to the reinsurance panel, it is the Group's policy to select only reinsurers that have a high quality standard of solvency/rating. The normal minimum requirement is an 'A' level rating.

Quota share treaty
For underwriting year 2010, the main programme for the Group is a quota share with approximately 28% (2009 27%) own retention. This programme covers the Group's direct business, with the exception of the Italian bonding portfolio, the French excise bond portfolio and part of instalment credit protection and some business that has been reinsured on a facultative basis. The Group has a separate quota share treaty for the Italian bonding portfolio, with an own retention of 40% (50% for payment guarantees) for 2010 (2009: 40%, 50% for payment guarantees). For other, older, treaty years The Group's retention for the Italy bonding business varies by year, between 25% and 35%. The French excise bond business is also protected by a separate excess of loss programme. For 2011, the quota share self retention of this main programme remains at less than 30% and the retention under the Italy bonding treaty has remained at 40% (50% for payment guarantees).

For underwriting years 2009 as well as 2010, the main quota share treaty has a sliding scale ceding commission arrangement under which the ceding commission paid to the Group by the reinsurers depends on the ceded underwriting year loss ratio. As a consequence, risks affecting the loss ratio of the Group will also pose a risk to the level of ceding commission paid, enlarging the overall volatility of the net result.

For the 2011 renewal the quota share treaties covering both the Group and the Italian bonding portfolio were oversubscribed; this presented the Group with the opportunity to build a more balanced reinsurer panel thereby reducing the reliance on any one reinsurer. The sliding scale ceding commission arrangement was improved for underwriting year 2011, given the improvements in the results for underwriting year 2009 and forecast for underwriting year 2010. For the Italian bonding business a fixed rate of commission will be paid for 2011 (the same basis applied in 2010 and 2009).

Excess of loss treaties
For underwriting year 2010, for the Atradius Group's excess of loss reinsurance programme (excluding Crédito y Caución) but including the Italian bonding peak risks, the attachment point of the excess of loss treaties has been set such that the retention for business ceded under this treaty structure for any buyer or buyer group does not exceed EUR 30 million (2009: EUR 40 million). The top of the excess of loss layers is chosen so that, in the judgement of management, there remains only a very remote possibility that failure of any single buyer, or buyer group, will exceed the top end of the excess of loss coverage of EUR 600 million gross loss at 100%, i.e. before Quota share reinsurance is taken into account. In calculating the loss under the excess of loss coverage, no allowance is made for the reinstatement premium that has to be paid in order to reinstate the excess of loss cover after a claim on the layer. The maximum amount of total reinstatement premium in the event that all layers are fully claimed, as a consequence of a single large buyer (group) default, is in the range of EUR 31.0 million (2009: EUR 31.0 million).

As a result of accumulations of risk between business reinsured under the main treaty structure and business reinsured by other treaties, the Group's overall retention across all business on some buyer groups can be larger than the sum of the self retention and reinstatement premiums of both programmes. The effective loss may also be enlarged due to a possible impact on the ceding commission received under the quota share treaty.

For the renewal for 2011, the Atradius Group decided to combine the excess of loss programmes of the Atradius Group (including as per 2010 the peak risks of the Italian bonding portfolio) and Crédito y Caución, and place one joint excess of loss treaty. By having only one excess of loss programme, the Atradius Group has mitigated the likelihood of retaining two separate retentions if a buyer in common were to fail.

4.3.5 Reinsurance – National governments supporting economic activity

With the full onset of the credit crisis at the end of 2008, the credit worthiness of many buyers across Europe and the rest of the world deteriorated quickly and significantly. As a result, it was no longer prudent for credit insurers operating in the private sector to grant credit limits to the extent they had done previously. For the Group, the situation was no different.

In many countries where the Group operates, Governments decided to stimulate economic activity by offering credit insurance facilities to customers managed by the credit insurers. The arrangements offered by many governments can be divided into two categories: ground-up cover and top-up cover. In the majority of cases these arrangements were contractually setup as reinsurance arrangements.

Top-up cover

Top-up cover is intended for situations where the credit insurer reduced cover on a buyer, or is unable to grant the cover to the extent requested. The facility allows the credit insurer to issue an additional limit on top of the one granted. This additional limit is then reinsured by the government or a government owned company. In most cases, this reinsurance covers the risks for 100%, though in a few cases, the credit insurer has to accept a small self retention. For most arrangements, the top-up limit cannot be larger than the underlying limit granted by the credit insurer.

Ground-up cover

Ground-up cover is intended for situations where the credit insurer withdraws cover on a particular buyer completely, or is unable to grant cover on a buyer. The facility allows a credit insurer to (re)issue the credit limit requested by the customer where the risks are then reinsured by the government or a government owned company. In most cases, this reinsurance cover is for 100%, though in a few cases, the credit insurer has to accept a small self retention.

For both types of cover the credit insurer receives a commission as it manages the entire process.

The details of the facilities granted by governments vary in several respects. Examples of differences in details include rules regarding sharing of recoveries and claims expenses, rules regarding share of losses between the underlying and top-up limit, premium rates, commissions and buyer criteria for which the Group is allowed to extend credit limits under the coverage.

In addition, the existence of a top-up limit, depending on the details of the arrangement can affect the risk the Group runs on the underlying limit. In almost all instances this risk is still controlled by the Group continues to hold the underwriting pen, i.e., it can still decide whether or not to grant the top-up limit.

As contractually most of these facilities are structured as a reinsurance contract, the Group accounts for them as such. Even though in most cases losses are 100% reinsured, the Group is in almost all instances still the primary insurance company. Associated claims provisions, therefore, are included in the gross provisions and the reinsurance recoverables are included in the reinsurance assets.

Therefore, in the next section we report exposures granted including limits granted under these arrangements. As at the end of 2010, the granted exposure under these arrangements is EUR 219.1 million (2009: EUR 318.5 million).

4.3.6 Concentration risk

The Group is exposed to concentration risk in a number of ways: by buyer, by sector of buyer, by country of buyer. The tables below illustrate the exposure as per end of 2010 and 2009 in terms of the sum of credit limits on individual buyers registered by the Group. We refer to this exposure as Total Potential Exposure or TPE.

TPE is an approximate upper bound to real exposure, in the sense that a limit that the Group has issued does not necessarily give rise to credit risk at a specific point in time. The Group normally does not know the real outstanding exposure under its limits on any specific buyer. The 'usage' of limits is, on average, much smaller than the amount of the limit. At the portfolio level, real outstanding exposure tends to be in the range of 10% to 30% of TPE, on top of which customers still have their own retention. In addition, customers are often allowed to bring exposure under the policy through so-called discretionary limits. Potential exposure resulting from a discretionary limit on any buyer is not held on the Group's system. Each policy specifies the maximum discretionary limit allowed under the policy. For most policies this maximum discretionary limit is not larger than EUR 20,000 per buyer. This illustrates that TPE is a crude measure of exposure and that, in aggregate, real exposure will be far below TPE.

The TPE details below only show TPE gross of reinsurance. Because of the non-linear nature of the excess of loss cover in the Group's reinsurance program, which has a finite number of reinstatements for each layer, there is no natural way to show TPE net of reinsurance.

In the following tables, the TPE has been aggregated starting from single operating entities and shows the exposure for credit insurance, including special products, only.

Buyer country	**of which**	**TPE 2010 (EUR million)**	**%**	**TPE 2009 (EUR million)**	**%**
Germany, Central and Eastern Europe, Greece	Germany	58,187	21.9%	57,407	22.3%
	Other	24,703	9.3%	23,264	9.0%
Southern Europe	France	33,417	12.6%	33,268	12.9%
	Italy	18,652	7.0%	17,548	6.8%
	Belgium, Luxembourg	11,108	4.2%	11,299	4.4%
	Spain	10,610	4.0%	10,138	3.9%
The Netherlands and the Nordic countries (Denmark, Finland, Norway, Sweden)	The Netherlands	24,202	9.1%	27,429	10.7%
	Other	16,801	6.3%	17,201	6.7%
United Kingdom, Australia, Asia	United Kingdom	22,225	8.4%	19,612	7.6%
	Other	45,643	17.2%	40,324	15.7%
Total		**265,548**	**100.0%**	**257,490**	**100.0%**

Of the increase in TPE compared to 2009, approximately EUR 5.7 billion is linked to changes in foreign exchange rates (see also Note 2.7.3).

Exposure for bonding and for instalment credit protection has entirely different characteristics and therefore has not been included in these tables. The Group has EUR 16.9 billion (2009: EUR 17.5 billion) in bonding exposure, of which EUR 8.3 billion (2009: EUR 9.0 billion) is for customers based in Italy. Exposure for instalment credit protection amounts to EUR 2.6 billion (2009: EUR 3.2 billion).

All amounts are in thousands of Euro, unless otherwise stated.

Industry sector	TPE 2010 (EUR million)	TPE 2009 (EUR million)
Consumer durables	34,930	33,587
Metals	30,571	29,734
Electronics	28,501	24,384
Construction	22,824	23,652
Chemicals	26,163	26,001
Transport	21,055	18,436
Machines	20,404	21,280
Food	23,341	23,223
Construction materials	14,230	14,681
Services	13,088	12,633
Textiles	6,538	6,713
Finance	9,586	9,437
Agriculture	8,966	8,831
Paper	5,351	4,898
Total	**265,548**	**257,490**

The table above shows the distribution of TPE over buyer industry sector.

Value band	Number of Buyers 2010	TPE (EUR million) 2010	Number of Buyers 2009	TPE (EUR million) 2009
0 - 20	1,127,558	146,225	1,210,896	146,329
20 - 100	1,255	51,330	1,171	47,435
100 - 250	198	29,427	183	27,798
250 - 500	51	17,084	52	17,359
500 - 1000	18	11,392	16	10,528
1000 - and more	6	10,090	5	8,041
Total	**1,129,086**	**265,548**	**1,212,323**	**257,490**

The table above shows TPE aggregated by group of buyers. This is the way of aggregating that is relevant for the Group's excess of loss treaties. Assuming real outstanding exposure of 20% of TPE, only buyers with TPE in excess of about EUR 150 million could give rise to hits to the excess of loss treaty.

4.3.7 Factors affecting the frequency and severity of claims

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

The bonding business usually only incurs irrecoverable losses when, after a bond call, any payments to beneficiaries cannot be reclaimed from the bonding customer, or its guarantors. This is almost always due to either insolvency or bankruptcy of the bonding customer. Thus, in the end, frequency and severity of claims is affected by similar factors as to credit insurance.

All forms of credit insurance and bonding bear the risk that changes in legislation, in particular of insolvency law, may affect the amount and timing of claims payments or recoveries.

The Group's business processes are designed to effectively manage the impact of the many risk factors that affect frequency and severity of claims. The business processes continually evolve in response to how the Group views these risk factors in the context of its overall business strategy.

4.3.8 Sources and assumptions

4.3.8.1 *Sources of uncertainty in the estimation of future claims payments*

The sources of uncertainty in the estimation of future claims payments include, but are not limited to, all the factors that affect frequency and severity of claims in general, as described in Note 4.3.7. Estimates for future claims payments are the basis of the recognised insurance liabilities, the claims provisions (split between claims reported and claims incurred but not reported) and unearned premium.

The insurance liabilities that will cover claims experience after the balance sheet date for risks that have been accepted prior to the balance sheet date consist of two parts: the provision for unearned premium (UPR) and the Claims Provisions for claims 'Incurred but not reported', the IBNR. The accounting polices, and estimation methods, for setting UPR and IBNR vary by product and in part also by entity within the Group:

- for traditional credit insurance, premium is earned in full when the underlying shipment takes place. UPR exclusively relates to the unearned part of premium invoiced in advance and it relates to risks that have not started. IBNR is the Group's estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received;
- for bonding and instalment credit protection the UPR relates to risk taken on.

As a consequence one should take the release in the provision for unearned premium into account for bonding and instalment credit protection when using the risks attaching claims development tables in Note 18 to evaluate the accuracy with which the Company has historically estimated future claims payments.

Estimates for future claims payments are made through a combination of case-by-case estimates and statistical estimates. Provisions for reported claims are set on case-by-case basis, taking into account statistical estimates for expected recoveries and statistical estimates of claims incurred to payment ratios. The estimates for future claims payments are produced per period that policyholders brought risk under the cover of the policy (the period that the insured shipment took place). Large cases are provisioned separately, at expected loss.

For traditional credit insurance, the main method for setting claims reserves produces estimates for future claims payments by country of customer, split between bulk claims and large claims. Sources of uncertainty for these estimates include the following:

- for reported claims: the amounts that will be paid out as a fraction of the pro-forma liability under the claim;
- for claims that have not yet been reported: sources of uncertainty include the speed with which customers submit claims, as measured from the moment that the insured shipment took place, the expected average claims payment for these claims, and the expected fraction of cases that do not lead to a payment. These parameters are reviewed at least twice a year, and they are adjusted as is required by the statistical evidence available at the time. Factors other than strict statistical evidence may lead to an adjustment of parameters as well, e.g. knowledge of changes in business processes, changes in portfolio composition, and the Group's view of economic developments;
- by the nature of the product, very few claims will have been reported for the most recent four to six months (depending on the country of the customer). Consequently, the expected number of claims for risks taken on during the most recent months is a separate source of uncertainty in the estimation of future claims payments, one that is sensitive to the development of claims experience after the balance sheet date; and
- the inflow by number and size of large cases.

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

4.3.8.2 *Assumptions, change in assumptions and sensitivity*

The risks associated with credit insurance and bonding are complex, as will be clear from the above and are subject to a number of influences that are not very amenable to quantitative sensitivity analysis. This section describes the quantitative sensitivity analysis that is feasible.

~~The most important assumption used in the main method for reserving for traditional credit insurance to set the~~ estimate for the ultimate number of claims for the most recent months of shipment is that the claims inflow in early 2011 will be around 10%-20% above the level of end 2010. An indication of the sensitivity to projected ultimate number of claims would be the following: if the estimated ultimate number of claims for the most recent six months of risk were to change by 10%, the claims provisions would change by EUR 15 million, gross of reinsurance (2009: EUR 21 million). As in essence provisions for most recent months are set as estimated number times estimated claims size, this also describes the sensitivity to assumed claims size.

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

Realised recoveries can deviate from expected recoveries. The largest component (EUR 147 million, 2009: EUR 139 million) of the expected recoveries are the expected recoveries for Instalment Credit Protection.

For bonding the part of the outstanding claims reserve with the largest uncertainty is that for bonding Italy. Out of EUR 243 million (2009: EUR 231 million) of outstanding claims reserves for bonding, EUR 166 million (2009: EUR 155 million) is for direct bonding Italy. In management's judgement this reserve, together with the remaining unearned premium for these risks, is adequate and has an uncertainty in the order of EUR 23 million gross of reinsurance (approximately EUR 7.5 million net of reinsurance).

4.4 Financial risk

The Group is exposed to financial risk mainly through its statement of financial position. The core components of the financial risk are market risk, credit risk and liquidity risk.

- Market risk is the risk of loss from adverse movements in market variables such as interest rates, equity prices, and currency exchange rates;
- Credit risk is the risk of loss resulting from client or counterparty default or downgrade and arises on credit exposure in all forms, including settlement risk;
- Liquidity risk is the risk that the Group is unable to meet its payment obligations, when due, at a reasonable cost.

These risks arise mainly from interest rate sensitive positions, equity instruments, credit exposures, non-Euro currency exposures and cash flow patterns.

4.4.1 Market risk

Market risk is the risk that the value of the Group will be adversely affected by movements in market variables such as interest rates, equity prices and currency exchange rates.

The Atradius Group uses Asset Liability Management (ALM) approach to analyse the impact of market risk on its assets and liabilities. The outcome is used in structuring the Strategic Asset Allocation (SAA). The SAA is reviewed at least annually by the Group Investment Committee, the Risk and Strategy Management Board and the Supervisory Board of Atradius N.V.

In the portfolio positioning process, the investments are allocated within the SAA ranges by deviating, when appropriate, from the SAA benchmark allocation on a short term horizon with the aim to increase the economic value of the Atradius Group. In the event that the risk is perceived to be unfavourable, the SAA allocation ranges permit the Atradius Group to tactically reduce its exposure in undesired assets. In addition, interest rate sensitivity can be minimised by matching the duration of the liabilities with the duration of the assets by the use of fixed income and cash instruments. The Group Investment Committee reviews the portfolio positioning related to risk and performance at least on a monthly basis by, amongst others, verifying that asset classes remain within expected boundaries and by assessing the investment portfolio against the SAA benchmark. On a quarterly basis, the composition performance and risk profile of the investments portfolio is presented and discussed in the Risk and Strategy Management Board and in the Supervisory Board of Atradius N.V.

4.4.1.1 *Fair value of financial investments and liabilities*

The following table presents the estimated fair values of the Group's financial investments and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair values presented below does not represent, and should not be construed as representing, the underlying value of the Group.

2010	**Available-for-sale**	**Fair value through profit or loss**	**Loans and receivables**	**Total estimated fair value**
Investment portfolio				
Equity securities:	**276,760**	-	-	**276,760**
Shares	827	-	-	827
Investment funds	275,933	-	-	275,933
Debt securities (government bonds)	153,961	-	-	153,961
Loans	-	-	158,949	158,949
Short term investments	-	-	49,570	49,570
Derivatives	-	2	-	2
Subtotal	**430,721**	**2**	**208,519**	**639,242**
Other assets [1]	-	-	365,762	365,762
Cash and cash equivalents	-	-	55,883	55,883
Total financial assets	**430,721**	**2**	**630,164**	**1,060,887**
Other liabilities [2]	-	-	340,577	340,577
Deposits received from reinsurers	-	-	28,916	28,916
Total financial liabilities	**-**	**-**	**369,493**	**369,493**

2009	**Available-for-sale**	**Fair value through profit or loss**	**Loans and receivables**	**Total estimated fair value**
Investment portfolio				
Equity securities:	**254,943**	-	-	**254,943**
Shares	813			813
Investment funds	254,130			254,130
Debt securities (government bonds)	154,993	-	-	154,993
Loans	-	-	160,809	160,809
Short term investments	-	-	23,639	23,639
Derivatives	-	300	-	300
Subtotal	**409,936**	**300**	**184,448**	**594,684**
Other assets [1]	-	-	385,389	385,389
Cash and cash equivalents	-	-	44,168	44,168
Total financial assets	**409,936**	**300**	**614,005**	**1,024,241**
Other liabilities [2]	-	-	275,455	275,455
Deposits received from reinsurers	-	-	30,488	30,488
Total financial liabilities	**-**	**-**	**305,943**	**305,943**

All amounts are in thousands of Euro, unless otherwise stated.

1) Other assets do not include (deferred) tax assets, reinsurance contracts and pension assets.

2) Other liabilities do not include (deferred) tax liabilities, insurance contracts, share-based payments plans, other provisions and other taxation and social security contributions.

The fair values correspond with the amounts at which the financial instruments at our best estimate could have been traded at the balance sheet date between knowledgeable, willing parties in transactions at arm's-length. The fair values are based on quoted market prices.

The fair values are subject to a control framework designed to ensure that they are either determined, or validated, by a function independent of the risk taker. To this end, the Group establishes the accounting policies and processes governing valuation and is responsible for ensuring that these comply with all relevant accounting standards.

Debt and equity securities available-for-sale
The fair value of debt and equity securities available-for-sale (AFS) are based on quoted market prices, where available. For those securities not actively traded, fair values are provided by an external independent valuation company.

Debt and equity securities and derivatives fair value through profit or loss
The fair values of securities at fair value through profit or loss are based on quoted market prices, where available. For those securities not actively traded, fair values are provided by an external independent valuation company.

Loans and short term investments
For loans and other short term investments, carrying amounts represent a reasonable estimate of fair values.

Other assets
The carrying amount of other assets is not materially different to their fair value given their short term nature.

Cash and cash equivalents
The carrying amount of other assets is not materially different to their fair value.

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

The fair values of the financial instruments carried at fair value are all based on quoted prices in active markets; no valuation techniques have been applied. Therefore, all these financial instruments can be classified as level 1 of the fair value hierarchy.

4.4.1.2 *Equity price risk*

The Group is exposed to movement in equity markets by its direct equity holdings within its investment portfolio. Potential changes in the Group's holdings due to price fluctuations in the equity markets are measured by Value-at-Risk (VaR) analyses. Equity price risk is mitigated by holding a diversified and liquid portfolio of investments. The Group can at any time reduce its exposure to equity investments if a substantial risk is perceived in the financial markets.

Shares
The shares portfolio is diversified over the following industry sectors on the next table:

Share industry sectors	**Exposure**			
		%		**%**
	2010		**2009**	
Communications	154	18.6%	154	18.9%
Financial	51	6.2%	52	6.4%
Diversified	622	75.2%	607	74.7%
Total	**827**	**100.0%**	**813**	**100.0%**

Investment funds
The investment funds in which the Group invests are exposed to market risk, counterparty risk, liquidity risk and currency risk (general investment fund risks). Some markets on which the investment funds invest may prove at times to be illiquid, insufficiently liquid or highly volatile. This may affect the price at which the investment funds may

liquidate positions to meet redemption requests or other funding requirements. The investment funds may be invested in securities denominated in a number of different currencies other than the reference currency in which the investment funds are denominated. In this case, changes in foreign currency exchange rates will affect the value of the participations held in such investment funds. The values of fixed income securities held by investment funds generally will inversely vary with the changes in interest rates and such variation may affect the price of the investment funds accordingly. The management company of investment funds may engage in securities lending programmes, in which the underlying securities are lent out to counterparties over a period of time. A default by a counterparty, or fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the fund. Some investment funds may engage in various portfolio strategies to attempt to reduce certain risks of its investments and to attempt to enhance return. These strategies include the use of options, warrants, forward currency exchange contracts, swaps and future contracts and options on futures contracts. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that any of these strategies will meet the expected targets. The net asset values of the investment funds are published daily on banking business days of the country in which the investment funds are registered. Indicative intra-day net asset values, in cases applicable, are published by providers of financial data. The investment funds can be traded on banking business days of the country in which the investments are traded.

The investment funds in which the Group invests are managed in accordance with the investment objectives and restrictions as stipulated in the prospectus of these investment funds. The price and income from the Group's investments in investment funds are dependent on the price and income of the underlying securities and the Group may not recover the full amount invested. The Group does not invest or hold any participation in investment funds which requires the Group to invest more than its full amount invested. In addition, there can be no assurance that any of the investment funds in which the Group invests will achieve their investment objective.

The investment funds have the following profiles, which are further detailed below:

	2010	Weight in %	2009	Weight in %
Passive fixed income funds	35,676	12.9%	60,133	23.7%
Active fixed income funds	65,597	23.8%	64,564	25.4%
Passive equities exchange traded funds	26,748	9.7%	18,180	7.2%
Absolute return funds	59,937	21.7%	55,975	22.0%
Active money market funds	87,975	31.9%	55,278	21.7%
Total	**275,933**	**100%**	**254,130**	**100%**

The reduction of passive fixed income funds is due to the reduction in government bond exposure. The proceeds of this reduction have been used to increase the exposure in the other asset classes.

Passive fixed income funds
The passive fixed income fund investments consist of one index tracking fund. The investment objective of this fund is to deliver a return as close as possible to the annual total return of the JPMorgan EMU 1 to 3 year index. The investment fund is restricted to investments in EMU government bonds and is denominated in Euro.

Active fixed income funds
The active fixed income investment portfolio consists of one corporate bond fund which seeks to achieve the objectives by investing in a diversified portfolio consisting mainly of investment grade debt securities issued by corporations, public institutions, or governments with a maximum maturity of five years. The investment funds are denominated in Euro.

Passive equities exchange traded funds
The Group participates in two passively managed equity exchange traded funds. These funds have the investment objective to provide investors with a total return, taking into account both capital and income returns, that reflects the return of a designated benchmark, which is the Dow Jones Euro Stoxx 50^{SM} Index. The exchange traded funds are denominated in Euro and invest in a portfolio of equity securities that so far as possible and practicable consists of the components of the Dow Jones Euro Stoxx 50^{SM} Index.

Absolute return funds
In general, absolute return strategies are aimed to produce positive returns in both positive and negative markets, independent of traditional performance benchmarks such as the general indexes. In order to achieve this objective, absolute return funds generally use different investment strategies to generate positive returns, such as multi-asset

All amounts are in thousands of Euro, unless otherwise stated.

allocation, long/short strategies, quantitative strategies and technical analysis. In addition, cash return is widely used as a benchmark of these absolute return funds. In terms of riskiness, absolute return funds can be structured with different levels of risk varying from almost 0% to levels exceeding the riskiness of equities.

The Group has invested in absolute return funds. These investment funds are denominated in Euro and are managed with a volatility target between 3% and 7%.

Active money market funds
The Group participates in two active money market funds. Both funds have the investment objective to maximise current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of high quality money market securities and a short term debt. The funds are denominated in Euro and have the objective of maintaining a weighted average maturity of no more than 90 days. The investment funds are managed with a view to maintaining a stable net asset value per share.

4.4.1.3 *Interest rate risk*

Interest rate risk is the risk that the value of an asset or a liability will change due to the movement in the absolute level of interest rates.

The Group has various positions of which the value is affected by fluctuations in interest rates. The Group measures the interest rate sensitivity of the investment portfolio and certain key liabilities including the insurance contracts. The Group has a policy of using investments to reduce interest rate risk. The net interest rate sensitivity of the Group is maintained within prudent limits by means of buying or selling interest sensitive securities. Should the need arise, the Group can reduce, within a reasonable time frame, its net exposure to interest rate sensitivity by using investments or other capital market instruments.

The table in Note 4.4.3 summarises the effective interest rate at the balance sheet date by type of interest bearing assets and liabilities as at the balance sheet date. The table indicates the estimated amount and timing of the main cash flows of interest and non-interest bearing assets and liabilities as at the balance sheet date.

Profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Fixed rate instruments - carrying amount	**2010**	**2009**
Financial assets	153,961	154,993
Financial liabilities	-	-
Total	**153,961**	**154,993**

Variable rate instruments - carrying amount	**2010**	**2009**
Financial assets [1]	105,453	67,807
Financial liabilities [2]	(28,916)	(30,488)
Total	**76,537**	**37,319**

[1] Variable rate financial assets include cash and cash equivalents and short term investments.

[2] Variable rate financial liabilities include borrowings and deposits received from reinsurers.

Cash flow sensitivity analyses for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the profit before tax by the amounts shown below. This analysis instrument assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

Income statement	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	2010		**2009**	
Cash flow sensitivity (net) - variable rate instruments	(569)	569	(84)	84

4.4.1.4 *Value-at-Risk*

The Group uses Value-at-Risk (VaR) analysis for determining the impact of changes of market risk on its investment portfolio. The VaR indicator represents the simulated maximum loss in value of our investment portfolio due to adverse market events within a specified time frame and probability (confidence level). The calculation of the VaR is based on the variance-covariance methodology. The main inputs for this methodology such as volatility and correlation are derived from financial information systems or are provided by external banks and investment management companies. The risk of using the variance-covariance methodology or any other historical methodology in general is that it may underestimate the riskiness of the portfolio as these methodologies assume that returns are well-behaved according to symmetrical normal distribution and that historical patterns will repeat into the future. In addition the VaR may not compensate for factors such as lack of liquidity. Therefore as the VaR is a simulation-based outcome, it is not intended to represent or to guarantee any future performance, but is used as guidance, for informational purposes and comparison of historical developments only.

The VaR provides insight into the maximum expected loss per asset category and on total investment portfolio level. The amounts and percentages presented are calculated with a given reliability level of 99% for a period of 12 months. This implies that there is 1% probability of underestimating the maximum percentage loss for the coming 12 months. The percentages are applied to the market values per asset category and total investment portfolio level to calculate the maximum expected loss in Euro.

The table below shows the VaR of the Group's debt portfolio and the Group's equity portfolio each on a separate basis as well as at the combined position.

Value-at-Risk	**EUR million**	**%**	**EUR million**	**%**
	2010		**2009**	
Equity securities:				
Shares (including equity funds)	16.9	61.5%	13.8	72.8%
Investment funds	10.0	16.8%	9.2	16.4%
Debt securities:				
Government bonds (including government bond funds)	8.7	4.5%	13.3	6.1%
Corporate bonds (including corporate bond funds)	2.8	4.3%	5.3	8.2%
Total	**25.6**	**5.2%**	**25.7**	**5.5%**

Total portfolio VaR might not be equal to the sum of the value-at-risk of the individual portfolio components. This is due to the fact that the correlation among them could be lower than one.

4.4.1.5 *Currency risk*

Movements in exchange rates may affect the value of consolidated shareholders' equity, which is expressed in Euro. Exchange differences taken to other comprehensive income arise on the translation of the net investment in foreign subsidiaries, associates and joint ventures. During 2010, the Euro weakened against some of the non-Euro functional currencies (see Note 2.7.3) resulting in a foreign currency gain in other comprehensive income of EUR 3.3 million. During 2009, we reported a foreign currency translation loss in other comprehensive income of EUR 0.4 million.

The impact of these fluctuations is limited to a significant degree, however, by the fact that revenues, expenses, assets and liabilities within our non-Euro operations are generally denominated in the same currencies.

The Group exposure to foreign currency exchange rate risk arising from monetary assets and liabilities denominated in non-functional currencies as at 31 December 2010 and 31 December 2009, is as follows (only exposures to the GBP and USD and any other currency above EUR 10 million in any given year are presented here):

All amounts are in thousands of Euro, unless otherwise stated.

	Assets	Liabilities	Net position	Assets	Liabilities	Net position
		2010			2009	
EUR	37,802	59,510	(21,708)	179,546	69,817	109,729
GBP	9,550	4,961	4,589	5,240	5,258	(18)
USD	33,072	19,534	13,538	11,661	7,463	4,198
AUD	9,073	2,236	6,837	46,809	4,114	42,695
HKD	1,807	2,734	(927)	13,240	576	12,664
SGD	454	2,648	(2,194)	20,367	3,768	16,599
OTHER	16,919	3,513	13,406	35,108	29,806	5,302
Total	**108,677**	**95,136**	**13,541**	**311,971**	**120,802**	**191,169**

The table above reflects a decrease in the exposure to the Australian Dollar, Hong Kong Dollar and Singapore Dollar. This is due to a change in the view on some of the intercompany loans provided by Atradius Credit Insurance N.V. to its branches. These loans are provided in the functional currency of the related branches, but since settlement is neither planned nor likely to occur in the near future these loans are now treated as part of the net investment in that foreign operation. This means that the related exchange gains and losses are now recognised in other comprehensive income (currency translation reserve). The Euro exposure decreased significantly since the reinsurance flows within the Group are now being expressed in the local functional currencies of the individual insurance carriers.

Sensitivity analysis
As an indication of the currency exposure, a 10 percent strengthening of the above currencies against the Euro as at balance sheet date would have increased (decreased) the result for the year by an amount equal to the net position as presented above calculated against the aforementioned 10 percent. This analysis assumes that all other variables, in particular interest rates, remain constant and is performed on the same basis as for 2009. A 10 percent weakening of the above-mentioned currencies against the Euro as at balance sheet date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

4.4.2 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurance contracts;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- counterparty risk with respect to debt securities.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group policy is to select only reinsurers that have a well-established investment grade credit rating. The standard minimum requirement is an 'A' level rating. In the event that the reinsurer's rating is found to be below this threshold, the Group has the right to terminate the reinsurance treaty and/or to ask the reinsurer to post a monetary security.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Group procedures on credit exposures to individual policyholders.

Credit risk to business partners, such as the insured and brokers, are monitored closely. Bad debt provisions are reviewed quarterly and updated.

With regard to managing the credit risks of the financial investments, the investment policy of the Group is to hold a principally Euro-centric, internationally diversified portfolio and to avoid large risk concentrations. From a Standard & Poor's rating scale or comparable perspective, the overall fixed income portfolio is almost completely invested in investment grade debt securities which are rated BBB or higher. The Group can decide at any time to tactically reduce its exposure to lower rated bonds should the need arise and implement this decision within a reasonable short time frame.

The ratings of receivables, claims and commissions arising from reinsurance, debt securities and short term investments as at 31 December 2010 and as at 31 December 2009 are as follows:

At 31 December 2010 (EUR million)	AAA	AA	A	BBB	Non Rated	Total
Receivables, claims and commissions arising from reinsurance	-	150	460	-	8	618
Debt securities:						
Government bonds	103	23	26	-	2	154
Short term investments:						
Deposits withheld by ceding companies	-	1	-	-	-	1
Bank deposits under short term investments	-	25	23	-	-	48
Total	**103**	**199**	**509**	**-**	**10**	**821**

At 31 December 2009 (EUR million)	AAA	AA	A	BBB	Non Rated	Total
Receivables, claims and commissions arising from reinsurance	2	167	555	6	3	733
Debt securities:						
Government bonds	97	35	19	4	-	155
Short term investments:						
Deposits withheld by ceding companies	-	1	-	-	-	1
Bank deposits under short term investments	-	1	22	-	-	23
Total	**99**	**204**	**596**	**10**	**3**	**912**

4.4.3 Liquidity risk

The Group has an ongoing requirement for liquidity to fund such items as claims, reinsurance flows and operational costs. Premium, fees, investment income, incoming reinsurance flows and recoveries are the Group's main sources of liquidity used to service the ongoing liquidity requirements.

The Group is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For the Group, liquidity risks may arise if large scale short term fluctuations occur to cash flows, such as a decline in incoming cash or a rise in outgoing cash, or a combination of both.

Liquidity risk is managed at Group level, in close coordination with local operations. The Group's policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The Group is liquid with EUR 88 million investments in money market funds, which can be liquidated on a daily basis with settlement on the liquidation date. The Group is able to readily access credit facilities to prevent certain liquidity shortages which may arise due to short term cash flow variances. The Group maintains two uncommitted credit lines of a total amount of EUR 53 million (2009: EUR 53 million) in the form of an overdraft facility. The credit line provides liquidity to cover the more infrequent peaks in short term liquidity requirements while also permitting the Group to reduce its cash balances and benefit from a more substantial and stable investment portfolio. Finally, the Group has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows the Group to request the reinsurers to anticipate on the payment of large claims upon Group request compared to the usual payment terms agreed in the reinsurance treaties.

All amounts are in thousands of Euro, unless otherwise stated.

Liquidity and interest risk tables

The following table indicates the estimated amount and timing of the main cash flows at the balance sheet date of interest and non-interest bearing liabilities and assets. The tables have been drawn up based on the undiscounted expected cash flows of financial liabilities and assets based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

At 31 December 2010		Expected cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying value
Interest bearing liabilities							
Deposits received from reinsurers	0.84%	-	25,030	3,886	-	-	28,916
Total		**-**	**25,030**	**3,886**	**-**	**-**	**28,916**
Non-interest bearing liabilities							
Insurance contracts		-	252,199	168,133	257,343	38,965	822,708
Payables		-	93,990	-	-	-	93,990
Total		**-**	**346,189**	**168,133**	**257,343**	**38,965**	**916,698**

At 31 December 2009		Expected cash flows (undiscounted)					
	Weighted average effective interest rate %	On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying value
Interest bearing liabilities							
Deposits received from reinsurers	2.00%	-	26,311	4,177	-	-	30,488
Total		**-**	**26,311**	**4,177**	**-**	**-**	**30,488**
Non-interest bearing liabilities							
Insurance contracts		-	327,154	218,103	308,172	45,439	971,644
Payables		-	102,369	-	-	-	102,369
Total		**-**	**429,523**	**218,103**	**308,172**	**45,439**	**1,074,013**

At 31 December 2010

	Weighted average effective interest rate %	Expected cash flows (undiscounted) On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying value
Interest bearing assets							
Debt securities	1.81%	-	45,726	19,963	119,052	80	153,961
Deposits withheld by ceding companies	1.10%	-	-	1,276	-	-	1,276
Bank deposits under short term investments	1.20%	-	33,742	-	-	14,552	48,294
Bank deposits under cash and cash equivalents	1.00%	427	-	-	-	-	427
Cash	0.44%	55,456	-	-	-	-	55,456
Total		**55,883**	**79,468**	**21,239**	**119,052**	**14,632**	**259,414**
Non-interest bearing assets							
Other financial assets		-	435,711	-	-	-	435,711
Reinsurance contracts		-	201,804	134,536	205,920	31,179	658,311
Receivables		-	177,025	16,145	-	-	193,170
Total		**-**	**814,540**	**150,681**	**205,920**	**31,179**	**1,287,192**

At 31 December 2009

	Weighted average effective interest rate %	Expected cash flows (undiscounted) On demand	Less than 6 months	6 to 12 months	1 to 5 years	> 5 years	Carrying value
Interest bearing assets							
Debt securities	1.41%	-	27,546	22,435	118,810	45	154,993
Deposits withheld by ceding companies	2.00%	-	-	1,098	-	-	1,098
Bank deposits under short term investments	1.05%	-	22,541	-	-	-	22,541
Bank deposits under cash and cash equivalents	0.10%	23,000	-	-	-	-	23,000
Cash	0.36%	21,168	-	-	-	-	21,168
Total		**44,168**	**50,087**	**23,533**	**118,810**	**45**	**222,800**
Non-interest bearing assets							
Other financial assets		-	265,584	150,468	-	-	416,052
Reinsurance contracts		-	255,353	170,236	240,537	35,466	758,397
Receivables		-	218,570	20,344	-	-	238,914
Total		**-**	**739,507**	**341,048**	**240,537**	**35,466**	**1,413,363**

Should the need to liquidate investment positions arise, the Group maintains the ability to do so within a reasonable time frame and at reasonable cost. The large majority of the investments of the Group consist of highly tradable listed securities which can be converted to liquid assets with minimal market impact. Bonds are primarily government bonds or bonds from major public issuers.

All amounts are in thousands of Euro, unless otherwise stated.

The maturity profile of the fixed income portfolio is as follows:

Debt securities - Maturity	Exposure			
	EUR million	%	EUR million	%
	2010		2009	
0 - 1	37	24%	39	25%
1 - 3	117	76%	109	70%
3 - 5	-	-	7	5%
5 - 10	-	-	-	-
10 +	-	-	-	-
Total	154	100%	155	100%
Duration	1.2 years		1.5 years	
Average maturity	1.4 years		1.6 years	

4.5 Operational risk

4.5.1 Operational risk management

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

Operational risk is inherent in all the Group's key activities. It can never be entirely eliminated; however, there is a fundamental ongoing objective to address this type of risk. Within Atradius, the Operational Risk Management (ORM) unit, which is part of the Group Risk Management department, is responsible for developing methods for the identification, assessment and response to risks, plus monitoring and further enhancing the overall risk management and control framework. The ORM unit works closely with both Internal Audit and the Legal and Compliance unit to help reduce operational risks in their field of work.

The ORM unit uses a framework for identifying, assessing, responding to and monitoring operational risk, which is based in part on the COSO ERM Integrated Framework. The framework used helps to ensure that operational risks are considered within all parts of the entity and that objectives are more likely to be met with fewer surprises along the way. Similar, but evolving, assurance methods have been employed for several years including risk and control self-assessments, risk registers, business continuity plans and forums for review and discussion of operational risks at different levels of the organisation. Since 2009, the unit has been collecting data on operational risk events, which will form the basis of a loss database for future analysis. A separate record of information technology-related risk events has been collected for many years.

Within Atradius, the risk of fraud, whether external or internal, is taken very seriously. A specific department monitors the activity of customers and buyers to detect indicators of possible external fraud and Atradius provides employee training on external fraud awareness to facilitate identification of fraudulent buyers. Internal fraud is addressed via operational controls which aim to prevent the occurrence of fraud e.g. segregation of duties and the application of signing authorities. In addition, internal fraud is specifically addressed within the Atradius Compliance Framework and discussed more fully in Note 4.5.1.5. It is important to note however that no internal control framework can give absolute assurance that fraud or attempted fraud will be prevented or detected.

Atradius continued to embed operational risk management into business-as-usual activities during 2010 enhancing financial reporting controls and further developing business continuity management, the documentation of procedures and the compliance framework. At the same time, Atradius has begun to implement a new software platform to increase the effectiveness and robustness of its governance, risk and compliance (GRC) activities. More details on each of these activities are provided in Notes 4.5.1.1 through to 4.5.1.5.

4.5.1.1 *Risk registers and risk / control self-assessments*

While the ORM unit is responsible for facilitating operational risk management within Atradius, the lines of business and functional areas are responsible for managing their operational risks. Leadership team directors, assisted by 'risk champions', maintain local risk registers. These registers, which are being migrated to the new GRC software platform, contain those risks considered most significant at a local level and their content forms part of the input for business review meetings which are held semi-annually. At these meetings the highest priority risks (based on an assessment of impact and likelihood), together with the risk responses are reviewed by the owning Leadership team directors and the Management Board of Atradius N.V. The ORM unit also facilitated separate 'Top Risk' discussions with the Management Board of Atradius N.V. to ensure operational risks are captured from all management perspectives.

Atradius also employs a bottom-up approach to identify and assess the risks inherent in our core business processes. Having previously documented the internal control systems governing these processes, self-assessments make it possible to identify and monitor anything from structural enterprise-wide internal control weaknesses to specific weaknesses at local level and provides results that can be used to remedy these on a prioritised basis. Existing assessments are in the process of being migrated to the new GRC software platform, which will increase efficiency and maintainability.

4.5.1.2 *Financial reporting controls*

For the past two years Atradius has conducted a quarterly 'in control' sign-off process for financial reporting risks. This is based on a prior assessment of associated processes, risks and controls, similar to the aforementioned self-assessments. This process has been further enhanced during 2010, with regular review of the results and the level of assurance provided by the Management Board of Atradius N.V., the Financial Reporting Controls (FRC) Platform and Internal Audit. The FRC Platform is a forum with representatives from Group Risk Management, Finance and Internal Audit, tasked with overseeing the FRC process and assisting the Management Board of Atradius N.V. with decisions on identified deficiencies.

4.5.1.3 *Business continuity management*

Atradius recognises the importance of being able to recover its critical business processes in the event of any major operational disruption. Business continuity management is co-ordinated by the ORM unit and is based on the internationally recognised British Standard BS25999. The overall objective is to document and test practical plans that clearly demonstrate our ability to recover key business activities within an acceptable timescale.

Business continuity plans are structured around the following major components:

- programme management: standards, drive and co-ordination;
- understanding the organisation: risks and business impact analysis;
- business continuity strategy: appropriate recovery timescales;
- business continuity response: resources to meet recovery timescales, including people, buildings, IT;
- exercise, maintain and review: test and update documented plans; and
- embedding a BCM culture: training and awareness across the organisation.

During 2010 Atradius carried out a number of incident management exercises, disaster recovery tests, business recovery workshops and staff awareness initiatives. Several operational incidents including severe weather, regional power outages and minor flooding were successfully managed with no major impact on business operations.

4.5.1.4 *Procedures*

Procedures are an important element of Atradius' framework for internal controls. As such, a group-wide standard for procedures is in place, which describes minimum content requirements, change control, communication, training and adherence monitoring. Documented procedures help ensure that activities are carried out in a prescribed manner and thus help mitigate operational risk. A central inventory of procedures is maintained to assist with the aforementioned activities.

4.5.1.5 *Compliance*

The Group's compliance practices support our business, our reputation and our integrity. These elements are of importance to our customers, suppliers, staff and other stakeholders. Complying with relevant laws, rules and regulations and maintaining a high standard in terms of ethics and integrity, leads to lower operational risk and more stable business processes. The Atradius Compliance Codes, reflecting general rules for the Group, were introduced during 2009. In addition, an e-learning programme was developed in-house and made available to all employees through Atradius' web-based learning management system, to facilitate increasing awareness of compliance. Compliance risk monitoring and reporting activities were further developed during 2010 and will be aligned with the overall governance, risk and compliance approach within the Group going forward.

4.5.1.6 *Outlook 2011*

In the area of operational risk management, Atradius plans to:

- complete the initial implementation of the new software platform, encompassing risk registers, financial reporting controls and existing self assessments;
- finalise the standardisation and alignment of operational risk management activities across the group;

All amounts are in thousands of Euro, unless otherwise stated.

- continue to develop business continuity measures in accordance with BS25999;
- further develop the loss database to record operational risk events at a more granular level; and
- expand existing activities to non-core areas not already covered.

4.6 Capital management

4.6.1 Guiding principles

Capital management is guided by the following principles:

- ensure that the Group is adequately capitalised to preserve financial strength, even after a large loss event, and protect the franchise value of the Group;
- meet the solvency capital requirements of all the Group's entities worldwide;
- manage capital adequacy of the Group and its entities taking into account the internal economic and accounting views along with the external rating agency and regulatory solvency requirements; and
- optimise capital structure by efficiently allocating funds across the Group's entities and minimising the overall cost of funding while preserving financial flexibility.

4.6.2 The Group's objectives, policies and processes with regard to capital

Available capital is measured and managed both from an accounting and economic perspective. The Group considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies to actively manage capital to ensure capital adequacy. The Group's policy is to maintain at all times a sufficient excess above the minimum solvency capital required by the relevant regulatory authorities.

The Group has embedded in its procedures the necessary tests to ensure compliance with externally imposed regulations and internally imposed requirements for capital adequacy. Such compliance is ensured by:

- monitoring duration of assets and liabilities;
- incorporating a view on business expectations such as expected future investments in new businesses, revenues, claims, reinsurance expectations and dividends as these impact both available and required capital;
- taking into consideration capital markets expectations such as expected returns, volatilities and correlations as these may impact earnings and the shareholder equity reserves.

In order to ensure capital, a capital buffer above the minimum solvency capital required is maintained, which is in excess of the strict requirements such that large loss events do not impair the ability of the Group to carry on its normal course of business.

4.6.3 Regulatory capital requirements

In each country in which the Group operates with insurance or reinsurance companies established according to the local laws, and where prescribed for branches as well, the local insurance regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries or branches. The minimum required capital must be maintained at all times throughout the year.

4.6.4 Regulatory capital

The minimum regulatory capital is based on the EU insurance directive. This directive prescribes a calculation based on average gross earned premium or average gross incurred claims allowing for a maximum reinsurance percentage of 50%. The higher of the two calculations is the basis for the minimum regulatory capital. In case the net claims provisions are higher than in the previous period, the minimum regulatory capital required cannot be lower than the one of the previous period.

The table below summarises the minimum required capital of the Company and the regulatory capital held. Data for the current year is an estimate that is updated once calculations prepared for the regulator are final.

	The Netherlands 2010	The Netherlands 2009
Regulatory capital held	270,288	263,315
Minimum legal regulatory capital	65,119	66,379

Atradius Credit Insurance N.V. is located in the Netherlands and operates globally through a branch structure. Atradius Credit Insurance N.V., including all its branches, is regulated by De Nederlandsche Bank (DNB). For

Atradius Credit Insurance N.V., the 2010 requirement is formed by the claims based calculation, which exceeds the premium based requirement. Based on a clarification from the DNB in 2010, certain intercompany loans have been deducted from regulatory capital held per year-end 2010. The 2009 solvency figures have been adjusted accordingly. Certain branches of Atradius Credit Insurance N.V. are also subject to a local regulatory capital requirement (Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, Switzerland and Turkey). However, the capital allocated to these branches is part of the consolidated capital of Atradius Credit Insurance N.V. in the Netherlands and the local regulatory requirements imposed on these branches do not constitute a burden in excess of the one imposed upon Atradius Credit Insurance N.V.

4.7 Economic capital

Economic capital models measure economic risks and determine the amount of capital required to support these risks. These models permit easy comparison between products, industry sectors and geographic locations. The Atradius Group recognises the importance of these models and is developing the required infrastructure to implement such models. The Atradius Group believes that all of its stakeholders will benefit from this investment.

For an economic capital model to be practical for risk management, it must reflect economic reality to a fair extent in order to provide valuable information about risks and their impact on capital requirements.

The model must be sufficiently sophisticated and tailored to reflect the reality of the Atradius Group's activities and risks. The Atradius Group has developed an internal model to determine the economic capital requirements for the insurance risk for all material products: credit insurance (including special products), bonding, instalment credit protection and assumed reinsurance business (the latter is not a material product of Atradius Credit Insurance N.V).

The structure of the model is in line with industry standard models for credit risk and specifically calibrated for the features of our products. In order to adequately capture the insurance nature of the products, including the features of the reinsurance treaties with which the risks are reinsured, a model infrastructure was built in-house and tailored to our specific characteristics.

In order to complete the overall estimate of the capital required at Company level, risk types other than insurance risk have been modelled with simpler models as placeholders.

The results, broken down to various relevant dimensions, are reported to the RSMB of Atradius N.V. on a quarterly basis. Currently, the model is used to advise on the economic benefits and other aspects of various reinsurance options during the reinsurance renewal process. In addition, the model is used for specific ad hoc risk assessment tasks.

The Atradius Group and its ultimate parent company Grupo Catalana Occidente S.A. has decided that it will prepare for calculating the Solvency Capital Requirement ('SCR') under Solvency II using a partial internal model as of the introduction date of Solvency II. Insurance risks will be modelled using an internal model based on the economic capital model. The SCR for other risks is expected to initially be calculated using the standard model. During 2011, the Atradius Group and its ultimate parent company Grupo Catalana Occidente S.A. will work to ensure that the infrastructure complies with Solvency II requirements for (partial) internal models.

4.8 Credit rating

At the time of adopting this Annual report, Atradius Credit Insurance N.V. is rated 'A-, outlook stable' by Standard and Poor's (S&P). For the purpose of the S&P rating, the Group is treated as a "core" entity of Grupo Catalana Occidente, S.A.

All amounts are in thousands of Euro, unless otherwise stated.

5 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Management Board in order to allocate resources to the segment and to assess its performance. The segment insurance is split into Credit insurance (which includes Instalment credit protection) and Bonding due to the different nature of the related products and the associated insurance liabilities. The services segment includes other service related business, The Group costs segment relates to corporate operations, after cost allocations to the other business segments. The accounting policies of the reportable segments are the same as described in Note 2.

Information regarding these segments is presented below:

Business segment 2010	Credit insurance	Bonding	Total insurance business	Services	Group costs	Total
Revenue from external customers	714,089	68,455	**782,544**	10,844	-	**793,388**
Intersegment revenues	-	-	-	-	-	-
Total revenue from customers	**714,089**	**68,455**	**782,544**	**10,844**	-	**793,388**
Insurance premium ceded to reinsurers	(511,839)	(44,700)	**(556,539)**	-	-	**(556,539)**
Total segment income after reinsurance	**202,250**	**23,755**	**226,005**	**10,844**	-	**236,849**
Insurance claims and loss adjustment expenses	(208,471)	(39,680)	**(248,151)**	-	-	**(248,151)**
Insurance claims and loss adjustment expenses recovered from reinsurers	140,136	24,604	**164,740**	-	-	**164,740**
Net insurance claims	**(68,335)**	**(15,076)**	**(83,411)**	-	-	**(83,411)**
Gross operating expenses	(272,417)	(30,831)	**(303,248)**	(6,952)	(358)	**(310,558)**
Commission received for business ceded to reinsurers	177,255	14,050	**191,305**	-	-	**191,305**
Net operating expenses	**(95,162)**	**(16,781)**	**(111,943)**	**(6,952)**	**(358)**	**(119,253)**
Operating segment result	**38,753**	**(8,102)**	**30,651**	**3,892**	**(358)**	**34,185**
Share of income of associated companies						**6**
Net income from investments						**5,852**
Finance income and expenses						**8,065**
Result for the year before tax						**48,108**
Income tax (expense) / income						**(13,879)**
Result for the year						**34,229**

The segmental reporting follows the management point of view. In all the other insurance related notes the figures are reported based on the products credit insurance and bonding and this differs from the segmental view presented here.

Business segment 2010	**Credit insurance**	**Bonding**	**Total insurance business**	Services	**Group costs**	**Total**
Total assets	**611,380**	240,101	**851,481**	-	-	**851,481**
Total assets include:						
Reinsurance contracts	437,167	221,144	**658,311**	-	-	**658,311**
Receivables	174,213	18,957	**193,170**	-	-	**193,170**

Total liabilities	575,192	338,347	913,539	3,159	-	916,698
Total liabilities include:						
Insurance contracts	505,271	317,437	**822,708**	-	-	**822,708**
Payables	69,921	20,910	**90,831**	3,159	-	**93,990**

Business segment 2009	**Credit insurance**	**Bonding**	**Total insurance business**	**Services**	**Group costs**	**Total**
Revenue from external customers	763,549	70,071	**833,620**	12,010	-	**845,630**
Intersegment revenues	-	-	-	-	-	-
Total revenue from customers	**763,549**	**70,071**	**833,620**	**12,010**	-	**845,630**
Insurance premium ceded to reinsurers	(541,322)	(47,364)	**(588,686)**	-	-	**(588,686)**
Total segment income after reinsurance	**222,227**	**22,707**	**244,934**	**12,010**	-	**256,944**
Insurance claims and loss adjustment expenses	(691,517)	(20,539)	**(712,056)**	-	-	**(712,056)**
Insurance claims and loss adjustment expenses recovered from reinsurers	498,587	10,869	**509,456**	-	-	**509,456**
Net insurance claims	**(192,930)**	**(9,670)**	**(202,600)**	-	-	**(202,600)**
Gross operating expenses	(266,109)	(29,148)	**(295,257)**	(9,149)	(32,441)	**(336,847)**
Commission received for business ceded to reinsurers	156,490	14,765	**171,255**	-	-	**171,255**
Net operating expenses	**(109,619)**	**(14,383)**	**(124,002)**	**(9,149)**	**(32,441)**	**(165,592)**
Operating segment result	**(80,322)**	**(1,346)**	**(81,668)**	**2,861**	**(32,441)**	**(111,248)**
Share of income of associated companies						**(39)**
Net income from investments						**28,531**
Finance income and expenses						**(996)**
Result for the year before tax						**(83,752)**
Income tax (expense) / income						**19,590**
Result for the year						**(64,162)**

In 2009 the Group costs included the effect of the cost savings programme (see Note 19).

All amounts are in thousands of Euro, unless otherwise stated.

Business segment 2009	Credit Insurance	Bonding	Total insurance business	Services	Group costs	Total
Total assets	755,430	**241,881**	**997,311**	**-**	**-**	**997,311**
Total assets include:						
Reinsurance contracts	544,300	214,097	**758,397**	-	-	**758,397**
Receivables	211,130	27,784	**238,914**	-	-	**238,914**
Total liabilities	**744,581**	**324,062**	**1,068,643**	**5,370**		**1,074,013**
Total liabilities include:						
Insurance contracts	665,149	306,495	**971,644**	-	-	**971,644**
Payables	79,432	17,567	**96,999**	5,370	-	**102,369**

Reportable segments' assets are reconciled to total assets as follows:

	2010	2009
Segment assets for reportable segments	**851,481**	**997,311**
Unallocated:		
Intangible assets	65,718	72,102
Property, plant and equipment	42,262	46,936
Investment property	3,864	4,515
Investment in associated companies and joint ventures	500	412
Financial investments	639,242	594,684
Other assets	172,592	146,475
Deferred income tax assets	90,237	80,417
Current income tax assets	20,581	15,332
Cash and cash equivalents	55,883	44,168
Total assets	**1,942,360**	**2,002,352**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2010	2009
Segment liabilities for reportable segments	**916,698**	**1,074,013**
Unallocated:		
Other liabilities and provisions	288,496	239,050
Employee benefit liabilities	66,165	59,319
Deferred income tax liabilities	73,192	68,196
Current income tax liabilities	14,098	4,824
Total liabilities	**1,358,649**	**1,445,402**

Revenue from external customers is allocated to the region in which the insurance contract is issued or services are rendered.

	2010	2009
Spain	10,929	10,832
France, Belgium, Italy and Luxembourg	238,487	273,373
Germany, Central and Eastern Europe	195,692	187,034
United Kingdom and Ireland	98,968	121,950
The Netherlands and the Nordic countries	185,393	195,484
North America (Canada)	5,116	5,170
Oceania and Asia	58,803	51,787
Total	**793,388**	**845,630**

Total segment assets and capital expenditure are allocated based on where the assets are located:

	Segment assets		**Additions to property, plant, equipment and intangible assets**	
	2010	**2009**	**2010**	**2009**
Spain	15,051	16,115	-	-
France, Belgium, Italy and Luxembourg	495,821	530,169	1,380	1,650
Germany, Central and Eastern Europe	355,811	403,812	688	496
United Kingdom and Ireland	108,579	130,770	3,360	7,575
The Netherlands and the Nordic countries	810,225	785,992	1,879	1,029
North America (Canada)	15,507	11,186	-	-
Oceania and Asia	141,366	124,308	310	23
Total	**1,942,360**	**2,002,352**	**7,617**	**10,773**

The Group does not have any large clients that would meet the criteria for reporting these separately.

All amounts are in thousands of Euro, unless otherwise stated.

6 Intangible assets

2010	Goodwill	Insurance portfolios	Software	Total
At cost at 1 January	44,871	16,805	60,254	121,930
Additions	-	-	4,983	4,983
Disposals	-	-	(70)	(70)
Effect of movements in foreign exchange	872	-	806	1,678
At cost at 31 December	**45,743**	**16,805**	**65,973**	**128,521**
Accumulated amortisation and impairments at 1 January	-	**(9,825)**	**(40,003)**	**(49,828)**
Amortisation charge for the year	-	(4,870)	(7,227)	(12,097)
Impairment loss	-	-	(386)	(386)
Effect of movements in foreign exchange	-	-	(492)	(492)
Accumulated amortisation and impairments at 31 December	-	**(14,695)**	**(48,108)**	**(62,803)**
Balance at 1 January	**44,871**	**6,980**	**20,251**	**72,102**
Balance at 31 December	**45,743**	**2,110**	**17,865**	**65,718**

2009	Goodwill	Insurance portfolios	Software	Total
At cost at 1 January	44,828	16,805	53,611	115,244
Additions		-	5,019	5,019
Disposals	-	-	-	-
Reclassifications	-	-	45	45
Effect of movements in foreign exchange	43	-	1,579	1,622
At cost at 31 December	**44,871**	**16,805**	**60,254**	**121,930**
Accumulated amortisation and impairments at 1 January	-	**(4,955)**	**(31,826)**	**(36,781)**
Amortisation charge for the year	-	(4,870)	(7,399)	(12,269)
Impairment loss	-	-	-	-
Reclassifications	-	-	(5)	(5)
Effect of movements in foreign exchange	-	-	(773)	(773)
Accumulated amortisation and impairments at 31 December	-	**(9,825)**	**(40,003)**	**(49,828)**
Balance at 1 January	**44,828**	**11,850**	**21,785**	**78,463**
Balance at 31 December	**44,871**	**6,980**	**20,251**	**72,102**

Goodwill

If applicable, impairment of goodwill is recognised as a separate item in the income statement. During 2010 there was no impairment charge (2009: no impairment charge).

The goodwill allocated to the main cash-generating units or groups of units (CGU's) is presented below:

Cash-generating units	2010	2009
ACI N.V. branch France	9,003	9,003
ACI N.V. Nordic branches (bonding)	2,698	2,643
ACI N.V. branch Germany	31,026	31,026
ACI N.V. branch Switzerland	3,016	2,199
Total	**45,743**	**44,871**

The Nordic Bonding unit includes the Group's bonding business in Denmark, Norway, Sweden and Finland.

The fair value of an individual CGU is determined based on value in use calculations, for which a discounted cash flow model is used. The cash flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the first 1-3 year projections are based on financial budgets and/or forecasts. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value. The terminal value is calculated based on the free cash flows in year 11, for which a normalised long-term annual cash flow is calculated and a long-term growth rate of 2%. The 7.81% discount rate used (2009: 8.38%) is close to cost of equity. Any profits, after fulfilling minimum capital requirements, are assumed to be distributable dividends. Minimum capital requirements are calculated based on local regulatory solvency requirements and minimum shareholders equity required (non-distributable), including the building up of an equalisation reserve.

Insurance portfolios
Amortisation charges of insurance portfolios are included in the insurance premium revenue and insurance claims and loss adjustment expenses for which the allocation is based on the discounted impact related to the provision for unearned premium and the provision for outstanding claims.

Other intangibles
Amortisation charges and impairment expenses are included in the net operating expenses. Amortisation is calculated using the straight-line method over the expected life of the asset. For software the expected life is estimated to be between three and five years.

There was an impairment charge for self-developed software in 2010 of EUR 386 thousand (2009: no impairment charge).

All amounts are in thousands of Euro, unless otherwise stated.

7 Property, plant and equipment

2010	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**31,133**	**30,382**	**24,943**	**86,458**
Additions	54	1,243	1,337	2,634
Disposals	-	(874)	(55)	(929)
Effect of movements in foreign exchange	25	631	775	1,431
At cost at 31 December	**31,212**	**31,382**	**27,000**	**89,594**
Accumulated depreciation and impairments at 1 January	**(5,867)**	**(16,315)**	**(17,340)**	**(39,522)**
Depreciation charge for the year	(804)	(2,933)	(3,439)	(7,176)
Depreciation on disposals	-	424	34	458
Impairment loss	-	(73)	-	(73)
Effect of movements in foreign exchange	(5)	(434)	(580)	(1,019)
Accumulated depreciation and impairments at 31 December	**(6,676)**	**(19,331)**	**(21,325)**	**(47,332)**
Balance at 1 January	**25,266**	**14,067**	**7,603**	**46,936**
Balance at 31 December	**24,536**	**12,051**	**5,675**	**42,262**

2009	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**30,931**	**27,435**	**21,415**	**79,781**
Additions	144	2,914	2,696	5,754
Disposals	-	(552)	(87)	(639)
Reclassifications	-	7	(156)	(149)
Effect of movements in foreign exchange	58	578	1,075	1,711
At cost at 31 December	**31,133**	**30,382**	**24,943**	**86,458**
Accumulated depreciation and impairments at 1 January	**(4,977)**	**(13,236)**	**(13,018)**	**(31,231)**
Depreciation charge for the year	(883)	(2,980)	(3,819)	(7,682)
Depreciation on disposals	-	425	84	509
Impairment loss	-	-	-	-
Reclassifications	-	(7)	43	36
Effect of movements in foreign exchange	(7)	(517)	(630)	(1,154)
Accumulated depreciation and impairments at 31 December	**(5,867)**	**(16,315)**	**(17,340)**	**(39,522)**
Balance at 1 January	**25,954**	**14,199**	**8,397**	**48,550**
Balance at 31 December	**25,266**	**14,067**	**7,603**	**46,936**

Land and buildings relate only to property for own use. Depreciation expense on land and buildings for property for own use of EUR 0.8 million (2009: EUR 0.9 million) has been charged to the net operating expenses.

The market value of land and buildings for own use is presented below:

	2010	2009
Italy	23,506	23,506
Belgium, France	9,702	9,702
Other	641	615
Total	**33,849**	**33,823**

The property for own use is independently appraised by real estate valuators, which are registered in the relevant countries and have appropriate qualifications and experience in the valuation of properties. The Group usually revalues all properties every two years. In Italy the latest valuation on the properties was conducted in September 2009 by BNP Paribas Real Estate, in Belgium in September 2009 by Jones Lang la Salle and in France in August 2009 by Sorovim Conseil Immobilier.

8 Investment property

	2010	2009
At cost at 1 January	**4,948**	**8,063**
Disposals	(630)	(3,115)
At cost at 31 December	**4,318**	**4,948**
Accumulated depreciation and impairments at 1 January	**(433)**	**(637)**
Depreciation charge for the year	(65)	(90)
Depreciation on disposals	44	294
Accumulated depreciation and impairments at 31 December	**(454)**	**(433)**
Balance at 1 January	**4,515**	**7,426**
Balance at 31 December	**3,864**	**4,515**

The market value of investment property is presented below:

	2010	2009
Italy	4,838	5,491
Belgium, France	428	428
The Netherlands	1,345	1,345
Sweden	139	139
Total	**6,750**	**7,403**

The property for investment has been valued by independent real estate valuators, which are registered in the relevant countries and have appropriate qualifications and experience in the valuation of properties. The Group usually revalues all properties every two years. In Italy, the latest valuation on the buildings was conducted in September 2009 by BNP Paribas Real Estate, in the Netherlands in July 2009 by Buningh & van de Weetering Taxaties B.V. and in France in August 2009 by Sorovim Conseil Immobilier.

All amounts are in thousands of Euro, unless otherwise stated.

9 Investments in associated companies and joint ventures

The following table shows the changes in investments in associated companies and joint ventures valued by the equity method:

	2010	2009
Balance at 1 January	**412**	**671**
Share of (loss) / profit	6	(50)
Dividends received	-	-
Disposals	-	(197)
Revaluations	4	-
Effect of movements in foreign exchange	78	(12)
Balance at 31 December	**500**	**412**

There is no goodwill related to investments in associated companies (2009: EUR nil).

The total gain / (loss) from associated companies amounts to EUR 6 thousand (2009: EUR 39 thousand. of which EUR 11 thousand gain was realised on the sale of Conteco SpA., Milan and has been included in the income statement).

The Group's interests in its principal associated companies and joint ventures, all of which are unlisted, are as follows:

2010	**Country of incorporation**	**Assets**	**Liabilities**	**Revenues**	**Share of profit/ (loss)**	**% interest held**	**Equity method valuation**
Conteco SpA., Milan	Italy	-	-	-	-	0.0%	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	Japan	500	-	249	6	50.0%	500
Total		**500**	**-**	**249**	**6**		**500**

2009	**Country of incorporation**	**Assets**	**Liabilities**	**Revenues**	**Share of profit/ (loss)**	**% interest held**	**Equity method valuation**
Conteco SpA., Milan	Italy	-	-	-	(54)	0.0%	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	Japan	414	2	238	4	50.0%	412
Total		**414**	**2**	**238**	**(50)**		**412**

As required by IFRS, all information from the associated companies is based on the balance sheet dates between 30 September 2010 and 31 December 2010.

The fair value of the investments in associated companies equals EUR 562 thousand (2009: EUR 474 thousand). The fair value of the associated companies is determined based on value in use calculations, for which a discounted cash flow model is used.

The cash flows are estimated using a projection period and a normalised period. The projection period is 10 years, where the first 1-3 year projections are based on financial budgets and/or forecasts. The remaining years are estimated using ratios and growth rates that converge towards their normalised term value. The terminal value is calculated based on the free cash flows in year 11, for which a normalised long-term annual cash flow is calculated and a long-term growth rate of 2%. The 7.81% discount rate used (2009: 8.38%) is close to cost of equity.

10 Financial investments

Financial investments classified by measurement category and nature 2010	Available-for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	276,760	-	-	276,760
Debt securities	153,961	-	-	153,961
Loans	-	-	158,949	158,949
Short term investments	-	-	49,570	49,570
Derivatives	-	2	-	2
Total	**430,721**	**2**	**208,519**	**639,242**
Quoted prices in active markets	430,721	2	49,570	480,293
Amortised cost	-	-	158,949	158,949
Total	**430,721**	**2**	**208,519**	**639,242**

Financial investments classified by measurement category and nature 2009	Available-for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	254,943	-	-	254,943
Debt securities	154,993	-	-	154,993
Loans	-	-	160,809	160,809
Short term investments	-	-	23,639	23,639
Derivatives	-	300	-	300
Total	**409,936**	**300**	**184,448**	**594,684**
Quoted prices in active markets	409,936	300	23,639	433,875
Amortised cost	-	-	160,809	160,809
Total	**409,936**	**300**	**184,448**	**594,684**

From the fair value through profit or loss category, the equity and debt securities have been designated as such upon initial recognition.

Movements in available-for-sale financial investments	2010	2009
Balance at 1 January	**409,936**	**673,945**
Additions	276,634	558,692
Disposals	(264,979)	(844,929)
Amortisation charge for the year	(2,137)	(1,714)
Revaluations	1,979	18,019
Effect of movements in foreign exchange	9,288	5,923
Balance at 31 December	**430,721**	**409,936**

The total carrying amount of the financial investments that have been pledged as collateral for liabilities or held for local regulatory purposes at 31 December 2010 was EUR 56.3 million (2009: EUR 71.9 million). The estimate fair values of these financial investments are comparable to the carrying amount due to the short term nature of the balance. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities, as well as requirements determined by exchanges where the bank acts as intermediary.

All amounts are in thousands of Euro, unless otherwise stated.

10.1 Short term investments

	2010	2009
Deposits withheld by ceding companies	**1,276**	**1,098**
Within the EU	619	1,098
Outside the EU	657	-
Bank deposits and commercial paper	**48,294**	**22,541**
Within the EU	39,792	14,715
Outside the EU	8,502	7,826
Total	**49,570**	**23,639**

11 Reinsurance contracts

	2010	2009
Reinsurers' share of insurance liabilities		
Provision for unearned premium	99,146	99,395
Claims and loss adjustment expenses	559,165	659,002
Total	**658,311**	**758,397**
Current	486,492	563,152
Non-current	171,819	195,245

Amounts due from reinsurers in respect of claims already paid by the Group on the contracts that are reinsured are included in the receivables (see Note 12).

The changes in the reinsurers' share of insurance liabilities are included in Note 18.

12 Receivables

	2010	2009
Accounts receivable on insurance and reinsurance business	**139,147**	**169,607**
Amounts owed by policyholders and direct insurance operations	80,789	95,934
Receivables arising out of reinsurance	58,358	73,673
Other accounts receivable	**54,023**	**69,307**
Total	**193,170**	**238,914**

The outstanding receivables are substantially all current and consequently their fair values do not materially differ from the book value.

There is no concentration of credit risk in respect of receivables as the Group has a large number of internationally dispersed debtors (see Note 4.4.2).

An amount of EUR 38.6 million (2009: EUR 40.9 million) relates to past due receivables on insurance and reinsurance for which no impairment loss has been recognised, out of which 89.3% (2009: 86.7%) relates to receivables of ageing less than three months.

All receivables are considered on an individual basis for impairment testing. As of 31 December 2010, receivables of EUR 21.8 million (2009: EUR 32.3 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 8.9 million (2009: EUR 15.9 million). This balance takes into account that a portion of the impaired receivables will be recovered. The Group does not hold any collateral over these balances.

Movements on the provision for impairment of receivables are as follows:

	2010	2009
Balance at 1 January	**15,963**	**19,688**
Provision for receivables impairment	1,042	3,947
Receivables written off during the year as uncollectable	(4,291)	(6,743)
Unused amounts reversed	(3,809)	(929)
Balance at 31 December	**8,905**	**15,963**

The creation and release of provision for impaired receivables has been partly included in net operating expenses (see Note 27) and partly in the technical lines (for insurance business only) of the income statement (premium and commission). Amounts charged to the allowance account are written off when there is no expectation of recovery.

13 Deferred acquisition costs

	2010	2009
Balance at 1 January	**9,773**	**12,114**
Change in deferred acquisition costs	(174)	(2,805)
Effect of movements in foreign exchange	375	464
Balance at 31 December	**9,974**	**9,773**

14 Miscellaneous assets and accruals

	2010	2009
Pipeline premium	114,881	104,610
Prepayments	12,485	12,087
Accrued interest	2,136	2,867
Ceded return premium	28,344	12,553
Other	4,772	4,585
Total	**162,618**	**136,702**

Pipeline premium relates to shipments made by the Group's policyholders for which the Group is on risk but have yet to be invoiced.

The miscellaneous assets and accruals are substantially all current and consequently the fair values of the receivables do not materially differ from the book value.

15 Cash and cash equivalents

	2010	2009
Cash at bank and on hand	55,456	21,168
Short term bank deposits	427	23,000
Cash and cash equivalents	**55,883**	**44,168**

Cash and cash equivalents	55,883	44,168
Bank overdrafts	-	-
Cash and cash equivalents in the statement of cash flows	**55,883**	**44,168**

The Group manages the cash by use of a cross-border cash pooling agreement. The related zero balancing and interest compensation arrangement does allow for offsetting of cash balances of branches within a legal entity, however, it does not allow offsetting between different legal entities. Therefore, on the face of the balance sheet, the related bank overdrafts that do not qualify for offsetting are presented separately as liabilities under borrowings.

All amounts are in thousands of Euro, unless otherwise stated.

16 Capital and reserves

16.1 Subscribed capital

	2010	2009
Balance at 1 January and 31 December	**7,740**	**7,740**

The authorised share capital amounts to EUR 10 million divided into 2,500 shares of EUR 4,000 each. 1,935 shares were issued and fully paid at balance sheet date.

16.2 Share premium reserve

	2010	2009
Balance at 1 January and 31 December	**420,966**	**420,966**

16.3 Revaluation reserve

	2010	2009
Balance at 1 January	**1,055**	**(1,068)**
Change in revaluation reserve - gross	1,979	18,019
Change in revaluation reserve - tax	(483)	(4,555)
Net (gains) / losses transferred to net profit on disposal - gross	1,213	(15,224)
Net (gains) / losses transferred to net profit on disposal - tax	(317)	3,883
Balance at 31 December	**3,447**	**1,055**

16.4 Currency translation reserve

	2010	2009
Balance at 1 January	**(4,770)**	**(4,332)**
Change in currency translation - gross	3,260	(438)
Change in currency translation - tax	(1,172)	-
Balance at 31 December	**(2,682)**	**(4,770)**

The Group's significant foreign currencies and its sensitivity to fluctuations are set out in Note 4.4.

16.5 Pension reserve

	2010	2009
Balance at 1 January	**(76,070)**	**(66,545)**
Recognised actuarial gains and losses	**(4,132)**	**(9,525)**
Change in pension reserve - gross	(4,930)	(13,501)
Change in pension reserve - tax	798	3,976
Effect of the asset ceiling	**(7,816)**	**-**
Change in pension reserve - gross	(10,422)	-
Change in pension reserve - tax	2,606	-
Balance at 31 December	**(88,018)**	**(76,070)**

16.6 Revenue reserve

	2010	2009
Balance at 1 January	**208,029**	**272,191**
Result for the year	34,229	(64,162)
Balance at 31 December	**242,258**	**208,029**

16.7 Dividend distribution

The Group's dividend distribution is based on the Company financial statements. The Company and its subsidiaries are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the Company's shareholders' equity and reserves required by law. Additionally, certain subsidiaries are subject to restrictions on the amount of funds they may distribute in the form of dividends or otherwise.

In addition to the restrictions in respect of minimum capital requirements that are imposed by industry regulators in the countries in which the subsidiaries operate, other limitations may exist in certain countries.

No dividends were paid or declared in 2010.

17 Employee benefit assets and liabilities

	2010	2009
Retirement benefits	59,617	54,371
Other long-term employee benefits	6,548	4,948
Total	**66,165**	**59,319**

17.1 Retirement benefits

The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in Germany, United Kingdom and the Netherlands and these represent 95.9% of the defined benefit obligation. The other plans relate to Norway, Belgium, Sweden, Switzerland, Italy and France. The recognition of assets and liabilities is determined for each plan separately.

Within the Group there are also defined contribution plans. The contributions to these plans are recognised as expenses in the income statement. The total contributions amounted to EUR 4.8 million in 2010 (2009: EUR 5.3 million).

Under a defined benefit pension plan the beneficiary receives a defined pension from the Group or a pension fund. The contributions payable by the Group for financing the plan are not defined in advance.

Germany

In Germany the pension rights are based on a percentage of the average salary of the last ten years. The defined benefit pension obligation consists of three plans, of which two are closed for new employees. At year end these pension plans had 349 active members (2009: 371 active members). The total calculated pension obligation of these plans at 31 December 2010 is EUR 46.6 million (2009: EUR 46.3 million). The assets of these plans at 31 December 2010 amounted to EUR 31.7 million (2009: EUR 31.5 million).

United Kingdom

In the United Kingdom the pension rights are based on a percentage of the final salary. This defined benefit pension plan has been closed to new employees since 2000. At year end this pension plan had 246 active members (2009: 283 active members). The total calculated pension obligation of this plan at 31 December 2010 was EUR 171 million (2009: EUR 135 million). The assets of this pension plan at 31 December 2010 are EUR 133 million (2009: EUR 106 million). Next to this closed pension plan, another closed plan is in place, the MPlan. This in principle is a money purchase scheme. At retirement, benefits depend upon the amount of money in an individual's personal account and the cost of buying an annuity at that time. However, members have a defined benefit underpin, which means that members are guaranteed a minimum level of benefit. If there is a deficit in an individual's personal account to secure the minimum benefit, the Group must top up the member's account.

The Netherlands

In the Netherlands the pension rights are based on a percentage of the average salary. This defined benefit pension plan has been closed to new participants since 1 January 2009. At year end this pension plan had 454 active members (2009: 483 active members). The total calculated pension obligation of this plan at 31 December 2010 is EUR 181 million (2009: EUR 174 million). The assets of this pension plan at 31 December 2010 were EUR 192 million (2009: EUR 173 million).

All amounts are in thousands of Euro, unless otherwise stated.

Pension assets and liabilities

The following tables summarise the funded status and amounts recognised in the statement of financial position and the components of net benefit expenses recognised in the consolidated income statement.

Funded status	**2010**	**2009**	**2008**
Defined benefit obligation	414,946	377,849	328,367
Plan assets	365,751	323,478	271,579
Pension commitments less plan assets	**49,195**	54,371	**56,788**
Effect of the asset ceiling	10,422	-	-
Deficit / (surplus) at 31 December	**59,617**	**54,371**	**56,788**
Experience (gain) / loss on plan liabilities	(7,056)	(2,114)	(2,265)
Experience (gain) / loss on plan assets	(10,998)	(10,175)	62,371

Experience adjustments are the actuarial gains and losses that arise because of differences between the actuarial assumptions made at the beginning of the period and actual experience during the period (they exclude changes in assumptions). Experience adjustments give information about the reliability of the amounts recognised based on those assumptions (i.e. the service cost and interest cost).

The Dutch pension plan consists of a net pension asset of EUR 10.4 million (2009: Nil). The recognition of this asset that arises through the overfunding of the defined benefit plan is limited to the ability to use surpluses to generate future benefits. The Dutch pension agreement and local regulations prohibit the use of the current asset to the benefit of the Group. This part of the assets is included as part of the pension reserve and included in other comprehensive income (see Note 16).

Changes in the present value of the defined benefit obligation are as follows:

	2010	**2009**
Balance at 1 January	**377,849**	**328,367**
Service cost (including employee contributions)	10,041	9,242
Past service costs	-	-
Interest cost	21,502	19,755
Actuarial losses / (gains)	15,297	23,743
Losses / (gains) on curtailments	(623)	(1,560)
Termination benefit costs	219	1,206
Settlements	(1,015)	-
Benefits paid	(14,125)	(11,780)
Effect of movements in foreign exchange	5,801	8,876
Balance at 31 December	**414,946**	**377,849**

Changes in the fair value of plan assets are as follows:

	2010	2009
Balance at 1 January	**323,478**	**271,579**
Expected return on assets	21,092	18,006
Actuarial gains / (losses)	10,998	10,177
Contributions (including employee contributions)	20,146	28,539
Settlements	(643)	-
Benefits paid	(13,795)	(11,757)
Effect of movements in foreign exchange	4,475	6,934
Balance at 31 December	**365,751**	**323,478**

The fair value of plan assets at the balance sheet date is analysed as follows:

EUR million	2010	2009
Equity securities	129.4	112.9
Debt securities	171.3	156.8
Investment property	15.5	11.2
Other	49.6	42.6
Total	**365.8**	**323.5**

The plan assets do not include any of the Group's own financial instruments, nor any property occupied or other assets used by the Group.

The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the stock exchange of the particular country. The overall expected rate of return is calculated by weighting the individual rates for each asset class in accordance with the anticipated balance in the plan's investment portfolio. The actual return on plan assets was EUR 32.1 million (2009: EUR 28.2 million).

The Group expects to contribute approximately EUR 15.4 million to the defined benefit plans in 2011 (2010: EUR 18.0 million).

The principal assumptions used for the purpose of the actuarial valuations of the three main defined benefit plans are as follows:

Principal actuarial assumptions	United Kingdom		Germany		The Netherlands	
	2010	2009	2010	2009	2010	2009
Discount rate	5.50%	5.75%	5.25%	5.25%	5.50%	5.50%
Expected return on plan assets	6.70%	6.70%	3.50%	4.00%	5.20%	6.50%
Expected increase of future salaries	4.75%	4.50%	3.05%	3.30%	3.25%	3.50%
Expected increase of future benefit levels	3.50%	3.25%	1.75%	2.00%	1.75%	2.25%
Mortality table	1PM/FAL09M (medium cohort 1.5% floor, year of use)	PM/FA92 (Year of use 2007 medium cohort plus one year age rating)	"Richttafeln 2005 G" by Dr. Klaus Heubeck	"Richttafeln 2005 G" by Dr. Klaus Heubeck	AG "Prognose tafel 2010-2060" + loading for experience mortality	AG "Prognose tafel 2005-2050" + loading for experience mortality

All amounts are in thousands of Euro, unless otherwise stated.

17.2 Other long-term employee benefits

	2010	2009
Early retirement	4,247	1,694
Jubilee	1,720	3,041
Other	581	213
Total	**6,548**	**4,948**

In 2010 a reclassification of EUR 2.6 million was made from the restructuring provision to the early retirement plans included here. This amount had already been provided for during 2009 under the restructuring plan.

17.3 Defined benefit costs

Expenses and return on assets recorded in the income statement: (gains) and losses	**2010**	**2009**
Current service cost (net of participant contributions)	7,083	6,314
Interest cost	21,502	19,755
Expected return on plan assets	(21,092)	(18,006)
Cost of settlement, curtailments and termination benefits	(776)	(354)
Past service costs	-	-
Other	(182)	(691)
Total defined benefit costs	**6,535**	**7,018**

In 2009, other costs relate to an adjustment made to reflect the accounting of the termination benefit costs that resulted from the legal restructuring (see Note 19). The related costs have already been included in the restructuring cost and are eliminated here.

Expenses related to pensions are recorded under net operating expenses in the income statement.

17.4 Termination benefits

The termination benefits are included in the restructuring provisions (see Note 19).

18 Insurance contracts

Credit insurance	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
	2010			2009		
Claims reported and loss adjustment expenses	77,118	(150,944)	(73,826)	210,422	(242,723)	(32,301)
Claims incurred but not reported	319,075	(238,699)	80,376	344,739	(254,913)	89,826
Claims provision	**396,193**	**(389,643)**	**6,550**	**555,161**	**(497,636)**	**57,525**
Unearned premium	109,078	(47,524)	61,554	109,988	(46,664)	63,324
Total	**505,271**	**(437,167)**	**68,104**	**665,149**	**(544,300)**	**120,849**
Bonding						
Claims reported and loss adjustment expenses	219,680	(152,987)	66,693	219,843	(153,661)	66,182
Claims incurred but not reported	23,422	(16,535)	6,887	10,440	(7,705)	2,735
Claims provision	**243,102**	**(169,522)**	**73,580**	**230,283**	**(161,366)**	**68,917**
Unearned premium	74,335	(51,622)	22,713	76,212	(52,731)	23,481
Total	**317,437**	**(221,144)**	**96,293**	**306,495**	**(214,097)**	**92,398**
Total insurance contracts	**822,708**	**(658,311)**	**164,397**	**971,644**	**(758,397)**	**213,247**
Current	607,981	(486,492)	121,489	721,500	(563,152)	158,348
Non-current	214,727	(171,819)	42,908	250,144	(195,245)	54,899

The liabilities for gross claims reported, loss adjustment expenses and claims incurred but not reported are net of expected recoveries from salvage and subrogation. Salvage and subrogation for 2010 amounts to EUR 362 million (2009: EUR 436 million).

18.1 Claims development tables

The claims development tables provide an overview of how the total claims expense for underwriting years 2005-2010 has developed in the subsequent financial years. This overview also provides a breakdown of the claims provisions (claims reported and loss adjustment expenses and claims incurred but not reported) that are held against each underwriting year as at 31 December 2010.

Credit Insurance – Gross

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Estimate of gross claims incurred:							
at the end of the year when risk was taken	432,907	540,386	518,039	751,182	527,727	364,524	
one year later	423,115	461,254	519,968	956,557	388,389		
two years later	423,152	454,687	509,376	991,686			
three years later	416,081	451,779	496,473				
four years later	409,608	444,880					
five years later	403,144						

All amounts are in thousands of Euro, unless otherwise stated.

Breakdown of claims provision per underwriting year

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Claims provision at 31 December 2010							
In respect of 2005-2010	(232)	(8,510)	950	48,792	52,540	290,622	384,162
In respect of prior years (before 2005)							12,031
Total							**396,193**

The claims expense includes the losses that have been recognised in the income statement, but excludes the impact of losses for risks that have been accepted for which the premium has yet to be earned. The consequence of this is that the claims expense for a particular underwriting year can increase in future financial years as both the premium and losses are recognised in the income statement. This is relevant notably for the instalment credit protection product.

Both frequency and severity of claims for underwriting year 2009 have developed more favourably than assumed at year end 2009.

Credit Insurance – Net

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Estimate of net claims incurred:							
at the end of the year when risk was taken	47,336	59,402	137,335	206,101	151,740	105,446	
one year later	46,511	78,328	142,692	255,152	120,927		
two years later	44,861	77,853	139,883	264,775			
three years later	39,937	77,224	133,730				
four years later	37,896	71,336					
five years later	33,021						

Breakdown of claims provision per underwriting year

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Claims provision at 31 December 2010							
In respect of 2005-2010	(6,673)	(13,560)	(17,631)	(15,386)	(6,235)	74,712	15,227
In respect of prior years (before 2005)							(8,677)
Total							**6,550**

The Group has a reinsurance programme consisting of both quota share and excess of loss that covers the majority of the direct insurance. For underwriting years 2005 to 2010, there have been no events in any of those years that have resulted in losses of a sufficient size to prompt recovery from the excess of loss cover. Movements arising on these contracts follow the same pattern as the gross movements.

Bonding – Gross

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Estimate of gross claims incurred:							
at the end of the year when risk was taken	6,945	11,914	8,132	4,270	3,294	1,842	
one year later	8,717	7,892	16,830	17,586	8,868		
two years later	16,936	15,567	17,565	18,007			
three years later	19,824	17,430	21,450				
four years later	18,641	19,820					
five years later	19,782						

Breakdown of claims provision per underwriting year

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Claims provision at 31 December 2010							
In respect of 2005-2010	7,890	9,571	12,600	9,556	7,139	1,263	48,019
In respect of prior years (before 2005)							195,083
Total							**243,102**

The estimate of ultimate claim costs does not include an estimate for future claim payments on cases where the Group does not yet have adverse information. This explains the increase in estimate of ultimate claim costs over time. For bonding we typically earn premium over the period of the experience of loss, meaning that whilst we see an increase in the claims incurred we will also be recognising premium and this can not be seen in the table above.

As described in Note 4.3.8, bonding tends to be longer tail business and around half of the bonds written have tenors of over two years.

Bonding – Net

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Estimate of net claims incurred:							
at the end of the year when risk was taken	2,382	4,570	6,882	1,378	946	(2,400)	
one year later	3,344	1,770	8,254	9,654	3,013		
two years later	4,136	4,114	4,809	8,709			
three years later	6,128	4,594	7,259				
four years later	5,802	5,380					
five years later	6,165						

All amounts are in thousands of Euro, unless otherwise stated.

Breakdown of claims provision per underwriting year

Year when risk was taken	2005	2006	2007	2008	2009	2010	Total
Claims provision at 31 December 2010							
In respect of 2005-2010	2,518	2,666	4,407	2,782	2,625	(2,569)	12,429
In respect of prior years (before 2005)							61,151
Total							**73,580**

The Group has a series of quota share reinsurance covers in place. Movements arising on these contracts follow the same pattern as the gross movements.

18.2 Insurance liabilities and reinsurance assets

18.2.1 Changes in insurance liabilities and reinsurance assets

Credit insurance	Gross	Reinsurance	Net	Gross	Reinsurance	Net
		2010			2009	
Balance at 1 January	**555,161**	**(497,636)**	**57,525**	**711,463**	**(586,237)**	**125,226**
Claims paid in the year	(358,769)	258,564	(100,205)	(837,874)	591,879	(245,995)
Increase/(decrease) in liabilities arising from current year claims	364,524	(259,078)	105,446	527,727	(375,987)	151,740
Increase/(decrease) in liabilities arising from prior year claims	(164,723)	108,507	(56,216)	153,845	(127,291)	26,554
Balance at 31 December	**396,193**	**(389,643)**	**6,550**	**555,161**	**(497,636)**	**57,525**
Claims reported and loss adjustment expenses	77,118	(150,944)	(73,826)	210,422	(242,723)	(32,301)
Incurred but not reported	319,075	(238,699)	80,376	344,739	(254,913)	89,826
Total	**396,193**	**(389,643)**	**6,550**	**555,161**	**(497,636)**	**57,525**
Bonding						
Balance at 1 January	**230,283**	**(161,366)**	**68,917**	**252,379**	**(175,743)**	**76,636**
Claims paid in the year	(21,628)	13,986	(7,642)	(37,508)	25,432	(12,076)
Increase/(decrease) in liabilities arising from current year claims	1,842	(4,242)	(2,400)	3,294	(2,348)	946
Increase/(decrease) in liabilities arising from prior year claims	32,605	(17,900)	14,705	12,118	(8,707)	3,411
Balance at 31 December	**243,102**	**(169,522)**	**73,580**	**230,283**	**(161,366)**	**68,917**
Claims reported and loss adjustment expenses	219,680	(152,987)	66,693	219,843	(153,661)	66,182
Incurred but not reported	23,422	(16,535)	6,887	10,440	(7,705)	2,735
Total	**243,102**	**(169,522)**	**73,580**	**230,283**	**(161,366)**	**68,917**
Total claims and loss adjustment expenses	**639,295**	**(559,165)**	**80,130**	**785,444**	**(659,002)**	**126,442**

18.2.2 Unearned premium

Credit insurance	Gross	Reinsurance	Net	Gross	Reinsurance	Net
		2010			2009	
Balance at 1 January	**109,988**	**(46,664)**	**63,324**	**127,859**	**(59,177)**	**68,682**
Movement in the period	143	833	976	(17,265)	13,870	(3,395)
Foreign exchange and other movements	(1,053)	(1,693)	(2,746)	(606)	(1,357)	(1,963)
Balance at 31 December	**109,078**	**(47,524)**	**61,554**	**109,988**	**(46,664)**	**63,324**
Bonding						
Balance at 1 January	**76,212**	**(52,731)**	**23,481**	**81,316**	**(57,027)**	**24,289**
Movement in the period	(1,378)	673	(705)	(5,197)	3,486	(1,711)
Foreign exchange and other movements	(499)	436	(63)	93	810	903
Balance at 31 December	**74,335**	**(51,622)**	**22,713**	**76,212**	**(52,731)**	**23,481**
Total provision for unearned premium	**183,413**	**(99,146)**	**84,267**	**186,200**	**(99,395)**	**86,805**

18.3 Government schemes

During the credit crisis, governments were seeking to support the economy and trade through top-up cover and ground-up cover schemes (see Note 4.3.5). These schemes provided support to customers by reinstating or issuing new limits on buyers partly or fully withdrawn by the credit insurer.

The general features of the reinstatement of cover schemes are:
- The Group on behalf of the government reinstates partly or fully withdrawn credit limits;
- The Group accounts for these schemes and the government reimburses the Group for the expenses.

The impact of these government schemes on the Group's income statement is detailed below:

	2010	2009
Net premium earned	20	142
Net insurance claims	81	(175)
Other income	2,794	617
Total gain / (loss)	**2,895**	**584**

All government schemes are accounted for as reinsurance contracts as stated in Note 2.18.5.

All amounts are in thousands of Euro, unless otherwise stated.

19 Provisions

The non-underwriting provisions developed as follows:

2010

	Restructuring and redundancy	Onerous contracts	Litigation	Total
Balance at 1 January	**31,026**	**753**	**3,697**	**35,476**
Additional provisions	-	78	514	592
Unused amounts reversed	-	-	(284)	(284)
Utilised	(19,812)	(290)	(746)	(20,848)
Other changes	(2,123)	-	-	(2,123)
Effect of movements in foreign exchange	152	28	-	180
Balance at 31 December	**9,243**	**569**	**3,181**	**12,993**
Current	9,243	126	3,181	12,550
Non-current	-	443	-	443

2009

	Restructuring and redundancy	Onerous contracts	Litigation	Total
Balance at 1 January	**2,016**	**888**	**2,355**	**5,259**
Additional provisions	34,044	263	1,610	35,917
Unused amounts reversed	-	(311)	(107)	(418)
Utilised	(5,107)	(148)	(161)	(5,416)
Other changes	-	-	-	-
Effect of movements in foreign exchange	73	61	-	134
Balance at 31 December	**31,026**	**753**	**3,697**	**35,476**
Current	31,026	200	3,697	34,923
Non-current	-	553	-	553

Restructuring and redundancy

In 2009, in order to realise cost savings, significant staff cuts were made which resulted in the reduction of 380 positions for which a provision was required. Detailed restructuring plans had been made available for all positions. The restructuring plans were drawn up and announced to the workers council representatives and employees during 2009. Of these 380 positions, 110 had already been paid by year end 2009. During the year ended 31 December 2010, a further 205 positions were fully paid. Of the remaining 65 positions as at 31 December 2010, 27 employees are still part of the workforce. Except for five positions where a best estimate has been made, for all the remaining 60 positions final agreements have been reached.

In 2010, there was a reclassification from the restructuring provision of EUR 2.6 million to the early retirement plans. This amount had already been provided for last year under the restructuring plan provision in 2009 and is planned to be paid into the retirement plan early 2011.

The restructuring provision comprises termination benefits amounting to EUR 7.9 million and restructuring costs amounting to EUR 1.3 million. The termination benefits comprise provisions, taking local regulations into account.

Onerous contracts

The provision for onerous lease contracts represents the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The onerous contracts are related to lease contracts of buildings in Australia, New Zealand and the United Kingdom. These buildings are not in use by the Group and the future net incoming rental from subletting these properties is expected to fall significantly short of the Group's expenditure commitments until the expiry date of these contracts. The expiry dates of contracts are 2012, 2011 and 2015 respectively.

Litigation

The litigation provision is related to disputes with third parties that are not related to the insurance business of the Group for which separate provisions are set up as part of the provisions for outstanding claims. The provision relates to two components: (i) the estimated cost of legal proceedings to be carried out by the assistance of external legal counsel in the form of e.g. external legal advice and representation of Atradius in a court, and (ii) any non insurance claims against the group. The anticipated expenditure for 2010 is EUR 3.2 million. These amounts have not been discounted for the purposes of measuring the provision for litigation work, because the effect is not material.

20 Deferred and current income tax

Current income tax

	2010	2009
Current income tax assets	20,581	15,332
Current income tax liabilities	14,098	4,824
Total	**6,483**	**10,508**

The current income tax assets consist mainly of advances paid for local income tax. The current income tax liabilities consist mainly of income and other local income taxes payable.

Deferred income tax

	2010	2009
Deferred income tax assets before set-off	97,614	93,686
Set-off of deferred tax positions	(7,377)	(13,269)
Net deferred tax assets as presented in the statement of financial position	**90,237**	**80,417**
Deferred income tax liabilities before set-off	80,569	81,465
Set-off of deferred tax positions	(7,377)	(13,269)
Net deferred tax liabilities as presented in the statement of financial position	**73,192**	**68,196**

The gross movement on the deferred income tax is as follows:

	2010	2009
Balance at 1 January	**12,221**	**(19,216)**
Transfer from related parties within a fiscal unity	177	2,194
Charge (credit) to equity for the year	2,604	3,304
Charge (credit) to the income statement for the year	1,366	25,524
Effect of movements in foreign exchange	677	415
Balance at 31 December	**17,045**	**12,221**

All amounts are in thousands of Euro, unless otherwise stated.

The movement in the deferred tax assets is further detailed below:

Deferred income tax assets before set-off

2010	Tax losses carried forward	Techncial balances	Pensions	Fiscal goodwill	Allowance accounts receivable	Other	Total
Balance at 1 January	**22,366**	**18,514**	**15,257**	**23,296**	**5,659**	**8,594**	**93,686**
Charge (credit) to equity for the year	-	-	3,600	-	-	4	3,604
Transfer from related parties within a fiscal unity	177	-	-	-	-	-	177
Charge (credit) to the income statement for the year	3,024	(138)	(2,597)	(2,545)	(209)	(742)	(3,207)
Effect of movements in foreign exchange	1,713	912	349	-	16	364	3,354
Balance at 31 December	**27,280**	**19,288**	**16,609**	**20,751**	**5,466**	**8,220**	**97,614**

2009	Tax losses carried forward	Techncial balances	Pensions	Fiscal goodwill	Allowance accounts receivable	Other	Total
Balance at 1 January	**5,218**	**15,105**	**8,313**	**25,852**	**5,121**	**15,978**	**75,587**
Charge (credit) to equity for the year	-	-	4,036	-	-	2	4,038
Transfer from related parties within a fiscal unity	2,194	-	-	-	-	-	2,194
Charge (credit) to the income statement for the year	14,163	3,256	2,212	(2,556)	516	(7,807)	9,784
Effect of movements in foreign exchange	791	153	696	-	22	421	2,083
Balance at 31 December	**22,366**	**18,514**	**15,257**	**23,296**	**5,659**	**8,594**	**93,686**

The Group is part of the fiscal unity in the Netherlands, headed by Atradius N.V. The Company operates in a branch structure. Due to this branch structure, losses of the foreign branches can immediately be off-set against the current tax liability of the fiscal unity in the Netherlands. However, as Dutch tax law provides for recapture rules once foreign branches become profitable again, a corresponding deferred income tax asset is recognised.

Deferred income tax assets are recognised for, amongst others, tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable and the fiscal goodwill resulting from the legal restructuring that took place during 2004/2005 (mainly Italy and Germany). In 2010, EUR 15.6 million deferred tax assets on the losses carried forward were impaired (2009: EUR 12.6 million). The fiscal goodwill is amortised over a period of 15 years (Germany) or 18 years (Italy). The Company has unrecognised tax losses carried forward balances amounting to EUR 62.7 million (2009: EUR 51.3 million). The expiration of these tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	**2010**	**2009**
1 - 3 years	(7,932)	(7,658)
4 - 9 years	(44,685)	(35,158)
Indefinite	(10,095)	(8,522)
Total	**(62,712)**	**(51,338)**

The movement in the deferred tax liabilities is further detailed below:

Deferred income tax liabilities before set-off

2010	Investments	Technical balances	Pensions	Equalisation provisions	Other	Total
Balance at 1 January	**(315)**	**(15,795)**	**(781)**	**(57,343)**	**(7,231)**	**(81,465)**
Charge (credit) to equity for the year	(800)	-	(196)	-	(4)	(1,000)
Charge (credit) to the income statement for the year	2	4,278	178	3,460	(3,345)	4,573
Effect of movements in foreign exchange	(15)	(1,087)	(47)	(1,348)	(180)	(2,677)
Balance at 31 December	**(1,128)**	**(12,604)**	**(846)**	**(55,231)**	**(10,760)**	**(80,569)**

2009	Investments	Technical balances	Pensions	Equalisation provisions	Other	Total
Balance at 1 January	**(677)**	**(7,489)**	**(736)**	**(72,055)**	**(13,846)**	**(94,803)**
Charge (credit) to equity for the year	(672)	-	(60)	-	(2)	(734)
Charge (credit) to the income statement for the year	1,067	(8,151)	27	16,122	6,675	15,740
Effect of movements in foreign exchange	(33)	(155)	(12)	(1,410)	(58)	(1,668)
Balance at 31 December	**(315)**	**(15,795)**	**(781)**	**(57,343)**	**(7,231)**	**(81,465)**

The deferred income tax charged or credited to equity during the year is as follows:

	2010	2009
Fair value reserves in shareholders' equity:		
Available-for-sale financial investments	(800)	(672)
Pension reserve:		
Recognised actuarial gains and losses	798	3,976
Asset ceiling	2,606	-
Total	**2,604**	**3,304**

21 Payables

	2010	2009
Accounts payable on insurance and reinsurance business	**74,736**	**73,347**
Payables arising out of reinsurance operations	51,094	29,786
Amounts due to policyholders	14,804	25,966
Amounts due to intermediaries	8,941	12,326
Current account Dutch state	(103)	5,269
Trade and other accounts payable	**19,254**	**29,022**
Accounts payable	8,505	9,712
Other accounts payable	10,749	19,310
Total	**93,990**	**102,369**

The payables due are substantially all current.

All amounts are in thousands of Euro, unless otherwise stated.

22 Other liabilities

	2010	2009
Deposits received from reinsurers	28,916	30,488
Unearned reinsurance commission	23,712	24,375
Other taxes	3,969	7,879
Accruals	84,075	45,979
Return premium	46,629	26,489
Ceded pipeline premium	78,796	57,403
Sundry creditors	811	786
IPT and stamp duties payable	8,583	10,147
Interest payable	12	28
Total	**275,503**	**203,574**

23 Net premium earned

Credit insurance	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		2010			2009	
Written premium	702,450	(509,999)	192,451	733,110	(528,456)	204,654
Change in provision for unearned premium	(143)	(833)	(976)	17,265	(13,870)	3,395
Total	**702,307**	**(510,832)**	**191,475**	**750,375**	**(542,326)**	**208,049**
Bonding						
Written premium	68,110	(45,034)	23,076	66,460	(42,874)	23,586
Change in provision for unearned premium	1,378	(673)	705	5,197	(3,486)	1,711
Total	**69,488**	**(45,707)**	**23,781**	**71,657**	**(46,360)**	**25,297**
Total premium earned	**771,795**	**(556,539)**	**215,256**	**822,032**	**(588,686)**	**233,346**

24 Service and other income

	2010	2009
Information services and fees	10,749	11,588
Other service income	10,844	12,010
Total	**21,593**	**23,598**

Information services income and fees are part of the insurance segment.

25 Net income from investments

Net investment income by type of investment	2010	2009
Income from		
Property	293	567
Debt securities	4,978	14,478
Loans	2,743	5,554
Equity securities	2,017	16,012
Derivatives	426	282
Other investments	96	96
Total	**10,553**	**36,989**
Expenses from		
Property	(81)	(90)
Debt securities	(701)	(8)
Equity securities	(1,971)	(5,414)
Derivatives	(921)	(1,442)
Handling expenses	(1,027)	(1,504)
Total	**(4,701)**	**(8,458)**
Net income from investments	**5,852**	**28,531**
Share of income of associated companies	6	(39)
Net income from investments including associated companies	**5,858**	**28,492**

Net investment income by nature of income/(expense)	2010	2009
Income from		
Interest	6,710	13,544
Dividends	1,676	1,949
Realised gains	1,904	21,176
Unrealised gains	-	12
Rental income from property	263	308
Total	**10,553**	**36,989**
Expenses from		
Handling expenses	(1,027)	(1,504)
Realised losses	(3,397)	(5,914)
Unrealised losses	(212)	(950)
Depreciation of property	(65)	(90)
Total	**(4,701)**	**(8,458)**
Net income from investments	**5,852**	**28,531**
Share of income of associated companies	6	(39)
Net income from investments including associated companies	**5,858**	**28,492**

In the interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 3.9 million (2009: EUR 7.9 million). This net income is derived from government bonds.

All amounts are in thousands of Euro, unless otherwise stated.

Net gains / (losses) by type of investment	Realised gains / (losses) 2010	2009
Property	15	258
Debt securities	417	6,575
Equity securities	(1,630)	8,649
Derivatives	(284)	(220)
Other investments	(11)	-
Total	**(1,493)**	**15,262**

Net gains / (losses) by category		
At cost	4	258
Available-for-sale financial assets	(1,213)	15,224
Fair value through profit or loss	(284)	(220)
Total	**(1,493)**	**15,262**

During 2010 there was no impairment charge (2009: no impairment charge).

26 Insurance claims

Credit insurance	Gross 2010	Reinsurers' share 2010	Net 2010	Gross 2009	Reinsurers' share 2009	Net 2009
Claims paid in the year	358,769	(258,564)	100,205	837,874	(591,879)	245,995
Change in provision for outstanding claims	(176,644)	118,445	(58,199)	(170,398)	95,947	(74,451)
Claims handling expenses	26,331	-	26,331	23,445	-	23,445
Total	**208,456**	**(140,119)**	**68,337**	**690,921**	**(495,932)**	**194,989**
Bonding						
Claims paid in the year	21,628	(13,986)	7,642	37,508	(25,432)	12,076
Change in provision for outstanding claims	16,330	(10,635)	5,695	(18,703)	11,908	(6,795)
Claims handling expenses	1,737	-	1,737	2,330	-	2,330
Total	**39,695**	**(24,621)**	**15,074**	**21,135**	**(13,524)**	**7,611**
Total insurance claims and loss adjustment expenses	**248,151**	**(164,740)**	**83,411**	**712,056**	**(509,456)**	**202,600**

For more detail on the changes in insurance liabilities and reinsurance assets, see Note 18.2.1.

27 Net operating expenses

	2010	2009
Gross administrative expenses excluding restructuring costs	228,149	218,185
Restructuring costs and termination benefits	-	34,044
Total administrative expenses	228,149	252,229
Gross acquisition costs	82,235	81,813
Gross change in deferred acquisition costs	174	2,805
Gross operating expenses	310,558	336,847
Commissions received for business ceded to reinsurers	(191,305)	(171,255)
Total net operating expenses	**119,253**	**165,592**

Administrative expenses by type of business	2010	2009
Insurance and information expenses	248,907	236,414
Other service expenses	6,952	9,149
Group costs	358	32,441
Total gross administrative expenses	256,217	278,004
Claims handling expenses allocated to net claims charges	(28,068)	(25,775)
Total administrative expenses	**228,149**	**252,229**

Administrative expenses by nature	2010	2009
Employee benefit expenses (see table below)	170,234	201,547
Travelling and company cars	9,063	9,460
Information technology	20,797	18,754
Housing and office expenses	27,308	24,884
Other expenses	28,815	23,359
Total gross administrative expenses	256,217	278,004
Claims handling expenses allocated to net claims charges	(28,068)	(25,775)
Total administrative expenses	**228,149**	**252,229**

Other expenses include expenses for consultancy, communication, marketing, credit information, recovery and collection and professional fees.

As part of the gross administrative expenses, depreciation, amortisation and impairment charges of continuing operations amount to EUR 19.3 million (2009: EUR 20.0 million).

Employee benefit expenses	2010	2009
Salaries and wages	133,690	129,627
Restructuring costs and termination benefits	-	34,044
Social security costs	25,195	25,543
Pension costs - defined contribution plans	4,814	5,315
Pension costs - defined benefit plans	6,535	7,018
Total employee benefit expenses	**170,234**	**201,547**

For an explanation of the restructuring costs and termination benefits, see Note 19 and for employee benefit details Note 17.

All amounts are in thousands of Euro, unless otherwise stated.

28 Finance income and expenses

	2010	2009
Other interest	725	(261)
Foreign exchange income / (expense)	7,340	(735)
Total finance income / (expense)	**8,065**	**(996)**

The foreign currency exchange gain consists of EUR 0.6 million transaction gains and EUR 6.8 million unrealised gains (2009: EUR 0.9 million transaction losses and EUR 0.2 million unrealised gains).

29 Income tax

	2010	2009
Current tax	15,245	5,934
Deferred tax	(1,366)	(25,524)
Total	**13,879**	**(19,590)**

The actual tax on the Group's result differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of Group companies as follows:

	2010	2009
Result before tax:	**48,108**	**(83,752)**
Tax calculated at domestic tax rates applicable to results in the respective countries	13,902	(21,771)
Tax exempt income	(913)	(382)
Tax effect of utilisation of tax losses / (income) not previously recognised	2,897	4,530
Reassessment of prior year local tax positions	(1,890)	(4,744)
Other	(117)	2,777
Income tax expense / (income) for the year	**13,879**	**(19,590)**

The weighted average applicable tax rate was 28.9% (2009: 26.0%).

30 Contingencies

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business to third parties. The guarantees include the following significant guarantees:

	2010	2009
De Staat der Nederlanden	-	2,496
Banque de France	500	500
Atradius Finance B.V. bond holders 2004	120,000	120,000
Alkimmo N.V.	207	-
Total	**120,707**	**122,996**

The Company acts as second priority guarantor towards the holders of the bonds issued by Atradius Finance B.V., a related company which is part of the Atradius Group. The bonds are listed on the Luxembourg stock exchange.

The Group, like all other insurers, is subject to litigation in the normal course of business. The Group does not believe that such litigation will have a material effect on its profit or loss and financial condition.

31 Capital commitments

	2010	2009
Other financial obligations	39,492	11,900
Total	**39,492**	**11,900**

Other financial obligations include contracted obligations for future payments related to outsourcing, networking, imaging and licences.

32 Operating leases

	2010	2009
Less than one year	18,065	19,921
Between one and five years	52,630	56,423
More than five years	45,407	48,650
Total	**116,102**	**124,994**

The Group leases office equipment and office space under a number of operating lease agreements. The lease contracts have remaining terms of between 1 and 20 years. The leasing of office space represents around 90% (2009: 90%) of the total future payments regarding operating leases.

During the year an amount of EUR 20.0 million (2009: 21.8 million) has been recognised as expense.

33 Personnel

The number of employees working for the Group:

	2010	2009
Total average number of employees (full-time equivalent)	2,399	2,595
Total year end number of employees (full-time equivalent)	2,331	2,466
Total year end number of employees	2,456	2,597

34 Related party transactions

The following table provides the total value of transactions which have been entered into with related parties for the financial year. Sales mainly include premium ceded and related reinsurance commission; purchases mainly include claims and recoveries.

All amounts are in thousands of Euro, unless otherwise stated.

	2010	2009
Parent [1)]		
Receiving of services	(1,220)	(543)
Investment income	2,538	5,433
Receivables from parent	50	1,533
Loan receivable from parent	148,600	150,456
Entities with joint control or significant influence over the entity [2)]		
Purchase of reinsurance	40,996	48,246
Payables to entities with joint control or significant influence	-	11,177
Joint ventures in which the entity is a venturer [3)]		
Sale of reinsurance	1,062	(218)
Other related parties [4)]		
Sale of reinsurance	528	1,592
Rendering of services	19,177	47,943
Purchase of reinsurance	86,064	25,161
Investment income	220	226
Receivables from other related parties	72,716	82,023
Payables to other related parties	13,662	9,906

1) *Parent – Atradius Insurance Holding N.V. – intra-group loan from Atradius Credit Insurance N.V. (Netherlands) to parent Atradius Insurance Holding N.V.*
2) *Entities with joint control or significant influence over the entity – Swiss Reinsurance Company (Swiss Re), as well as being a shareholder of Atradius N.V. until 31 May 2010, is also one of the Company's core reinsurers (see details further on)*
3) *Joint ventures in which the entity is a venturer – transactions with joint ventures / associates (see Note 9)*
4) *Other related parties – transactions with the subsidiaries of the Atradius Group. Transactions include the purchase (claims) and sale of reinsurance, the major related party being Atradius Re Ltd., Ireland which has a group quota share treaty of 30% for standard credit insurance. Rendering of services relates to transfer pricing.*

Terms and conditions of transactions with related parties
Swiss Reinsurance Company (Swiss Re), as well as being an indirect shareholder until 31 May 2010, was also one of the Group's core reinsurers; even though Swiss Re did not participate in the Group treaty in 2010, there remain several transactions with the Group in relation to previous underwriting years.

No guarantees have been provided or received for any related party receivables. For the year ended 31 December 2010, the Group has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

All relationships are at arm's length.

Remuneration of Management Board and Supervisory Board
There is no remuneration paid to members of the Management Board. For 2010, the total compensation paid to the members of the Supervisory Board of the Company amounted to EUR 75 thousand (2009: EUR 75 thousand).

The members of the Management Board of the Company also serve on the Management Board of Atradius N.V. and participate in the Boards of some of the group companies. The members of the Supervisory Board of the Company also serve on the Supervisory Board of Atradius N.V.

35 Events after the reporting period

There are no events to report.

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Company financial statements

Company statement of financial position after profit appropriation

Assets	Note	31.12.2010	31.12.2009
Intangible assets		**65,718**	**72,102**
Goodwill		45,743	44,871
Other intangible assets		19,975	27,231
Investments		**668,213**	**637,938**
Land and buildings		**28,400**	**29,781**
Investment property for own use	3	24,536	25,266
Investment property not for own use		3,864	4,515
Investments in group companies and associates	4	**571**	**15,329**
Participating interest in group companies		71	14,917
Participating interest in associated companies and joint ventures		500	412
Other financial investments	5	**639,242**	**592,828**
Equity securities		276,760	254,943
Debt securities		153,961	154,993
Loans		158,949	158,953
Bank deposits		48,294	22,541
Derivatives		2	300
Deposits placed by insurers		1,276	1,098
Receivables	6	**193,042**	**237,903**
Accounts receivable on direct insurance business		**80,789**	**90,811**
Amounts owed by policyholders		71,592	82,977
Amounts owed by brokers and agents		9,197	7,834
Accounts receivable on reinsurance business		**58,633**	**73,673**
Other accounts receivable		**53,620**	**73,419**
Other assets		**184,396**	**143,088**
Tangible fixed assets	3	17,726	21,670
Cash and cash equivalents	7	55,859	25,754
Other assets	8	110,811	95,664
Accruals	9	**172,590**	**146,464**
Interest		2,136	2,867
Deferred acquisition costs		9,974	9,773
Other accruals		160,480	133,824
Total assets		**1,283,959**	**1,237,495**

All amounts are in thousands of Euro, unless otherwise stated.

Liabilities	Note	31.12.2010	31.12.2009
Capital and reserves attributable to the equity holders of the Company	10	**583,711**	**556,950**
Subscribed capital		7,740	7,740
Share premium reserve		420,966	420,966
Revaluation reserve		3,447	1,055
Legal reserves		174,725	154,359
Other reserves		(105,262)	(95,402)
Revenue reserve		82,095	68,232
Technical provision		**164,397**	**213,247**
Provision for unearned premium		**84,267**	**86,805**
Gross		183,413	186,200
Reinsurance share		(99,146)	(99,395)
Provision for claims outstanding		**80,130**	**126,442**
Gross		639,295	785,444
Reinsurance share		(559,165)	(659,002)
Non-underwriting provisions		**152,350**	**162,991**
Employee benefit liabilities		66,165	59,319
Deferred income tax liabilities		73,192	68,196
Non-underwriting provisions		12,993	35,476
Deposits received from reinsurers		**28,916**	**30,488**
Payables	11	**108,809**	**100,607**
Accounts payable on direct insurance business		23,642	36,290
Accounts payable on reinsurance business		51,094	29,785
Other liabilities		34,073	34,532
Accrued liabilities	12	**245,776**	**173,212**
Total liabilities		**1,283,959**	**1,237,495**

Company income statement

	2010	2009
Income after tax from group companies and participations	27	297
Other results after taxes	34,202	(64,459)
Result for the year	**34,229**	**(64,162)**

Company changes in equity

	Subscribed capital	Share premium reserve	Revaluation reserve	Legal reserves	Other reserves	Revenue reserve	Total
Balance at 1 January 2009	**7,740**	**420,966**	**(1,068)**	**242,002**	**(85,439)**	**44,751**	**628,952**
Change in revaluation reserve	-	-	2,123	-	-	-	2,123
Change in other reserves	-	-	-	-	(9,963)	-	(9,963)
Change in legal reserve	-	-	-	(87,643)		87,643	-
Net income recognised directly in equity	**-**	**-**	**2,123**	**(87,643)**	**(9,963)**	**87,643**	**(7,840)**
Result for the year	-	-	-	-	-	(64,162)	(64,162)
Total recognised income and expenses for the year	**-**	**-**	**-**	**-**	**-**	**(64,162)**	**(64,162)**
Dividends	-	-	-	-			-
Balance at 31 December 2009	**7,740**	**420,966**	**1,055**	**154,359**	**(95,402)**	**68,232**	**556,950**
Balance at 1 January 2010	**7,740**	**420,966**	**1,055**	**154,359**	**(95,402)**	**68,232**	**556,950**
Change in revaluation reserve	-	-	2,392	-	-	-	2,392
Change in other reserves	-	-	-	-	(9,860)	-	(9,860)
Change in legal reserve	-	-	-	20,366	-	(20,366)	-
Net income recognised directly in equity	**-**	**-**	**2,392**	**20,366**	**(9,860)**	**(20,366)**	**(7,468)**
Result for the year	-	-	-	-	-	34,229	34,229
Total recognised income and expenses for the year	**-**	**-**	**-**	**-**	**-**	**34,229**	**34,229**
Dividends	-	-	-	-	-	-	-
Balance at 31 December 2010	**7,740**	**420,966**	**3,447**	**174,725**	**(105,262)**	**82,095**	**583,711**

Company changes in equity

	Subscribed capital	Share premium reserve	Revaluation reserve	Legal reserves	Other reserves	Revenue reserve	Total
Balance at 1 January 2009	**7,740**	**420,966**	**(1,068)**	**242,002**	**(85,439)**	**44,751**	**628,952**
Change in revaluation reserve	-	-	2,123	-	-	-	2,123
Change in other reserves	-	-	-	-	(9,963)	-	(9,963)
Change in legal reserve	-	-	-	(87,643)		87,643	-
Net income recognised directly in equity	**-**	**-**	**2,123**	**(87,643)**	**(9,963)**	**87,643**	**(7,840)**
Result for the year	-	-	-	-	-	(64,162)	(64,162)
Total recognised income and expenses for the year	**-**	**-**	**-**	**-**	**-**	**(64,162)**	**(64,162)**
Dividends	-	-	-	-			- -
Balance at 31 December 2009	**7,740**	**420,966**	**1,055**	**154,359**	**(95,402)**	**68,232**	**556,950**
Balance at 1 January 2010	**7,740**	**420,966**	**1,055**	**154,359**	**(95,402)**	**68,232**	**556,950**
Change in revaluation reserve	-	-	2,392	-	-	-	2,392
Change in other reserves	-	-	-	-	(9,860)	-	(9,860)
Change in legal reserve	-	-	-	20,366	-	(20,366)	-
Net income recognised directly in equity	**-**	**-**	**2,392**	**20,366**	**(9,860)**	**(20,366)**	**(7,468)**
Result for the year	-	-	-	-	-	34,229	34,229
Total recognised income and expenses for the year	**-**	**-**	**-**	**-**	**-**	**34,229**	**34,229**
Dividends	-	-	-	-	-	-	-
Balance at 31 December 2010	**7,740**	**420,966**	**3,447**	**174,725**	**(105,262)**	**82,095**	**583,711**

All amounts are in thousands of Euro, unless otherwise stated.

Notes to the company financial statements

1 General information

The Company financial statements are part of the 2010 consolidated financial statements, which are also included in the annual report. The Company income statement has been rendered in abbreviated form pursuant to Book 2, Article 402 of the Dutch Civil Code.

The Company has applied the provisions of Article 379, Subsection 5 of Book 2 of the Dutch Civil Code. The list referred to in this article has been included in the Company financial statements as well as filed at the offices of the Trade Register of the Chamber of Commerce in Amsterdam.

The Company financial statements have been authorised for issue by the Management Board on 28 April 2011 and have been reviewed by the Supervisory Board. On 28 April 2011 the Company financial statements have been adopted by the General Meeting of Shareholders of Atradius Credit Insurance N.V.

2 Summary of significant accounting policies

2.1 Basis of presentation

The Company annual financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code.

A legal reserve has been created under Dutch law for self developed software (net of tax). Included in the legal reserve is also the regulatory reserve which consists of the equalisation provision and the minimum required solvency which are stipulated by the local insurance regulator. These reserves cannot be distributed.

2.2 Investments in group companies

The group companies are valued using the equity method in accordance with the accounting principles applied in the consolidated financial statements.

3 Property, plant and equipment

2010	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**31,133**	**29,838**	**24,943**	**85,914**
Additions	54	1,243	1,337	2,634
Disposals	-	(874)	(55)	(929)
Effect of movements in foreign exchange	25	631	775	1,431
At cost at 31 December	**31,212**	**30,838**	**27,000**	**89,050**
Accumulated depreciation and impairments at 1 January	**(5,867)**	**(15,771)**	**(17,340)**	**(38,978)**
Depreciation charge for the year	(804)	(2,933)	(3,439)	(7,176)
Depreciation on disposals	-	424	34	458
Impairment loss	-	(73)	-	(73)
Effect of movements in foreign exchange	(5)	(434)	(580)	(1,019)
Accumulated depreciation and impairments at 31 December	**(6,676)**	**(18,787)**	**(21,325)**	**(46,788)**
Balance at 1 January	**25,266**	**14,067**	**7,603**	**46,936**
Balance at 31 December	**24,536**	**12,051**	**5,675**	**42,262**

2009	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**30,931**	**26,890**	**21,415**	79,236
Additions	144	2,914	2,696	5,754
Disposals	-	(551)	(87)	(638)
Reclassifications	-	7	(156)	(149)
Effect of movements in foreign exchange	58	578	1,075	1,711
At cost at 31 December	31,133	29,838	24,943	85,914
Accumulated depreciation and impairments at 1 January	**(4,977)**	**(12,722)**	**(13,018)**	**(30,717)**
Depreciation charge for the year	-	(2,949)	(3,819)	(6,768)
Depreciation on disposals	(883)	425	84	(374)
Impairment loss	-	-	-	-
Reclassifications	-	(7)	43	36
Effect of movements in foreign exchange	(7)	(518)	(630)	(1,155)
Accumulated depreciation and impairments at 31 December	**(5,867)**	**(15,771)**	**(17,340)**	**(38,978)**
Balance at 1 January	**25,954**	**14,168**	**8,397**	**48,519**
Balance at 31 December	**25,266**	**14,067**	**7,603**	**46,936**

4 Investments in group companies and associates

The following table shows the changes in investments in group companies:

	2010	2009
Balance at 1 January	**14,917**	**15,121**
Share in results from participating interests	21	347
Dividends received	-	(551)
Disposals	(14,867)	-
Revaluations and other movements	-	-
Effects of movements in foreign exchange	-	-
Balance at 31 December	**71**	**14,917**

During the year, N.V. Suidarta and Atradius Beheersmaatschappij B.V. have merged into Atradius Credit Insurance N.V. and Atradius Dutch State Business N.V. has been transferred at net asset value to Atradius Insurance Holding N.V., the parent company of Atradius Credit Insurance N.V.

All amounts are in thousands of Euro, unless otherwise stated.

The following table shows the changes in associated companies and joint ventures:

	2010	2009
Balance at 1 January	**412**	**670**
Share in results from participating interests	6	(50)
Dividends received	-	-
Disposals	-	(197)
Revaluations and other movements	4	1
Effects of movements in foreign exchange	78	(12)
Balance at 31 December	**500**	**412**

Overview of subsidiaries, branches, associated companies and minority shareholdings

The following table sets forth, as at 31 December 2010, the name and jurisdiction of establishment of the subsidiaries, associated companies and minority shareholdings of Atradius Credit Insurance N.V.

Name	Country	Ownership
Atradius Payments S.à.r.l.	France	100%
Atradius Pension Trustees Ltd.	United Kingdom	100%
Atradius Receivables Management Company N.V.	Netherlands Antilles	55%
Le Sarrazin S.C.I.	France	100%
DAP Holding N.V.	Netherlands	2.37%
NCM (UK) Holdings Ltd.	United Kingdom	100%
NCM Credit Insurance Ltd.	United Kingdom	100%
NCM UK Agency Ltd.	United Kingdom	100%
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd.	Japan	50%

Atradius Credit Insurance N.V. has branches in Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, Ireland, Italy, Japan, Luxembourg, Netherlands Antilles, New Zealand, Norway, Poland, Singapore, Slovakia, Spain, Sweden, Switzerland, Turkey and United Kingdom. The Company also has a representative office in Shanghai, China.

5 Other financial investments

Financial assets classified by measurement category and nature 2010	Available-for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	276,760	-	-	276,760
Debt securities	153,961	-	-	153,961
Loans	-	-	158,949	158,949
Short term investments	-	-	49,570	49,570
Derivatives	-	2	-	2
Total	**430,721**	**2**	**208,519**	**639,242**
Quoted prices in active markets	430,721	2	49,570	480,293
Valuation techniques	-	-	158,949	158,949
Total	**430,721**	**2**	**208,519**	**639,242**

Financial assets classified by measurement category and nature 2009	Available-for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	254,943	-	-	254,943
Debt securities	154,993	-	-	154,993
Loans	-	-	158,953	158,953
Short term investments	-	-	23,639	23,639
Derivatives	-	300	-	300
Total	**409,936**	**300**	**182,592**	**592,828**
Quoted prices in active markets	409,936	300	23,639	433,875
Valuation techniques	-	-	158,953	158,953
Total	**409,936**	**300**	**182,592**	**592,828**

6 Receivables

	2010	2009
Accounts receivable on direct insurance business	**80,789**	**90,811**
Amounts owed by policyholders	71,592	82,977
Amounts owed by brokers and agents	9,197	7,834
Accounts receivable on reinsurance business	**58,633**	**73,673**
Other accounts receivable	**53,620**	**73,419**
Total	**193,042**	**237,903**

All amounts are in thousands of Euro, unless otherwise stated.

7 Cash and cash equivalents

	2010	2009
Cash at bank and on hand	55,432	2,754
Short term bank deposits	427	23,000
Total	**55,859**	**25,754**

Cash and cash equivalents	55,859	25,754
Total	**55,859**	**25,754**

8 Other assets

	2010	2009
Deferred income tax assets	90,237	80,397
Current income tax assets	20,574	15,267
Total	**110,811**	**95,664**

9 Accruals

	2010	2009
Deferred acquisition costs	9,974	9,773
Pipeline premium	114,881	104,610
Prepayments	12,485	12,087
Accrued interest	2,136	2,867
Ceded return premium	28,344	12,553
Other	4,770	4,574
Total	**172,590**	**146,464**

10 Capital and reserves

10.1 Subscribed capital

The authorised share capital amounts to EUR 10 million divided into 2,500 shares of EUR 4,000 each. 1,935 shares were issued and fully paid at balance sheet date, amounting to a subscribed capital of EUR 7.7 million.

10.2 Revaluation reserve

	2010	2009
Balance at 1 January	**1,055**	**(1,068)**
Revaluation during the year	2,392	2,123
Balance at 31 December	**3,447**	**1,055**

10.3 Legal reserves

	2010	2009
Balance at 1 January	**154,359**	**242,002**
Change in legal reserve	(978)	(203)
Change in regulatory reserve	21,344	(87,440)
Balance at 31 December	**174,725**	**154,359**

The legal reserves consist of the following two components:

- a legal reserve related to the capitalisation of self developed software of EUR 11.6 million (2009: EUR 12.6 million);
- the regulatory reserve, consisting of the equalisation provision of EUR 98.0 million (2009: EUR 75.4 *million) and the required solvency of EUR 65.1 million (2009: EUR 66.4 million).*

The following table shows the split of the legal reserves at balance sheet date:

	2010	2009
Legal reserve (capitalisation of self developed software)	11,638	12,616
Regulatory reserve	163,087	141,743
Total	**174,725**	**154,359**

10.4 Other reserves

	2010	2009
Balance at 1 January	**(95,402)**	**(85,439)**
Change in currency translation reserve	2,088	(438)
Change in pension reserve	(11,948)	(9,525)
Balance at 31 December	**(105,262)**	**(95,402)**

10.5 Revenue reserve

	2010	2009
Balance at 1 January	**68,232**	**44,751**
Transfer between regulatory reserve and revenue reserve	(20,366)	87,643
Result for the year	34,229	(64,162)
Balance at 31 December	**82,095**	**68,232**

11 Payables

	2010	2009
Accounts payable on direct insurance business	23,642	36,290
Accounts payable on reinsurance business	51,094	29,785
Trade and other accounts payable	19,776	29,534
Current income tax liabilities	14,297	4,998
Total	**108,809**	**100,607**

All amounts are in thousands of Euro, unless otherwise stated.

12 Accrued liabilities

	2010	2009
Unearned reinsurance commission	23,712	24,375
Other taxes	3,969	7,879
Accruals	84,075	46,105
Return premium	46,629	26,489
Ceded pipeline premium	78,796	57,403
Sundry creditors	-	786
IPT and stamp duties payable	8,583	10,147
Interest payable	12	28
Total	**245,776**	**173,212**

13 Auditor fees

The following expenses were made to the Group Auditor for audit and non-audit services:

2010

	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	264	568	832
Other audit services	13	99	112
Fiscal advisory services	-	18	18
Non-audit services	-	27	27
Total	**277**	**712**	**989**

2009

	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	191	512	703
Other audit services	13	106	119
Fiscal advisory services	-	46	46
Non-audit services	-	20	20
Total	**204**	**684**	**888**

The Supervisory Board

Paul-Henri Denieuil
Jan H. Holsboer
Dick Sluimers

The Management Board

Isidoro Unda
Dr. Peter Ingenlath
David Capdevila
Delfin Rueda

Management Board

Isidoro Unda 28·4·2011

Peter Ingenlath 28·4·2011

David Capdevila 28·4·2011

Delfín Rueda 28·4·2011

Supervisory Board

Paul-Henri Denieuil | Jan Holsboer | Dick Sluimers

28.4.2011

Supervisory Board

Jmalsboer.

Paul-Henri Denieuil

Jan Holsboer
28·4·2011

Dick Sluimers

Supervisory Board

Paul-Henri Denieuil

Jan Holsboer

~~Dick Sluimers~~

28.4.2011

Other information

Proposed profit appropriation

1. Statutory appropriation of result

In accordance with article 20 of the Articles of Association the result for the year is at the disposal of the Annual General Meeting of Shareholders.

2. Proposed appropriation of result

The Management Board proposes to the General Meeting of Shareholders to allocate the profit for the year to the revenue reserve.

Events after the reporting period

There are no events to report.

Independent auditor's Report

To: The Shareholders of Atradius Credit Insurance N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Atradius Credit Insurance N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Atradius Credit Insurance N.V. as at 31 December 2010 and of its result and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Atradius Credit Insurance N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the Management Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 28 April 2011
Deloitte Accountants B.V.
Signed by C.J. de Witt