10061036430

Atradius Credit Insurance NV
New Zealand Branch

Company Directory

Nature of Business	Trade Credit Insurance
Registered Office	Suite 7 Level 13 Forsyth Barr House 45 Johnston St Wellington
Company Number	1547417
IRD Number	88-865-499
Directors	David CAPDEVILA Andreas TESCH 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 Statements

We have audited the accompanying financial statements of Atradius Credit Insurance NV – New Zealand Branch, which comprises the statement of financial position as at 31 December 2011, 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 Statements

The directors of Atradius Credit Insurance NV are responsible for the preparation of financial statements that give 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements 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 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 judgement, 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 of the financial statements that give 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 statements.

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.

Deloitte.

Opinion

In our opinion, the financial statements of Atradius Credit Insurance NV – New Zealand Branch:

a. give a true and fair view of Atradius Credit Insurance NV – New Zealand Branch's financial position as at 31 December 2011 and of its performance for the year ended on that date; and

b. comply with generally accepted accounting practice in New Zealand

Emphasis of Matter

Atradius Credit Insurance NV – 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.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under New Zealand law. As a result, the financial statements may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stuart Alexander
Partner
Chartered Accountants
Sydney, 27 April 2012

Atradius Credit Insurance NV
New Zealand Branch

Statement of Comprehensive Income
For the Year Ended 31 December 2011
In New Zealand Dollars

	Note	**2011**	**2010**
Revenue	2 (a)	5,760,192	5,571,766
Underwriting expenses			
Reinsurance expenses		(3,086,067)	(2,748,361)
Gross claims expenses		(403,456)	(1,000,986)
Commission costs		(612,847)	(511,346)
Movement in Deferred acquisition costs		38,213	(70,884)
Administrative expenses			
Group overhead costs		(515,021)	(309,854)
Personnel expenses		(134,641)	(138,469)
Lease payment		(64,754)	(52,415)
Consultancy		(27,600)	(33,537)
Communication cost		(17,774)	(18,950)
Travel cost		(13,024)	(10,303)
Marketing cost		(3,178)	(6,375)
Depreciation costs		(1,434)	(2,647)
Other expenses		(201,990)	(10,837)
Other (expense)/revenue	5	(110,398)	489,620
Profit before tax	3	606,221	1,146,422
Taxation (expense)/credit	7	(116,123)	28,702
Profit for the period		**490,098**	**1,175,124**
Other comprehensive income		-	-
Total Comprehensive Income for the year attributable to the members of Atradius Credit Insurance NV		**490,098**	**1,175,124**

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 2011
In New Zealand Dollars

	Note	Retained Deficit
	12	
Balance at 1 January 2010		(6,412,962)
Total Comprehensive Income		1,175,124
Balance at 31 December 2010		(5,237,838)
Balance at 1 January 2011		(5,237,838)
Total Comprehensive Income		490,098
Balance at 31 December 2011		(4,747,740)

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 2011
In New Zealand Dollars

	Note	2011	2010
Assets			
Cash and cash equivalents	10	258,959	811,758
Reinsurance receivables	15	1,746,717	1,794,404
Trade receivables	9	876,813	651,058
Deferred acquisition costs		139,360	101,147
Other investments		3,445,556	531,420
Miscellaneous assets and accruals		146,076	61,975
Total Current Assets		6,613,480	3,951,762
Non Current Assets			
Tax asset		16,695	15,114
Property, plant and equipment	8	19,317	20,750
Total Non Current Assets		36,392	35,864
Total Assets		6,649,492	3,987,626
Equity			
Retained Deficit	12	(4,747,740)	(5,237,838)
Total Equity		(4,747,740)	(5,237,838)
Liabilities			
Underwriting Provisions	14	1,769,960	1,860,692
Payables			
Reinsurance payables	16	561,600	431,365
Other accounts payables	17	8,655,670	6,584,905
Other Liabilities			
Misc liabilities and accruals		410,002	348,502
Total Current Liabilities		11,397,232	9,225,464
Total Equity and Liabilities		6,649,492	3,987,626

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.

Director Isidoro Unda
Date 27.4.2012

Director Andreas Tesch
Date 27.4.2012

Atradius Credit Insurance NV
New Zealand Branch

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-oriented entities that qualify and apply differential reporting concessions. The Branch is a profit-oriented 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, except for deferred tax.

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 $490,098 (2010 profit $1,175,124) and has a retained deficit of $4,747,740 (2010 deficit $5,237,838).

The 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 it's debts may result in claims against assets not appearing thereon. This entity has confirmed that its policy is to ensure that the Branch is in a position to meet its disclosed obligations as and when those obligations fall due.

Atradius Credit Insurance NV
New Zealand Branch

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 NZ IFRS 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.

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.

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

2(a)	Operating Revenue	*Note*	2011	2010
	Total Gross Earned Premium	2 (b)	4,136,892	3,696,258
	Reinsurance and Other Recoveries			
	Reinsurance Recoveries	2 (b)	395,052	840,321
	Reinsurance Commission	2 (b)	1,228,248	1,035,187
	Total Reinsurance and Other Recoveries		1,623,300	1,875,508
	Total Operating Revenue		**5,760,192**	**5,571,766**

2(b)	Underwriting Result			
	Gross Written Premium		4,293,107	3,390,577
	Unearned Premium Movement		(156,215)	305,681
	Gross Earned Premium	2 (a)	4,136,892	3,696,258
	Outward Reinsurance Premium Ceded		(3,207,134)	(2,537,422)
	Unearned Reinsurance Premium Movement		121,067	(210,939)
	Reinsurance Expense		(3,086,067)	(2,748,361)
	Net Earned Premium		**1,050,825**	**947,897**
	Reinsurance Commission Income	2 (a)	**1,228,248**	**1,035,187**
	Total Gross Claims Expense	6	(403,456)	(1,000,986)
	Reinsurance and Other Recoveries	2 (a)	395,052	840,321
	Net Claims Cost		**(8,404)**	**(160,665)**
	Acquisition Costs			
	Deferred Acquisition Cost Movement		38,213	(70,884)
	Commissions		(612,847)	(511,346)
	Group Overhead Costs		(515,021)	(309,854)
	Personnel Expenses		(134,641)	(138,469)
	Lease Payments		(64,754)	(52,415)
	Consultancy		(27,600)	(33,537)
	Communication Cost		(17,774)	(18,950)
	Travel Cost		(13,024)	(10,303)
	Marketing Cost		(3,178)	(6,375)
	Depreciation Cost	8	(1,434)	(2,647)
	Other Expenses		(201,990)	(10,837)
	Total Expense		**(1,554,050)**	**(1,165,617)**
	Underwriting Result	3	**716,620**	**656,802**

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

3 **Profit/(Loss) before tax**

		2011	2010
Underwriting Result	2 (b)	716,620	656,802
Other (expense)/revenue	5	(110,399)	489,620
Operating Profit Before Tax		**606,221**	**1,146,422**

4 **Operating Expenses include the following:**

Deloitte Audit Fees	27,214	26,573
Other firms' professional advice	28,175	49,175
	55,389	**75,748**

5 **Other revenue/(expense)**

Interest Income		37,520	34,130
Interest Expense		(83,243)	(97,470)
Fair value Change in Investments		(6,598)	(879)
Sub lease rental		-	2,500
Foreign Exchange (Loss)/Gain		(58,077)	551,339
Total other revenue	3	**(110,398)**	**489,620**

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

6 **Claims and Loss Adjustment Expenses**

	Gross 2011	Reinsurance 2011	Gross 2010	Reinsurance 2010
Balance at 1 January	1,198,464	(922,620)	1,590,476	(1,139,816)
Claims and Claims handling expenses Settled in the year	(650,404)	504,061	(1,392,998)	1,080,083
Foreign Exchange Loss on Reinsurance Asset		10,477		(22,566)
Total Gross Claims Expense	403,456	(395,052)	1,000,986	(840,321)
Balance 31 December (note 14)	**951,516**	**(808,134)**	**1,198,464**	**(922,620)**

7 **Income Tax expense**

	Note	2011	2010
Current Tax Expense/(benefit)		116,123	(28,702)
Past Year		-	-
Current Year		-	-
		116,123	**(28,702)**

Reconciliation of effective tax rate

Profit before tax	3	606,221	1,146,422
Income Tax using company tax rate at 28% / (30%)		169,742	343,926
Non-Deductible (Income)		(9,072)	(124,643)
Utilisation of tax losses		(160,670)	(219,283)
Other taxes		116,123	(28,702)
Current tax expense/(benefit)		**116,123**	**(28,702)**

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

8 Property, Plant and Equipment

2011	**Cost**	**Current Year Depreciation**	**Accumulated Depreciation**	**Carrying Value**
Computer Hardware	99,112	73	99,112	-
Fixtures and Fittings	44,219	1,360	24,902	19,317
Total	**143,331**	**1,434**	**124,014**	**19,317**

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**

9 Trade and Other Receivables

	2011	**2010**
Trade Receivables and Pre-payments	866,268	651,058
Other Trade Receivables	10,545	-
	876,813	**651,058**

10 Cash and Cash Equivalents

Bank Balances	258,959	811,758
	258,959	**811,758**

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

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

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 are:

- Government bonds which are at Level 2 in the fair value hierarchy under NZ IFRS7

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

	2011	2010
Retained Deficit - Opening Balance	(5,237,838)	(6,412,962)
Net Profit/(Loss)	490,098	1,175,124
Closing Balance	**(4,747,740)**	**(5,237,838)**

13 Operating Leases

Non cancellable operating Leases rentals are payable as follows

Less than one year	17,043	16,000
Between one and five Years	-	-
	17,043	**16,000**

Atradius Credit Insurance NV
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

14	<u>Underwriting Provisions</u>	**2011**	**2010**
	<u>Unearned Premium</u>		
	2011	-	662,228
	2012	818,444	
	Total unearned premium	**818,444**	**662,228**
	<u>Provision for Future claims</u>		
	Underwriting Year 2001	-	-
	Underwriting Year 2003	-	-
	Underwriting Year 2004	-	61,707
	Underwriting Year 2005	7,474	1,006
	Underwriting Year 2006		-
	Underwriting Year 2007		352
	Underwriting Year 2008	1,317	248,547
	Underwriting Year 2009	38,556	137,149
	Underwriting Year 2010	89,022	749,703
	Underwriting Year 2011	815,147	-
	Total provision for future claims	951,516	1,198,464
	Total Underwriting Provisions	**1,769,960**	**1,860,692**

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 three 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% (2010: 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 $951,516 comprising central estimate of $825,252 and a 15.3% risk margin of $126,264 (2010: $156,324). 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 2011 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 2011.

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

	2011	2010
Atradius Re, Ireland	524,173	694,608
3rd Party Reinsurance Receivables	1,222,544	1,099,796
	1,746,717	**1,794,404**

Reinsurance receivables are receivable on demand and do not accrue interest. Reinsurance receivables include the reinsured share of unearned premium being $634,293 (2010:$513,226).

16 Reinsurance and Insurance Payables

	2011	2010
Atradius Re, Ireland	230,093	166,980
3rd Party Reinsurers	331,507	264,385
	561,600	**431,365**

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

Notes to the financial statements

In New Zealand Dollars

17 Other Accounts Payables

	2011	2010
Payroll Liabilities	14,830	39,153
Other Accounts Payable	234,412	105,392
Atradius Credit Insurance NV, Netherlands	8,406,428	6,440,360
	8,655,670	**6,584,905**

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.
- Atradius Credit Insurance NV Amsterdam charged the Branch group overhead charges during the period of: $480,623 (2010:$353,853).
- All other intercompany balances relate to the net-shared services charges (Information Technology charges) which for 2011 was a charge of $32,270 (2010: credit: $44,112)

All related party receivable balances are considered receivable in full.

Notes to the financial statements

In New Zealand Dollars

19 Capital Commitments

There are no capital commitments (2010: None).

20 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. (2010: $32,500).

21 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.

22 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 Branch has a provisional licence under the Insurance (Prudential Supervision) Act 2010. 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, the Netherlands, 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, 25 April 2012.

mr. D. ter Braak
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notaris te Amsterdam

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18 MAY 2012
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Atradius Credit Insurance N.V. Annual report 2011

Contents

Report of the Management Board

Report of the Management Board

Following the global economic upheaval of 2008/9, the credit insurance industry as a whole recovered in 2010 and, in 2011, Atradius Credit Insurance N.V.'s performance continued its positive trend. Despite an increasingly challenging economic environment - in particular, during the second half of the year - Atradius Credit Insurance N.V. maintained its healthy profitability while protecting its customers from the worsening economic outlook. Atradius Credit Insurance N.V. is further referred to as 'the Company', and Atradius N.V. together with its subsidiaries is referred to as 'the Atradius Group'.

In 2011 the Company, supported by robust reinsurance, brokers, other business partners and staff, helped its customers to grow their revenue in the knowledge that they had a strong insurance partner at their side. As a result, we also grew our insurance revenue by 5.3% while ably managing claims costs with an increased risk appetite. The further improvements that we have made to our underwriting systems, tools and methodologies, which have enabled us to guide our customers away from unacceptable risks and towards profitable trade, have benefited not just customers but all our stakeholders, including our shareholders. Thanks to our strong insurance portfolio, we have been able to face the deteriorating economic situation with confidence.

At the start of the year, the Company put in place its new strategy and organisational model, resulting in an even keener focus on customer service, with more localised decision making and a higher degree of authority devolved to our regional organisations. We are pleased to say that the feedback from customers, brokers, our own staff and other stakeholders has been positive. In particular, the new strategy has enabled each regional operation to tailor its products and services more precisely to local needs, and to give our customers better direct access to underwriting decision makers in their own countries. The high customer retention rate that we have enjoyed throughout the year is a further indication of our customers' loyalty, the extent to which they value the quality of our products and services, and their recognition that the Company is truly the market leader.

In the second half of 2011 economic developments became increasingly uncertain: especially those emanating from the Eurozone crisis. During the year we saw a financial rescue packages for the economies of Greece, Portugal and Ireland. Large economies, including Italy and France, have also become the focus of increasing speculation about their financial sustainability. While the market in Spain has continued to experience contraction and high unemployment, through proactive portfolio management we have ensured that this element of our book has remained profitable.

This uncertainty was not limited to the European economies. For example, the US lost its Standard & Poor's AAA rating for the first time amid concerns over its debt levels and budget deficits. As a result, global economic growth forecasts were slashed and, although western economies will be worst hit, it is unlikely that export focused emerging markets will emerge unscathed from a potentially severe downturn.

Throughout this economic and political turmoil, all of our customers – from small and medium enterprises (SMEs) to large multinational companies - have benefited from their partnership with the Company and have been able to continue to trade with confidence in their chosen markets. In the light of the uncertain and potentially volatile outlook for 2012, we will continue to monitor the economic developments with a particular focus on the Eurozone. To be in a position to act expediently we have carried out the precautionary preparation of a framework for a co-ordinated response to a range of economic scenarios with the aim of protecting our partners from adverse effects while maintaining our customer service promises. Importantly, this means that customers and partners can rest assured that the Company is well prepared in the event of a serious downturn.

The implementation of our new strategy 'Roadmap to Success' in 2011, with its core strategic elements of service quality and the decentralisation of authority and accountability, is perceived positively both from the market and internally. In 2012 we will continue to build on this strategy. Allowing our customers direct access to underwriters has added value to our service to both customers and brokers and confirms our position as best quality service provider in the credit insurance industry.

2012 will be the second consecutive year in which specific service excellence projects will be implemented. In addition, investment to improve internal and external system interfaces will further enhance our customers' experience and enable simpler and more efficient communication between our customers, brokers and ourselves.

We are especially proud to be the acknowledged market leader in the credit insurance industry for our services to multinational companies: the result of our dedication to supporting trade across the globe - irrespective of the economic environment. Maintaining our leadership in serving Global customers will be another priority in 2012. We will do this by offering a distinct product and service proposition which is aligned across the globe. This will include supporting our customers by making our services available wherever they are doing business. For example, we will extend our underwriting capabilities in Russia and invest in extending our underwriting capabilities in emerging markets – including India, Dubai, China, Singapore, Saudi Arabia and Hong Kong.

Improving efficiency in order to balance our costs against revenue will remain an area of focus for us in 2012, so that we can satisfy our shareholders' expectations and maintain a fit and nimble organisation. In addition, following the milestones we already achieved in 2011, we will intensify our efforts in 2012 to achieve compliance with the new insurance regulatory regime 'Solvency II' while pursuing a business-driven approach towards the requirements. Our main ambition is not only to comply but also to benefit from the tools, system and infrastructures being developed as part of the project.

Looking ahead to 2012 and beyond, the value that customers gain from our services will undoubtedly increase. Against a backdrop of economic uncertainty we will give our customers the confidence - through access to our global network of expertise on trade and credit management - to trade securely.

Financial performance overview

The Company's 2011 financial performance was, to a large extent, a reflection of the general improvement in the global economy in the first half of the year, combined with the Company's continued focus on customer service excellence. Despite the stalling economic recovery and weak financial sector conditions in the second half of the year, insolvency levels have continued to stabilise - and even improved in some countries. Lower levels of payment default have also had a positive effect on our profitability, while our sophisticated risk underwriting tools have allowed us to avoid the potential impact of deteriorating economic developments that have led to the poor growth and rising insolvency rates in a number of countries.

Total revenue for the Company reached EUR 831.6 million: up 5.7% on 2010. The contribution to this growth from our credit insurance operation can be ascribed to increased insured shipments, resulting from higher risk acceptance and elevated trade volumes, and to the positive premium development from previous underwriting years. A healthy customer retention rate has contributed significantly to this revenue development.

The total net operating expenses reduced substantially compared to 2010 due to the reinsurance commissions received from business ceded to reinsurers. Despite lower levels of payment default, claims costs have increased by 24.9% which is mainly driven by the changes in claims provisioning to reflect the worsening economic environment, the improved top line and reinsurance resulted to a profit before tax of EUR 104.3 million (2010: EUR 48.1 million). The profit for the year increased to EUR 78.6 million from EUR 34.2 million in 2010.

Insurance revenue

Insurance revenue increased by 5.3%, to EUR 812.5 million. This was attributable to increased earned premium resulting from a continued economic recovery and customer service initiatives that led to an excellent customer retention rate. While revenue developments across the Company are diverse, our New Markets (Oceania and Asia), Special Products and Central & Eastern Europe units showed significant insurance revenue improvements compared to last year. Positive premium adjustments on previous underwriting years also contributed to some degree.

Claims development

The gross claims ratio, based on insurance revenue, rose to a still healthy 37.3% from 31.7% in 2010 - the consequence of increased claims costs resulting from the worsening economic environment - while insurance revenue increased at a slightly lower pace, despite higher risk acceptance and increased trade volumes. Moreover, in general, the claims frequency in the second half of the year reflected the financial turmoil in the Eurozone.

Operating expenses

The gross technical operating expenses remained stable compared to 2010 (EUR 301.2 million compared to EUR 303.8 million). The gross technical expense ratio improved to 36.2% from 38.6%. We will continue to focus on cost efficiency measures in 2012 and 2013.

Net investment result

Net investment result for 2011 is EUR 2.1 million: a 64.4% decrease on 2010's EUR 5.9 million. The deterioration of the net investment result is mainly attributed to an impairment made in our portfolio.

The Company's investment strategy has remained stable since the outbreak of the credit crisis in 2008, with a focus on preserving capital to avoid large losses on the investment portfolio. In the past three years, this strategy has resulted in a reduced exposure to government bonds and equities, and an increased holding in short-term cash instruments and investment grade corporate bonds. The Company will maintain this investment strategy until we see significant and sustained improvements in the global economy and financial markets.

Shareholders' equity
From a starting point of EUR 583.7 million at the beginning of the year, the Company's shareholder equity has reached EUR 649.7million at the end of 2011, representing a return on equity of 11.3%. This improvement has further strengthened the Company's capital position and will support future growth, allowing the expansion of our insured business while maintaining strong capital ratios.

The positive earnings growth and level of capitalisation of the Company and the Atradius Group, headed by Atradius N.V., has been interpreted positively by the credit rating agency Standard and Poor's, which as a consequence changed the outlook for both the Company and the Atradius Group from negative to stable in July 2011. The credit rating of the Company and the Atradius Group remains stable at A-.

Strategic initiatives
Our overall strategic focus remains on credit insurance, bonding and related products and services in our existing markets. In 2011 our positive initiatives continued, 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: in short, to support our customers' future success.

Implementation of the 'Roadmap to Success'
One of the key strategic initiatives of the year was the implementation of our new strategy and organisational model – the 'Roadmap to Success' - with effect from 1 January 2011. The key aims of this strategy were to drive further customer service improvements, to give more executive powers to local management, and to add focus to operational efficiency improvements.

To help reach these strategic aims we adjusted our operational model. Country Managers have assumed formal accountability for all local commercial and support functions apart from risk underwriting. This gives each Country Manager both the obligation and opportunity of full income statement responsibility, enabling them to optimise all aspects of their local operation. The establishment of Country Management teams, engaging expertise from all functional areas, will also enhance local success. Further alignment of Risk Underwriting, Commercial and Collections operations has been achieved by the setting and monitoring of joint targets – an essential factor in attaining both local targets and group-wide aims.

As a result of this strategy of regional empowerment, we have seen positive effects in terms of entrepreneurialism, process and efficiency improvements and an even greater ability to meet customer demands through localised service offering. One of many examples of how units have adapted their operations has been the transfer of resources to front office positions in a number of our markets, leading to customer service and growth improvement initiatives.

New SME product
During the year, the Company introduced or piloted an innovative SME product in a number of markets, including UK, Ireland, France and Belgium. Modula First is a whole turnover product for the smallest SME customers: typically those with a turnover of EUR 5 million or less. What makes this product unique in the market is that it offers the comprehensive coverage associated with other Atradius Group policies but with greatly simplified documentation and pricing. For example, the policy offers simple, fixed pricing based on turnover bands and insured maximum liability. Policy management is highly automated, and the policy's simplicity and minimal administration makes this product attractive to both SMEs with limited resources and to our distribution partners.

Market feedback has been very positive and, in view of the benefits this product offers to SMEs – a segment typically hard hit in uncertain economic times - we will launch it in other markets over the coming year.

Increased vigilance
The Company has an obligation to its customers and other stakeholders to be prepared for any potential economic development that may impact on our customers' credit management and risk exposures. We do not take this obligation lightly and so, in 2011, with the risk outlook showing signs of potential severe deterioration, we have made precautionary preparations to protect our customers and partners from the impact of a range of possible adverse

economic developments. As a result, the Company is well prepared to continue serving its customers and partners throughout the economic cycle, including periods of serious potential downturn.

International strengthening
In 2011 the Company strengthened its position in a number of future growth markets in Asia. Through our Pan-Asian cooperation partner, Tokio Marine Asia Pte Ltd, policies can now be offered locally in Indonesia, Malaysia, Vietnam and the Philippines. This demonstrates the importance the Company places, not only on our established markets in Europe, but also on providing service excellence in markets with increasing significance for our customers.

In addition, Asia and Latin America are clearly important future growth markets and thus provide a real opportunity for the Company to offer its services to businesses based in those markets. In Asia, the Company can now provide solutions - either directly or via a partner - in Hong Kong, Singapore, China, Japan, India, Thailand, Taiwan, Indonesia, Malaysia, Vietnam, and Philippines. In most cases, cover can be offered for both export and domestic sales with the exception of mainland China, where only domestic cover can be offered.

Information technology
We continue to enhance our two-way electronic communications with customers via our online application Serv@Net. During 2011, we developed new features within the Serv@Net suite that allow us to exchange documents and information with our customers online. This increases the speed of service in risk underwriting and claims processing, improving efficiency for both parties.

In addition, this year we introduced brand-new facilities to our online portfolio analysis and reporting tool that is available to our customers in the highly-rated internet platform Serv@Net. This gives customers and brokers access to reports to help them manage the quality of their portfolios. More reports are planned, affording customers greater control of their risk portfolios. We also offer the CONNECT facility, which enables customers to manage their credit insurance using an automated business-to-business link between their systems and that of the Company.

Our new account management tool, enabling account managers to spend less time on administration and more on meeting customers' needs, is currently being rolled out. The new system helps account managers to monitor and manage policy renewals, and provides a consolidated view of policy information and recent actions. In 2012, the tool will be further enhanced to support our account managers and create more reporting possibilities.

The additional responsibilities now devolved to our regional operations will be reflected in and supported by increased flexibility in the design of IT applications. This process has already begun, with the development of a blueprint for future IT applications that will meet both individual country requirements and the Atradius Group's strategic direction.

Solvency II
After launching the implementation phase of the Solvency II programme in 2010, the Atradius Group including the Company, continued with preparations for the new regulatory regime – despite the uncertainty around the final form of the new regulations and the implementation date. The Company is well placed to address regulatory requirements in the different jurisdictions in which it operates. The Company is pursuing a business-driven and pragmatic approach which consists primarily of modifying the existing robust risk management systems to align with the new requirements as well as implementing new calculation and reporting processes to meet external demands.

Dutch Insurer's Code
The Dutch Insurer's Code came into effect on 1 January 2011 and sets out principles that Dutch insurers should observe in terms of corporate governance, risk management, audit and remuneration. This code in principle applies to the Company. However, as ACI is part of a larger group, Atradius N.V., it decided to apply the Code at group level, in line with the Dutch Insurer's Code. Atradius group complies with the text and spirit of the principles of the Insurer's Code in all material respect. A detailed description of the way in which Atradius N.V. complies with the specific principles of the Dutch Insurer's Code is available on the Atradius website.

Human resources
Our people's professional and personal development has been a key focus of our Human Resources function this year. We have further developed Atradius Academy training by substantially increasing the number of e-learning modules, and enhancing our management development programmes through close cooperation with the Rotterdam School of Management. In 2011, the Atradius Group, has revised its remuneration policy to ensure alignment with the principles contained in the Dutch Insurer's Code as well as the Regulation on Controlled Remuneration that was issued by the Dutch Central Bank (De Nederlandsche Bank). The Atradius Group Remuneration Policy links the

variable remuneration and long-term performance of the Atradius Group for selected staff. Atradius Credit Insurance N.V. complies with the Atradius Group Remuneration Policy (refer to the 2011 Atradius N.V. annual report for additional information on the Atradius Group Remuneration Policy).

Corporate responsibility
In the light of recent global developments, it is only natural that business standards should be under the spotlight. For the Company, corporate responsibility is, and always has been, at the heart of business operations: in terms of both a regard for the environment and as assurance to all our shareholders, business partners, customers and our people that we uphold the very best in ethical standards. The Atradius Group on behalf of the Company is part of the signatories of the UN Global Compact and embraces a set of core values relating to human rights, labour standards, the environment and anti-corruption, and actively ensures that the Company abides by those values. As well as requiring - and encouraging - our people, wherever in the world they are based, to follow this code of practice, we have now established a global measurement framework for our key performance indicators. For each country in which we operate, we can accurately gauge our consumption of energy and other resources - including how much of that is derived from renewable and recycled sources - our greenhouse gas emissions, and our disposal of waste material. So, as we move forward, we will be able to better monitor and demonstrate more precisely the positive impact of our Corporate Responsibility initiatives.

We would like to thank our customers, business partners, shareholders and staff for their trust and cooperation.

The Management Board

Isidoro Unda
Delfín Rueda
David Capdevila
Andreas Tesch

Company financial statements 2011

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All amounts are in thousands of Euro, unless otherwise stated

Company financial statements

Statement of financial position (before profit appropriation)

Assets	Note	31.12.2011	31.12.2010
Intangible assets	6	**66,029**	**65,718**
Property, plant and equipment	7	**41,686**	**42,262**
Investment property	8	**2,933**	**3,864**
Investments in subsidiaries and joint venture	9	**50**	**462**
Financial investments	10	**747,124**	**687,024**
Reinsurance contracts	11	**675,062**	**658,311**
Deferred income tax assets	20	**98,942**	**90,230**
Current income tax assets	20	**21,555**	**20,581**
Receivables	12	**180,474**	**193,041**
Accounts receivable on insurance and reinsurance business		146,654	139,422
Other accounts receivable		33,820	53,619
Other assets		**195,135**	**172,590**
Deferred acquisition costs	13	10,924	9,974
Miscellaneous assets and accruals	14	184,211	162,616
Cash and cash equivalents	15	**28,689**	**8,077**
Total		**2,057,679**	**1,942,160**

Equity

Capital and reserves attributable to the equity holders of the Company	16	649,624	583,602
Total		**649,624**	**583,602**

Liabilities

Employee benefit liabilities	17	**62,135**	**66,165**
Insurance contracts	18	**856,099**	**822,708**
Provisions	19	**6,710**	**12,993**
Deferred income tax liabilities	20	**85,409**	**73,192**
Current income tax liabilities	20	**18,858**	**14,296**
Payables	21	**68,770**	**94,512**
Accounts payable on insurance and reinsurance business		48,807	74,736
Trade and other accounts payable		19,963	19,776
Other liabilities	22	**310,074**	**274,692**
Total		**1,408,055**	**1,358,558**

Total equity and liabilities		**2,057,679**	**1,942,160**

Income statement

	Note	2011	2010
Insurance premium revenue	23	812,521	771,795
Insurance premium ceded to reinsurers	23	(581,561)	(556,539)
Net premium earned		**230,960**	**215,256**
Service and other income	24	19,075	14,799
Net income from investments	25	2,142	5,851
Total income after reinsurance		**252,177**	**235,906**
Insurance claims and loss adjustment expenses	26	(310,022)	(248,151)
Insurance claims and loss adjustment expenses recovered from reinsurers	26	202,661	164,740
Net insurance claims		**(107,361)**	**(83,411)**
Net operating expenses	27	(41,864)	(112,491)
Total expenses after reinsurance		**(149,225)**	**(195,902)**
Operating result before finance costs		**102,952**	**40,004**
Finance income and expenses	28	1,315	8,064
Result for the year before tax		**104,267**	**48,068**
Income tax (expense) / income	29	(25,628)	(13,866)
Result for the year		**78,639**	**34,202**

Statement of comprehensive income

	Note	2011	2010
Result for the year		**78,639**	**34,202**
Other comprehensive income:			
Net fair value gains on available-for-sale financial investments	16.3	2,670	2,392
Effect of the asset ceiling on defined benefit pension plans	16.5	(21,154)	(7,816)
Actuarial gains / (losses) on defined benefit pension plans	16.5	14,181	(4,132)
Exchange differences on translating foreign operations	16.5	2,165	2,006
Other comprehensive income for the year, net of tax		**(2,138)**	**(7,550)**
Total comprehensive income for the year		**76,501**	**26,652**

All amounts are in thousands of Euro, unless otherwise stated

Statement of changes in equity

	Attributable to the equity holders of the Company							
	Subscribed capital	Share premium reserve	Revaluation reserve	Legal reserves	Currency translation reserve	Pension reserve	Retained earnings	Total equity
Balance at 1 January 2010	**7,740**	**420,966**	**1,055**	**154,359**	**544**	**(95,946)**	**68,232**	**556,950**
Issue of share capital	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	**2,392**	**20,366**	**2,006**	**(11,948)**	**13,836**	**26,652**
Change in legal reserve	-	-	-	20,366	-	-	(20,366)	-
Result for the year	-	-	-	-	-	-	34,202	**34,202**
Other comprehensive income	-	-	2,392	-	2,006	(11,948)	-	**(7,550)**
Balance at 31 December 2010	**7,740**	**420,966**	**3,447**	**174,725**	**2,550**	**(107,894)**	**82,068**	**583,602**
Balance at 1 January 2011	**7,740**	**420,966**	**3,447**	**174,725**	**2,550**	**(107,894)**	**82,068**	**583,602**
Issue of share capital	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(10,479)	**(10,479)**
Total comprehensive income for the year	-	-	**2,670**	**61,929**	**2,165**	**(6,973)**	**16,710**	**76,501**
Change in legal reserve	-	-	-	61,929	-	-	(61,929)	-
Result for the year	-	-	-	-	-	-	78,639	**78,639**
Other comprehensive income	-	-	2,670	-	2,165	(6,973)	-	**(2,138)**
Balance at 31 December 2011	**7,740**	**420,966**	**6,117**	**236,654**	**4,715**	**(114,867)**	**88,299**	**649,624**

Statement of cash flows

	2011	2010
I. Cash flows from operating activities		
Result for the year before tax	104,267	48,068
Adjustments for:		
Realised capital (gains) / losses on investments	1,584	1,483
Unrealised capital (gains) / losses on investments	-	210
Other dividends received	(2,831)	(1,676)
Impairment loss	7,567	459
Depreciation and amortisation	15,602	19,338
Interest income	(11,393)	(3,981)
Other non-cash items	(13,979)	(20,853)
Changes in operational assets and liabilities:		
Insurance contracts	33,391	(148,936)
Reinsurance contracts	(16,751)	100,086
Derivative assets held for risk management	2	298
Deferred acquisition costs	(950)	(201)
Accounts receivable and payable on insurance and reinsurance business	(33,436)	31,849
Changes in other assets and liabilities	24,152	32,177
Income tax paid	(9,903)	(12,510)
Interest paid	(4,790)	(3,472)
Net cash (used in) / generated by operating activities	**92,532**	**42,339**

II. Cash flows from investing activities	**2011**	**2010**
Investments and acquisitions (cash outflows):		
Loans and receivables	-	(71,853)
Financial investments available-for-sale	(381,417)	(276,634)
Property, plant and equipment and intangible assets	(15,400)	(7,617)
Divestments, redemptions and disposals (cash inflows):		
Investment property	1,607	600
Loans and receivables	23,610	-
Financial investments available-for-sale	291,327	264,979
Property, plant and equipment and intangible assets	109	154
Other dividends received	2,831	1,676
Interest received	14,695	5,428
Net cash (used in) / generated by investing activities	**(62,638)**	**(83,267)**
III. Cash flows from financing activities		
Dividends paid	(10,479)	-
Net cash (used in) / generated by financing activities	**(10,479)**	-
Changes in cash and cash equivalents (I + II + III)	**19,415**	**(40,928)**
Cash and cash equivalents at the beginning of the year	8,077	44,168
Effect of exchange rate changes on cash and cash equivalents	1,197	4,837
Cash and cash equivalents at the end of the year	**28,689**	**8,077**

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

Notes to the company financial statements

1 General information

Atradius Credit Insurance N.V. ('the Company'), with its statutory seat in Amsterdam, the Netherlands, provides credit management services to its clients. These services include credit insurance, bonding, guarantees and instalment credit protection.

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 and the ultimate controlling party 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 financial statements have been authorised for issue by the Management Board on 11 April 2012 and have been reviewed by the Supervisory Board. On 11 April 2012 the 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 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 company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union plus the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. In the preparation of the Company annual financial statements, the provisions of Article 362, Subsection 8 of Book 2 of the Dutch Civil Code have been applied. In accordance with the provisions of IAS 27.10, the Company did not prepare consolidated financial statements since the financial information of the group companies are part of the consolidated financial statements of a larger group. The shareholders of the Company including those entitled to vote, have been informed and do not object to the company not presenting consolidated financial statements. Within the Atradius Group organisation, the financial information of the Company is consolidated in the financial statements of Atradius N.V. which are prepared in accordance with the IFRS as adopted by the EU and are made available for public use.

These company financial statements 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

2.2 New and revised standards

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

2.2.1 Standards, amendments and interpretations effective in 2011

The Company has not adopted any standards, amendments or interpretations in 2011 which had a material impact on the financial statements of the Company.

The following amendments have been adopted in 2011, but have had no material effect on the financial statements:

- Improvements to IFRSs (May 2010). In May 2010 the International Accounting Standards Board (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 had a minor impact on the disclosure of credit risk in the Company's financial statements.

2.2.2 Standards, amendments and interpretations not yet adopted

The following standards, amendments and interpretations are effective for annual periods beginning after 31 December 2011 and have not been early adopted by the Company:

- 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.

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 Company's financial statements as the Company already prepares financial statements under IFRS;
- IFRS 9 Financial Instruments (as amended in December 2011) (effective 1 January 2015). This standard will replace the current standard, IAS 39 Financial Instruments: Recognition and Measurement, and aims to reduce complexity in the accounting and reporting of financial instruments. IFRS 9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company is yet to assess IFRS 9's full impact. However, initial indications are that it will affect the Company's accounting for its available-for-sale financial assets as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to certain equity investments that are not held for trading. On 16 December 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which amended the effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7;
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013). IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation - Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 is not expected to have impact on the Company's financial statements;
- IFRS 11 Joint Arrangements (effective 1 January 2013). IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 is concerned principally in addressing two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. IFRS 11 improves on IAS 31 by requiring a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. IFRS 11 is not expected to have impact on the Company's financial statements;
- IFRS 12 Disclosures of Interests in Other Entities (effective 1 January 2013). IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 is not applicable to the Company's financial statements;
- As a consequence of the issuance of IFRS 10, IFRS 11 and IFRS 12, the IASB also issued amended and retitled IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2013). These amendments are not expected to have a material impact on the Company's financial statements;
- IFRS 13 Fair Value Measurement (effective 1 January 2013). IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements.

IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). The standard is not expected to have a material impact on the Company's financial statements;

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012). The amendments require entities to group together items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are expected to have a limited impact on the presentation of the Company's statement of comprehensive income;
- 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 Company's financial statements as investment property is not measured using the fair value model;
- Amendments to IAS 19 Employee Benefits (effective 1 January 2013). The main features of the amendments are to eliminate an option to defer the recognition of gains and losses, known as the 'corridor method', to require the calculation of the expected return on plan assets to be based on the discount rate used for the defined benefit obligation, to improve the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income (OCI) and to enhance the disclosure requirements for defined benefit plans. The Company is currently assessing the full impact of the amendments; however, initial indications are that the change in the calculation method of expected return on plan assets will affect the Company's net result;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of "legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are expected to have a limited impact on the presentation of the Company's statement of financial position;
- Amendments to IFRS 7 Disclosures-Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013). The new disclosure requirements are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments are expected to have a limited impact on the disclosure in the Company's financial statements;
- IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013). The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is not relevant to the Company and will have no impact on the Company's financial statements.

2.3 Changes in presentation

The presentation of cash and cash equivalents has changed to reflect that deposits pledged for regulatory and other purposes in the amount of EUR 14.1 million (2010: EUR 0.0 million) are not available for use in the Company's day-to-day operations and that the cash held for investments of EUR 48.6 million (2010: EUR 47.8 million) is not held for the purpose of meeting short-term cash commitments. This resulted in a decrease of EUR 62.7 million (2010: EUR 47.8 million) in cash and cash equivalents and an equivalent increase in financial investments.

2.4 Company financial statements

The following principles have been applied to the financial statements:

2.4.1 Subsidiaries and joint ventures

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally presumed to exist when the Company 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 Company controls another entity.

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Company's investments in subsidiaries and joint ventures are accounted for at cost, net of impairment, if any. The cost price of the subsidiaries and joint ventures is deemed to be their net asset value as at 1 January 2008 (the date of transition to IFRS). Any dividends received subsequent to this date are accounted for in the income statement of the Company.

2.5 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of which the Management Board regularly reviews components of the Company 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.

2.6 Foreign currencies

2.6.1 Functional and presentation currency

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

2.6.2 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 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 through other comprehensive income.

2.6.3 Foreign operations

The results and financial position of the Company's 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 in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign branches and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. 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 Company are presented below:

All amounts are in thousands of Euro, unless otherwise stated

Currency	End Rate		Average Rate	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
GBP	1.197	1.162	1.145	1.166
USD	0.773	0.748	0.713	0.754
AUD	0.786	0.761	0.743	0.685
JPY	0.010	0.009	0.009	0.009
PLN	0.224	0.252	0.245	0.249

2.7 Purchase accounting, goodwill and other intangible assets

2.7.1 Goodwill

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

For the purpose of impairment testing, goodwill is allocated to the Company'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 cash-generating unit, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

2.7.2 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 Company 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.

2.7.3 Software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and to bring to use the specific software. These assets are amortised on the basis of the expected useful life which is between three and five years. Computer software is stated at cost less accumulated amortisation and any accumulated impairment losses.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, 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.

2.8 Property, plant and equipment

Land and buildings comprise offices occupied by the Company ('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 historical cost less accumulated depreciation and subsequent impairment losses.

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 Company and the cost of the item can be reliably measured. All other repairs and maintenance are recognised as an expense in 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. Leasehold improvements are amortised over the shorter of the estimated useful life of the improvements and the respective lease terms. 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

2.9 Investment property

Property held for long-term rental yields that is not occupied by the Company, 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. Buildings are depreciated using the straight-line depreciation method over the estimated economic useful life of the property, being 50 years.

2.10 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 end of the reporting period. The quoted market price used for financial investments held by the Company is the current bid price.

The fair values of financial instruments in markets that are not active are determined using valuation techniques. The Company uses a variety of methods and assumptions that are based on market conditions existing at the end of the reporting period. See Note 4.4.1.1 for the basis of the determination of the fair value of financial instruments.

2.11 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 Company commits to purchase or sell the asset. Loans and receivables are recognised at settlement date, which is the date the Company delivers or receives the asset.

Financial investments are derecognised when the rights to receive cash flows from the financial investments have expired or where the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial investment and does not retain control over the investment, it derecognises the financial investment. In transfers where control over the asset is retained, the Company 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 Company is exposed to changes in the value of the asset.

2.12 Classification of financial instruments

The Company 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 Company determines the classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

2.12.1 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.

Financial investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions. Unrealised gains and losses arising from changes in the fair value of financial investments classified as available-for-sale are recognised in other comprehensive income net of 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 or losses on financial investments.

2.12.2 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 Company 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 plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

2.12.3 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 on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. 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).

2.13 Impairment of assets

2.13.1 Financial assets - general

The Company assesses at the end of each reporting period 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 Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company 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.

2.13.2 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 Company 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.

2.13.3 Financial investments - carried at fair value

The Company assesses at the end of each reporting period whether there is objective evidence that an available-for-sale financial investment 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 other comprehensive income 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.

2.13.4 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; however impairment losses recognised for goodwill are not reversed in subsequent periods.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount only is 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.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of change in their fair value, and are used by the Company in the management of its short-term commitments. Bank overdrafts which are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for cash flow purposes. In the statement of financial position, bank overdrafts which do not meet the criteria for offsetting are presented separately as liabilities under borrowings.

Deposits pledged for regulatory and other purposes are not available for use in the Company's day-to-day operations and are therefore not included within cash and cash equivalents.

2.16 Capital and reserves

2.16.1 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 the Company repurchase its own 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.

2.16.2 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.

2.16.3 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.

2.16.4 Legal reserves

The legal reserves comprise the legal reserve related to the capitalisation of self developed software and the regulatory reserve, consisting of the equalisation provision and the required solvency. These legal reserves are in accordance with Book 2, Part 9 of the Dutch Civil Code, Article 389, Subsection 6, and cannot be distributed.

2.16.5 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 end of the reporting period, 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.

2.16.6 Pension reserve

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

- actuarial gains and losses that arise in calculating the Company'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 Company cannot recover any surplus through refunds from the pensions vehicle due to solvency and/or control requirements.

2.16.7 Retained earnings

Retained earnings are the accumulated amount of profits or losses at the end of the reporting period, which have not been distributed to shareholders.

2.17 Insurance contracts

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts under which the Company 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 that provide compensation to the beneficiary of the contract if the Company's bonding customer fails to perform a contractual obligation relative to the beneficiary.

2.17.1 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.

2.17.2 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. The recognition of unearned premium per product is discussed in Note 4.3.7.1.

2.17.3 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 Company has taken up to the end of the reporting period. The Company does not discount its liabilities given the cycle of the Company's business. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company 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: provisions are 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 4.3.7 of the risk management chapter.

2.17.4 Liability adequacy test

At the end of each reporting period, a liability adequacy test is performed to ensure the overall adequacy of the total insurance contract liabilities, net of related deferred acquisition costs assets. In performing this test, current best estimates of future contractual cash flows and claims handling expenses are used. Any deficiency is immediately charged to the income statement by first writing down the related deferred acquisition costs and then by establishing a provision for losses arising from the liability adequacy test.

2.17.5 Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company 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 Company under which the contract holder is another insurer (assumed reinsurance business) are also included in insurance contracts.

The benefits to which the Company 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 contracts) 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 payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company 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 Company has profit commission arrangements with its reinsurance companies that are based on the loss ratio per underwriting year. The Company accounts for these commissions based on detailed assessments of the expected ultimate loss ratios.

2.17.6 Income from reinsurance contracts

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

2.17.7 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 Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company 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.

2.17.8 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell goods acquired in settling a claim (i.e. salvage). The Company 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.

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.

2.18 Provisions

Provisions for restructuring, onerous contracts and litigation are recognised when the Company 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 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. Where the effect of the time value of money is material, the provision is measured as the present value of the expenditure expected to be required to settle the obligation discounted using a pre-tax rate.

2.19 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 impact of interest would be immaterial.

2.20 Employee benefits

2.20.1 Post-employment benefits

The Company 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 Company has both defined benefit plans and defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity and the Company 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 Company may pay contributions into a separate entity or fund. The Company, and in some cases the employees who are participating, funds a defined benefit plan and the Company 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 end of the reporting period minus the fair value at the end of the reporting period 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 Company'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 de-recognition of assets can occur when the plan assets are higher than the projected benefit obligation and the Company 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.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company 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.

2.20.2 Other long-term employee benefits

The Company 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.

The Company'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.

2.20.3 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 Company 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 Company liability is included as part of the provisions.

2.20.4 Profit sharing and bonus plans

The Company 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. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 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 financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period 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 Company intends to settle its current tax assets and liabilities on a net basis. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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 end of the reporting period, 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.

2.22 Income statement

2.22.1 Income

Revenue comprises the fair value for services, net of value added tax, after eliminating inter-company revenue amongst the Company's branches. 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 Company is at risk. Accruals for premium refunds and cancellations are charged against premium written. Premium earned includes an adjustment for the unearned share of premium.

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 statement of financial position.

Service and other income

Service income includes the income from information services and other service income.

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, rent receivable for the year on investment property 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 Company'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 investment property, 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.

Realised gains or losses on investment property recognised in the income statement represent the difference between the net disposal proceeds and the carrying amount of the property.

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

2.22.2 Expenses

Net insurance claims
Claims charges include paid claims, the change in provision for outstanding claims, 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 and commissions. Total administrative expenses are all expenses associated with selling and administrative activities (excluding commissions) after reallocation of claims handling expenses to insurance claims.

Finance income and expenses
Finance costs include interest and foreign exchange results. Interest income and expenses are 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 in other comprehensive income or directly in equity or arising from a business combination.

2.23 Leases

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

2.23.1 The Company 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.

2.23.2 The Company 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.

2.24 Statement of cash flows

The 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.

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

- *Cash flows* are inflows and outflows of cash and cash equivalents;
- *Operating activities* are the principal revenue-producing activities of the Company 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 Company.

3 Critical accounting estimates and judgements in applying accounting policies

The Company 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 Company'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 the end of the reporting period. 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 Company 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 Company 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 Company 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 Company would have suffered an additional EUR 4.8 million loss before tax (2010: EUR 7.3 million loss before tax), being the transfer of the total revaluation reserve for unrealised losses to the income statement.

3.3 Estimated impairment of goodwill

In accordance with its accounting policy, the Company 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 Company 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.

All amounts are in thousands of Euro, unless otherwise stated

As an indication of the assumption sensitivity on the management's estimates, focusing on the three largest pension plans (see Note 17), a one percent fluctuation of the expected return on assets and of the discount rate used as at the end of the reporting period would have increased / (decreased) the 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)*	**2011**	**2010**
Actual expected return on assets +1%	4,270	2,687
Actual discount rate +1%	6,502	275
Actual expected return on assets -1%	(2,720)	(3,631)
Actual discount rate -1%	2,806	(1,487)

4 Risk management

4.1 Integration in the Company'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 2011 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 also 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 Company recognises the importance of risk management and internal control systems. The Company 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 Company. Understanding how risk taking consumes capital allows management to steer the Company and take strategic decisions based on risk. These decisions are increasingly being informed by The Atradius Group's economic capital model. This model is being used for specific risk assessment activities and allows the Company 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 2014.

4.2.1 Solvency II

The Company as part of the Atradius Group, together with its ultimate parent company Grupo Catalana Occidente, S.A., has been actively involved in the preparation for Solvency II. Atradius N.V. has participated in all Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS)/ European Insurance and Occupational Pensions Authority (EIOPA) Quantitative Impact Studies since 2007 including the recent EIOPA European Stress Test. The Company continues to monitor the impact of proposed calculation schemes on its capital, noting that implementing measures relating to the new Solvency II regime have yet to be finalised. The Company remains active in industry working groups on Solvency II and has recently contributed to studies undertaken by EIOPA and the European Commission on design and calibration of the Standard Formula.

During 2011, the Company, as part of the Solvency II preparation activities of its ultimate parent company Grupo Catalana Occidente, S.A., continued its efforts to progress towards a successful implementation in accordance with the timelines specified by regulatory authorities.

4.2.2 The risk landscape

The Company's key objective is to achieve profitable and sustainable growth for the Company 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 the Company's aim to offer 'best in class' credit risk management and non-risk related solutions to our customers, coupled with excellent service. The Company's core business is credit insurance. The Company 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 seemed to suggest an improvement in many of our markets during 2010 and early 2011, economic uncertainty increased during 2011. While this risk was acknowledged at the time, it remains to be seen how this will affect payment defaults. Any such deterioration, either gradual or more abrupt, might impact the Company in several ways. A renewed increase in insolvency rates may lead to higher than expected claims. Payment defaults as a direct or indirect result of an exit of one or more countries from the Euro zone, or a sovereign default may also lead to higher than expected claims. In addition, the Company might, in the near term, not be able to make the desired investment returns. The impact may not be limited to the Company's future performance; it may also cause negative development on claims 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). Next to all the members of the Management Board, RSMB membership 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 responsibilities include 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, alongside 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 Company 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 losses 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 Company 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 Company 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 Company. In order to mitigate the risk of adverse selection, the traditional credit insurance products of the Company usually only cover whole portfolios of buyers. Here, as below, 'buyers' are the customers of the insured customers of the Company, i.e. the parties that the Company 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 Company decides which customers to accept as policyholders and which terms and conditions for cover are offered. Buyer underwriting is the process by which the Company 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 Company 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 Company. Credit limits are an important risk management instrument for the Company as they limit the amount that the Company would have to pay out to a customer for a claim but also as the Company can, in principle, withdraw credit limits on any buyer at any moment. The Company 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 Company'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 Company 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 Company's political risk exposure.

Within credit insurance, one can roughly identify three classes of customers: small and medium-sized 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 the Atradius Group level.

For small and medium-sized 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 of these additional products, 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 of losses.

Instalment credit protection
The Instalment Credit Protection (ICP) unit insures its customers against non-payment of scheduled instalment payments. The exposure in 2011 was approximately 56% retail and 44% corporate, stable compared to the previous year, 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 (2010: EUR 5 million).

Special products
The Company'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. Total Potential Exposure (TPE) associated with this business at the end of 2011 was EUR 6.3 billion (2010: EUR 4.6 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 the Company 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 Company 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 Company 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 Company.

When a bond is called by the beneficiary, the Company mediates to resolve conflicts and aims to avoid payment by 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 Company 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 rarely 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 the Atradius Group 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. The pricing of credit insurance policies, new and renewed, is subject to governance. Moreover, the methodologies used to establish a benchmark price require the approval of the Quantitative Model Committee.

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. Next to this, staff in risk services 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 the Atradius Group's 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 the Atradius Group's 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 the Atradius Group's 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 the Atradius Group. The main bodies in the risk governance structure are:

- Risk Strategy Management Board - 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 Atradius Group's leading reinsurers;
- Group Product Committee - decides what products the Atradius Group will offer. It also decides on deviations from existing products, or variations of existing products;
- Country Committee - sets the Atradius Group's underwriting policy by country, whether the Atradius Group will cover or not and under what conditions. The Country Committee monitors the Atradius Group's exposure to country risk and sets country limits for political risk exposure. Thus, the Country Committee is the prime body through which the Atradius Group manages country risk;
- Provisioning Committee - sets the Atradius Group's 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 the Atradius Group's 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 the Atradius Group's reinsurance process. It sets the rules for the Atradius Group to obtain and negotiate reinsurance coverage from third party reinsurers. In addition, it approves material commutations;
- Reinsurance Inwards Committee – approves the most material assumed reinsurance;
- Quantitative Model Committee - approves models with which the Atradius Group 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 with some policies having premium invoiced monthly on the outstanding exposure. Indemnification rate can go up to 100%. Recoveries are for the benefit of the Company.

Risk underwriting is performed by the risk underwriting teams within the ICP unit. 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. In light of the current economic environment such policies have not been renewed at their expiry date in 2011.

4.3.3 Risk management tools

The Company monitors exposure by counterparty, sector and country across all sources of insurance risk. The Company holds all credit insurance policies, all credit limits and all buyers in one single database, Symphony. Symphony enables the Company to set system specific limits per buyer or per buyer group. Management information derived from Symphony allows the Company to monitor aggregate exposure by country, sector of buyer, or sector of insured and in many other different ways. Information on main bonding portfolios is not held in Symphony; however, the Company does monitor the exposure from these portfolios together with exposure from credit insurance. For the Company's largest exposures, which fall in the scope of the Group Credit Committee, the Company sets limits at the aggregate level. Exposure from the instalment credit protection business is monitored separately.

All buyers with significant exposure are reviewed at least annually. The Company 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 Company 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.

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 Atradius Group (including the Company) transfers a significant portion of its insurance risk to external reinsurers, through a number of reinsurance arrangements that include quota share and excess of loss treaties covering either the entire portfolio of the Atradius Group or facultative quota share arrangements relating to specific transactions. The reinsurance treaties are normally renewed annually. On renewal, the Atradius Group reassesses the structure of the treaties, including 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, 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 two quota share reinsurance treaties in place: one for the Atradius Group (excluding Crédito y Caución) and one covering the bonding business in Italy. In addition, there is an excess of loss programme which covers the retentions under the two quota share treaties and consists of a series of (per buyer and/or buyer group) excess of loss treaties. With regard to the reinsurance panel, it is the Atradius 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. In addition the reinsurance treaties provide for the Atradius Group to either terminate the reinsurance relationship with a reinsurer that is downgraded below A during the course of the reinsurance year or else to seek collateral if the relationship is to continue. For 2012, only one quota share treaty will be in place, covering the entire business of the Atradius Group (excluding Crédito y Caución) including the Italian bonding business and the French excise bond business.

Quota share treaties

For underwriting year 2011, the treaty for the Company has a quota share with approximately 27% (2010: 28%) own retention. This programme covers the Company's direct business, with the exception of the Italian bonding business, the French excise bond business and part of instalment credit protection. The Company has a separate quota share treaty for the Italian bonding business, with an own retention of 40% (50% for payment guarantees) for 2011 (2010: 40%, 50% for payment guarantees). For other, older, treaty years the Company'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 2012, the quota share self retention of this main programme remains at less than 30%, the Italy bonding treaty and the French excise bond business will be included in this treaty with a self retention of 22.5%.

For underwriting year 2011 (as well as 2010), the main quota share treaty has a sliding scale ceding commission arrangement under which the ceding commission paid to the Company by the reinsurers depends on the ceded underwriting year loss ratio. As a consequence, risks affecting the loss ratio of the Company will also pose a risk to the level of ceding commission paid, enlarging the overall volatility of the net result.

Excess of loss treaties

For underwriting year 2011, the excess of loss treaties for the first time cover the retention of the Atradius Group, including Crédito y Caución. The information found in this note, therefore, is consistent where relevant for the Company with the note on the excess of loss treaties in the reinsurance section in the 2011 annual report of Atradius N.V. 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 15.8 million, net of quota share (2010: EUR 15.8 million, net of quota share). 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 315.0 million net of quota share. 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 layers. 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 38.1 million (2010: EUR 38.1 million).

As a result of accumulations of risk between business reinsured under the main treaty structure and business reinsured by other treaties, the Company'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.

4.3.5 Concentration risk

The Company is exposed to concentration risk in a number of ways: by country of buyer, by sector of buyer and by buyer. The tables below illustrate the exposure as per end of 2011 and 2010 in terms of the sum of credit limits on individual buyers registered by the Company. 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 Company has issued does not necessarily give rise to credit risk at a specific point in time. The Company 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 Company'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 thousand 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; due to the non-linear nature of the excess of loss cover in the Company'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 branches and shows the exposure for credit insurance, including special products, only.

Buyer country	**of which**	**TPE 2011 (EUR million)**	**%**	**TPE 2010 (EUR million)**	**%**
Germany, Central and Eastern Europe, Greece, Malta, Cyprus and Turkey	Germany	63,412	21.8%	58,187	21.9%
	Central and Eastern Europe	25,024	8.6%	20,945	7.9%
	Other	4,272	1.5%	3,758	1.4%
France, Italy, Spain, Belgium and Luxembourg	France	32,873	11.3%	33,417	12.6%
	Italy	21,279	7.3%	18,652	7.0%
	Spain	11,056	3.8%	10,610	4.0%
	Belgium, Luxembourg	11,411	3.9%	11,108	4.2%
The Netherlands, Nordic countries (Denmark, Finland, Norway, Sweden) and Baltic	The Netherlands	24,324	8.3%	24,202	9.1%
	Nordic	17,764	6.1%	16,530	6.2%
	Other	489	0.2%	271	0.1%
United Kingdom, Ireland	United Kingdom	24,278	8.3%	22,225	8.4%
	Ireland	1,857	0.6%	1,691	0.6%
USA, Canada, Mexico, Central America	Total	10,011	3.4%	8,256	3.1%
Australia and New Zealand, Oceania, New markets and other	Australia, New Zealand	7,107	2.4%	6,065	2.3%
	Other	36,342	12.5%	29,631	11.2%
Total		**291,499**	**100.0%**	**265,548**	**100.0%**

All amounts are in thousands of Euro, unless otherwise stated

Of the increase in TPE compared to 2010, approximately EUR 1.2 billion is linked to changes in foreign exchange rates (see Note 2.6.3).

Industry sector	**TPE 2011 (EUR million)**	**TPE 2010 (EUR million)**
Consumer durables	37,031	34,930
Metals	35,180	30,571
Electronics	33,680	28,501
Construction	14,682	22,824
Chemicals	27,612	26,163
Transport	24,604	21,055
Machines	22,403	20,404
Food	25,180	23,341
Construction materials	24,277	14,230
Services	14,269	13,088
Textiles	7,100	6,538
Finance	9,930	9,586
Agriculture	9,606	8,966
Paper	5,945	5,351
Total	**291,499**	**265,548**

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

Value band	**Number of Buyers**	**TPE (EUR million)**	**Number of Buyers**	**TPE (EUR million)**
	2011		**2010**	
0 - 20	1,188,670	158,714	1,127,558	146,225
20 - 100	1,381	55,703	1,255	51,330
100 - 250	231	35,073	198	29,427
250 - 500	60	20,401	51	17,084
500 - 1000	17	11,520	18	11,392
1000 - and more	6	10,088	6	10,090
Total	**1,190,365**	**291,499**	**1,129,086**	**265,548**

The table above shows TPE aggregated by group of buyers. This is the way of aggregating that is relevant for the Company'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 (unchanged versus 2010). Exposure for bonding and for instalment credit protection has entirely different characteristics and therefore has not been included in these tables. The Company has EUR 18.2 billion (2010: EUR 16.9 billion) in bonding exposure, of which EUR 8.0 billion (2010: EUR 8.3 billion) is for customers based in Italy. Exposure for instalment credit protection amounts to EUR 2.5 billion (2010: EUR 2.6 billion).

4.3.6 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) or structural changes in the economy (e.g. easier access to developed markets to producers in low cost countries), may impact on frequency and severity of claims. What specific events or structural changes are relevant in this respect will vary over time. In addition, the political risk coverage that the Company 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 Company'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 Company views these risk factors in the context of its overall business strategy.

4.3.7 Sources and assumptions

4.3.7.1 *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 4.3.6. Estimates for future claims payments are the basis of the recognised insurance liabilities, the claims provision (split between claims reported and loss adjustment expenses and claims incurred but not reported) and unearned premium.

The insurance liabilities that will cover claims experience after the end of the reporting period 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 policies, and estimation methods, for setting UPR and IBNR vary by product:

- 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 Company'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 frequency 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 three times a year, and they are adjusted as 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 Company'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 end of the reporting period; 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.

4.3.7.2 *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 2012 will be around 20% above the level of end 2011. 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 16 million, gross of reinsurance (2010: EUR 15 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, 2010: EUR 147 million) of the expected recoveries are the expected recoveries for Instalment Credit Protection.

For direct bonding the part of the outstanding claims reserve with the largest uncertainty is that for bonding Italy. Out of EUR 225 million (2010: EUR 243 million) of outstanding claims reserves for bonding, EUR 156 million (2010: EUR 166 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 million net of reinsurance).

4.4 Financial risk

The Company is exposed to financial risk mainly through its financial assets, financial liabilities, reinsurance contracts and insurance contracts. The core components of the financial risk are market risk, credit risk and liquidity risk.

- Market risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk;
- Credit risk is the risk of potential loss resulting from clients or counterparties who are unable to meet their payment obligations in full when due;
- Liquidity risk is the risk that the Company 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 fair value or future cash flows of the financial assets or financial liabilities will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk.

The Atradius Group uses an Asset Liability Management (ALM) approach to analyse the impact of market risk on its assets and liabilities. The ALM is amongst others based on the review of commitments resulting from the Atradius Group's insurance liabilities and aims to define the Strategic Asset Allocation (SAA) so that these commitments can be met while maximizing the expected investment return. The SAA is reviewed at least annually by the Group Investment Committee and the RSMB and requires approval by the Supervisory Board of Atradius N.V.

The investment decisions within the SAA boundaries are taken by the Group Investment Committee, which meets on a monthly basis and is governed by the Atradius Group Investment Policy. These decisions are based on the risk tolerance that may change from time to time as it is driven by economic circumstances, development of the Atradius Group's business, credit rating requirements, regulatory and economic capital requirements, and shareholders' preferences. Therefore, these investment decisions are dynamic, which implies that the Group Investment Committee may adopt a strong risk adverse asset allocation in case it is close to its minimum targeted credit rating or when its capital position is under pressure, while it may adopt a less risk adverse approach in case it is higher in the targeted credit rating scale or when its capital is in a surplus position. In addition to making investment decisions, the Group Investment Committee also reviews the investment portfolio in respect of risk and performance by, amongst others, verifying that asset classes remain within SAA 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 are presented and discussed with the RSMB and with the Supervisory Board of Atradius N.V.

4.4.1.1 *Fair value of assets and liabilities*

The following table presents the estimated fair values of the Company's financial assets 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 Company.

2011	**Available-for-sale**	**Fair value through profit or loss**	**Loans and receivables**	**Liabilities at amortised cost**	**Total estimated fair value**
Investment portfolio					
Equity securities:	**291,099**	-	-	-	**291,099**
Shares	833	-	-	-	833
Investment funds	290,266	-	-	-	290,266
Debt securities (government bonds)	223,060	-	-	-	223,060
Loans	-	-	148,880	-	148,880
Short-term investments	-	-	35,505	-	35,505
Cash held for investments	-	-	48,580	-	48,580
Derivatives	-	-	-	-	-
Subtotal	**514,159**	-	**232,965**	-	**747,124**
Receivables and accrued interest	-	-	184,004	-	184,004
Cash and cash equivalents	-	-	28,689	-	28,689
Total financial assets	**514,159**	-	**445,658**	-	**959,817**
Payables and accrued interest	-	-	-	69,373	69,373
Deposits received from reinsurers	-	-	-	31,795	31,795
Total financial liabilities	-	-	-	**101,168**	**101,168**

All amounts are in thousands of Euro, unless otherwise stated

2010	Available-for-sale	Fair value through profit or loss	Loans and receivables	Liabilities at amortised cost	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
Cash held for investments	-	-	47,782	-	47,782
Derivatives	-	2	-	-	2
Subtotal	**430,721**	**2**	**256,301**	**-**	**687,024**
Receivables and accrued interest	-	-	195,177		195,177
Cash and cash equivalents	-	-	8,077	-	8,077
Total financial assets	**430,721**	**2**	**459,555**	**-**	**890,278**
Payables and accrued interest	-	-	-	94,524	94,524
Deposits received from reinsurers	-	-	-	28,916	28,916
Total financial liabilities	**-**	**-**	**-**	**123,440**	**123,440**

The fair values correspond with the amounts at which the financial instruments at our best estimate could have been traded at the end of the reporting period between knowledgeable, willing parties in transactions at arm's-length. The fair values, whenever possible, are based on quoted market prices. If there is no quoted market price available, valuation techniques are used which are based on market prices of comparable instruments or parameters from comparable active markets (market observable data). If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors. Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

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 Company establishes the accounting policies and processes governing valuation and is responsible for ensuring that these comply with all relevant accounting pronouncements. Within this governance structure, non-quoted investments or illiquid investments in which the Company invests are valued by an external independent valuation company. This company uses their own proprietary valuation systems to value the securities supported by economic and market assumptions from financial information providers. The valuations are provided on a monthly basis and are reviewed and approved by the Company.

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.

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

Other financial assets
The carrying amount of other financial assets, including cash and cash equivalents, is not materially different to their fair value given their short-term nature.

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

Fair value hierarchy

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 Company is exposed to movement in equity markets by its direct equity holdings within its investment portfolio. Potential changes in the Company'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 equity instruments within the bandwidths of the strategic asset allocation. In addition, the Company 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**			
		%		**%**
	2011		**2010**	
Communications	154	18.5%	154	18.6%
Financial	51	6.1%	51	6.2%
Diversified	628	75.4%	622	75.2%
Total	**833**	**100.0%**	**827**	**100.0%**

Investment funds

The investment funds in which the Company invests are exposed to market risk, counterparty risk, liquidity risk and currency risk (*i.e.* 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 in attempt to reduce certain risks of its investments or 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 Company 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 Company's investments in investment funds are dependent on the price and income of the underlying securities and the Company may not recover the full amount invested. The Company does not invest or hold any participation in investment funds which requires the Company to invest more than its full amount invested. In addition, there can be no assurance that any of the investment funds in which the Company invests will achieve their investment objective.

All amounts are in thousands of Euro, unless otherwise stated

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

	2011	Weight in %	2010	Weight in %
Passive fixed income funds	-	-	35,676	12.9%
Active fixed income funds	116,990	40.3%	65,597	23.8%
Passive equities exchange traded funds	32,563	11.2%	26,748	9.7%
Absolute return funds	57,601	19.9%	59,937	21.7%
Active money market funds	83,112	28.6%	87,975	31.9%
Total	**290,266**	**100%**	**275,933**	**100%**

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. The passive fixed income fund has been fully disposed in June 2011 due to the worsening of the Euro sovereign debt crisis. As of December 31, 2011 there are no passive fixed income funds in the portfolio.

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 Company 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 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 Company has invested in two absolute return funds. These investment funds are denominated in Euro and are managed with a volatility target between 3% and 7%. In addition, these investment funds have daily pricing and can be traded daily with a standard settlement of T+3.

Active money market funds
The Company 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has various positions of which the value is affected by fluctuations in interest rates. The Company measures the interest rate sensitivity of the investment portfolio and certain key liabilities including the insurance contracts. The Company has a policy of using debt instruments and cash instruments to reduce interest rate risk. The net interest rate sensitivity of the Company is maintained within prudent limits by means of buying or selling

interest sensitive securities. Should the need arise, the Company 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 weighted average effective interest rate at the end of the reporting period by type of interest bearing assets and liabilities as of that date. The table indicates the estimated amount and timing of the main cash flows of interest and non-interest bearing assets and liabilities.

Profile
At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments - carrying amount	**2011**	**2010**
Financial assets [1]	223,060	153,961
Financial liabilities [2]	-	-
Total	**223,060**	**153,961**

Variable rate instruments - carrying amount	**2011**	**2010**
Financial assets [3]	112,774	105,429
Financial liabilities [4]	(31,795)	(28,916)
Total	**80,979**	**76,513**

[1] Fixed rate financial assets include debt securities.
[2] Fixed rate financial liabilities are not applicable
[3] Variable rate financial assets include cash and cash equivalents and short-term investments.
[4] Variable rate financial liabilities include deposits received from reinsurers.

Should the need to liquidate investment positions arise, the Company maintains the ability to do so within a reasonable time frame and at reasonable cost. The large majority of the investments of the Company consist of highly tradable listed securities with daily pricing which can be converted to liquid assets with minimal market impact. Bonds are primarily government bonds or bonds from major public issuers. The maturity profile of the fixed income portfolio is as follows (discounted amounts):

Debt securities - Maturity	**Exposure**			
	EUR million	**%**	**EUR million**	**%**
	2011		**2010**	
0 - 1	26	11.7%	37	24.0%
1 - 3	197	88.3%	117	76.0%
Total	**223**	**100%**	**154**	**100%**
Duration	1.7 years		1.2 years	
Average maturity	1.9 years		1.4 years	

Duration
Duration demonstrates the dependability of a bond's market value to a change in the underlying discount rate of that bond. The duration figure depicts the percentage change of the market value of a bond investment if the underlying discount rate is parallel shifted with 1%. The higher the duration figure, the more a bond is sensitive to movements in the underlying discount rate.

The Company uses the duration to assess its interest rate risk exposure and monitors whether the duration stays in between the minimum and maximum duration limit (between one to five years) for government bonds and (between one to three years) for corporate bonds as set in the Atradius Group Investment Policy. As the duration can be described as the percentage change of a bond's value when the underlying discount rate is parallel shifted with 1%, the average maturity is the weighted average of time until a bond has paid its final interest and principal redemption.

All amounts are in thousands of Euro, unless otherwise stated

Cash flow sensitivity analyses for variable rate instruments
A change of 100 basis points (bps) in interest rates at the end of the reporting period 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.

Income statement	**100 bps increase**	**100 bps decrease**	**100 bps increase**	**100 bps decrease**
	2011		**2010**	
Cash flow sensitivity (net) - variable rate instruments	787	(767)	569	(569)

4.4.1.4 *Value-at-Risk*

The Company 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 Company's debt portfolio and the Company's equity portfolio each on a separate basis as well as at the combined position.

Value-at-Risk	**EUR million**	**% of the market value**	**EUR million**	**% of the market value**
	2011		**2010**	
Equity securities:				
Shares (including equity funds)	25.0	74.9%	16.9	61.5%
Investment funds	10.3	18.0%	10.0	16.8%
Debt securities:				
Government bonds (including government bond funds)	13.8	6.1%	8.7	4.5%
Corporate bonds (including corporate bond funds)	5.8	5.0%	2.8	4.3%
Total	36.5	5.7%	25.6	5.2%

Total portfolio VaR might not be equal to the sum of the VaR of the individual portfolio components. This is due to the fact that the correlation among them could be lower than one. The VaR has increased from EUR 25.6 million at the end of 2010 to EUR 36.5 million at the end of 2011. An increase in the VaR percentage is visible as well from 5.2% at the end of 2010 to 5.7% at the end of 2011. The increase in the VaR is mainly caused by the increase in the VaR on underlying asset classes due to higher volatility on the financial markets as a consequence of the sovereign debt crisis.

4.4.1.5 *Currency risk*

Movements in exchange rates may affect the value of shareholders' equity, which is expressed in Euro. Foreign exchange differences taken to other comprehensive income arise on the translation of the net investment in foreign branches. During 2011, 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 2.5 million, gross of tax (2010: a foreign currency gain in other comprehensive income of EUR 3.3 million, gross of tax).

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 Company exposure to foreign currency exchange rate risk arising from financial monetary assets and liabilities denominated in non-functional currencies as at 31 December 2011 and 31 December 2010, is as follows:

	Financial assets	Financial liabilities	Net position	Financial assets	Financial liabilities	Net position
		2011			2010	
EUR	138,242	99,250	38,992	37,802	59,510	(21,708)
GBP	131	2,963	(2,832)	9,550	4,961	4,589
USD	44,456	43,603	853	33,072	19,534	13,538
AUD	8,087	2,240	5,847	9,073	2,236	6,837
JPY	3,826	876	2,950	5,288	668	4,620
PLN	6,602	58	6,544	3,767	2	3,765
Other	21,241	4,563	16,678	14,340	12,440	1,900
Total	**222,585**	**153,553**	**69,032**	**112,892**	**99,351**	**13,541**

Sensitivity analysis
As an indication of the currency exposure, a 10 percent strengthening of the aforementioned foreign currencies against the Euro as at the end of the reporting period 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 2010. A 10 percent weakening of the aforementioned foreign currencies against the Euro as at the end of the reporting period would have had an equal but opposite effect.

4.4.2 Credit risk

The Company 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 Company 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 Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is reviewed on a quarterly basis in the Reinsurance Outwards Committee in addition to the annual review prior to the finalisation of any reinsurance contract. The Company 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 Company has the right to either terminate the reinsurance relationship during the course of the reinsurance year or else seek collateral if the relationship is to continue. Deposits received from reinsurers mitigate the credit risk and are therefore included in the following table.

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 Company 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 Company procedures on credit exposures to individual policyholders.

All amounts are in thousands of Euro, unless otherwise stated

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 Company 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 A- or higher. The Company 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, commissions and deposits arising from reinsurance, debt securities and short-term investments as at 31 December 2011 and as at 31 December 2010 are as follows:

At 31 December 2011 (EUR million)	**AAA**	**AA**	**A**	**BBB**	**Non Rated**	**Total**
Receivables, claims, commissions and deposits arising from reinsurance						
Receivables, claims and commissions arising from reinsurance	-	184	447	-	13	644
Deposits received from reinsurers	-	(19)	(10)	(1)	(2)	(32)
Debt securities:						
Government bonds	150	36	36	1	-	223
Short-term investments:						
Deposits withheld by ceding companies	-	1	-	-	-	1
Bank deposits under short term investments	18	11	54	-	-	83
Total	**168**	**213**	**527**	**-**	**11**	**919**

At 31 December 2010 (EUR million)	**AAA**	**AA**	**A**	**BBB**	**Non Rated**	**Total**
Receivables, claims, commissions and deposits arising from reinsurance						
Receivables, claims and commissions arising from reinsurance	-	150	460	-	8	618
Deposits received from reinsurers		(9)	(11)	(1)	(8)	(29)
Debt securities:						
Government bonds	107	20	27	-	-	154
Short-term investments:						
Deposits withheld by ceding companies	-	1	-	-	-	1
Bank deposits under short term investments	-	51	23	-	22	96
Total	**107**	**213**	**499**	**(1)**	**22**	**840**

In 2010, the Company disposed its direct investment in Greek government bonds. In June 2011, it also disposed its indirect investment in Greek government bonds (through an investment in a passive fixed income fund). In 2011, the Company also exited Irish government bonds; Portuguese bonds have also been substantially exited with only one government bond still remaining in the government bond portfolio which will mature in June 2012. The market value of this Portuguese government bond is EUR 0.8 million.

An analysis of the concentration of credit risk arising from direct investment in sovereign debt securities is presented below:

	Government debt	Country rating	Government debt	Country rating
	2011 *		2010 *	
Germany	43,747	AAA	27,842	AAA
France	38,498	AAA	20,919	AAA
Italy **	35,995	A	21,424	A+
Australia	22,841	AAA	27,420	AAA
Spain	21,012	AA-	10,135	AA
Switzerland	12,822	AAA	7,170	AAA
Netherlands	12,069	AAA	6,452	AAA
Belgium	11,185	AA	6,003	AA
Austria	8,694	AAA	3,309	AAA
Finland	2,350	AAA	1,360	AAA
Portugal	827	BBB-	2,734	A-
Ireland	-	BBB+	2,772	A
Norway	-	AAA	980	AAA
Rest of OECD	8,929	-	10,589	-
Rest of World	4,091	-	4,852	-
Total	**223,060**		**153,961**	

** Standard & Poor's rating at 31 December*
***The Italian government bond portfolio has been disposed of in January 2012.*

Between the end of 2011 and the approval of this report, the following countries have been downgraded by Standard & Poor's: Austria and France to AA+, Spain to A, Italy to BBB+, Portugal to BB, and Greece to Selective Default. All these downgrades took place on 13 January 2012, except for the downgrade of Greece which took place on 27 February 2012.

4.4.3 Liquidity risk

The Company 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 Company's main sources of liquidity used to service the ongoing liquidity requirements.

The Company is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For the Company, 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 Company level, in close coordination with local operations. The Company'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 Company is liquid with EUR 83 million investments in money market funds, which can be liquidated on a daily basis with settlement on the liquidation date. The Company is able to access credit facilities to prevent certain liquidity shortages which may arise due to short-term cash flow variances. The Company maintains two uncommitted credit lines of a total amount of EUR 53 million (2010: EUR 53 million) in the form of an overdraft facility. The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements while also permitting the Company to reduce its cash balances and benefit from a more substantial and stable investment portfolio. Finally, the Company has in place a simultaneous claims payment clause in the main reinsurance treaties. This clause allows the Company to request the reinsurers to anticipate on the payment of a large claim upon Company request compared to the usual payment terms agreed in the reinsurance treaties.

Liquidity and interest risk tables

The following table indicates the estimated amount and timing of the main cash flows at the end of the reporting period of interest and non-interest bearing liabilities and assets. The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company 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.

All amounts are in thousands of Euro, unless otherwise stated

At 31 December 2011		Contractual 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	1.00%	-	28,122	3,533	-	140	31,795
Total		-	**28,122**	**3,533**	-	**140**	**31,795**
Non-interest bearing liabilities							
Insurance contracts		-	340,435	226,957	253,920	(20,328)	856,099
Payables		-	68,770	-	-	-	68,770
Total		-	**409,205**	**226,957**	**253,920**	**(20,328)**	**924,869**

At 31 December 2010		Contractual 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		-	94,512	-	-	-	94,512
Total		-	**346,711**	**168,133**	**257,343**	**38,965**	**917,220**

At 31 December 2011		Contractual 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 assets							
Debt securities	1.91%	-	14,905	18,187	199,966	52	223,060
Deposits withheld by ceding companies	1.00%	-	-	1,065	-	-	1,065
Bank deposits under short term investments	0.82%	41,793	19,098	14,830	276	7,023	83,020
Bank deposits under cash and cash equivalents	2.25%	509	-	-	-	-	509
Cash	0.53%	28,180	-	-	-	-	28,180
Total		**70,482**	**34,003**	**34,082**	**200,242**	**7,075**	**335,834**
Non-interest bearing assets							
Other financial assets		-	439,979	-	-	-	439,979
Reinsurance contracts		-	268,444	178,963	200,224	(16,030)	675,062
Receivables		-	140,920	39,554	-	-	180,474
Total		**-**	**849,343**	**218,517**	**200,224**	**(16,030)**	**1,295,515**

At 31 December 2010		Contractual 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 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%	47,782	33,742	-	-	14,552	96,076
Bank deposits under cash and cash equivalents	1.00%	427	-	-	-	-	427
Cash	0.44%	7,650	-	-	-	-	7,650
Total		**55,859**	**79,468**	**21,239**	**119,052**	**14,632**	**259,390**
Non-interest bearing assets							
Other financial assets		-	435,711	-	-	-	435,711
Reinsurance contracts		-	201,804	134,536	205,920	31,179	658,311
Receivables		-	176,897	16,144	-	-	193,041
Total		**-**	**814,412**	**150,680**	**205,920**	**31,179**	**1,287,063**

4.5 Operational risk

4.5.1 Operational risk management

Operational risks are the risks of direct or indirect loss resulting from inadequate or failed internal processes, people, systems or external events. The Company 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 Company's key activities. It can never be entirely eliminated; however, there is a fundamental ongoing objective to address this type of risk. Within the Atradius Group, 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.

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. Assurance methods continue to be developed and enhanced year on year, including risk registers, risks and control self assessments and business continuity plans. Additionally, risks and the related controls are discussed within all levels, locations and units across the business, including with the Management Board at periodic Business Review Meetings. High level crystallised risks have now been captured for several years, with separate records of information technology risk events stretching back even further.

Within the Atradius Group, the operational risk of fraud, whether external or internal, is taken very seriously. In respect of external fraud, a specific department monitors the activity of customers and buyers to detect possible indicators and provides fraud awareness training to employees to help facilitate identification of fraudulent buyers. Internal fraud is addressed via manual and automated operational controls which aim to prevent the occurrence of fraud e.g. segregation of duties, application of signing authorities plus role based system privileges and authorities. In addition, internal fraud is specifically addressed within the Atradius Group's Compliance Framework. 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.

To provide increased oversight, assurance and efficiency in the area of governance, risk and compliance, the Atradius Group implemented a new governance, risk and compliance software platform (the "GRC Portal") that integrates existing risk management activities across the business.

2011 also saw increased focus on business continuity management (BCM), including business impact analysis reviews, further tests and the formalisation of the BCM framework. In addition, several offices were deemed to have increased in significance, hence were moved into scope for additional BCM measures to be implemented.

More details on each of the key operational risk management 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 the Atradius Group, 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 now reside within the GRC Portal and contain those risks considered most significant at a local level. The content of the registers provides input to management meetings and are formally reviewed during the business review meetings. 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. Separate 'Top Risk' discussions have continued with the Management Board of Atradius N.V. to ensure operational risks are captured from all management perspectives.

While the risk registers utilise a top-down approach to capturing risks, The Atradius Group also uses 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 individual weaknesses at local level and provides results that can be used to remedy these on a prioritised basis. A number of existing and new assessments have already been added to the GRC Portal and further assessments are in development. As the number of assessments in the GRC Portal is increased, so does the level of assurance that can be obtained over the internal controls, however still ensuring efficiency, effectiveness and maintainability of the overall process.

4.5.1.2 *Financial reporting controls*

Since 2008, the Atradius Group 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 was also migrated to the GRC Portal during 2011, and at the same time the control details were reviewed, mapped to the chart of accounts, standardised and rationalised across similar units. Regular review of the results and level of assurance provided is conducted 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, that is 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*

The Company 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 timeframe.

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 2011 the Atradius Group carried out a number of incident management exercises, disaster recovery tests, business recovery workshops and staff awareness initiatives. Several operational incidents including the Tokyo earthquake and severe weather in several locations were successfully managed with no major impact on business operations.

4.5.1.4 *Procedures*

Procedures are an important element of the Atradius Group's 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 key procedures is maintained to assist with the aforementioned activities.

4.5.1.5 *Compliance*

The Atradius 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 Group's' Code of Conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all employees of the Atradius Group and that govern the operations and its employees' business conduct and actions. The individual Compliance Codes address specific compliance areas in more detail and set out detailed compliance requirements that must be complied with and which must be included in existing business procedures. For the monitoring and testing of effectiveness of these requirements, close alignment is sought with the activities of the Operational Risk Management and Internal Audit Units. During 2011, much effort has been put in addressing requirements resulting from the introduction of the Dutch Insurer's Code by the Dutch Association of Insurers, the Regulation on Controlled Remuneration issued by the Dutch Central Bank and resulting from further improvements of the Atradius Group's Corporate Governance.

4.6 Capital management

4.6.1 Guiding principles

Capital management is guided by the following principles:

- ensure that the Company is adequately capitalised to preserve financial strength, even after a large loss event, and protect the franchise value of the Company;

All amounts are in thousands of Euro, unless otherwise stated

- meet the solvency capital requirements of all the Company's branches worldwide;
- manage capital adequacy of the Company and its branches 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 Company's branches and minimising the overall cost of funding while preserving financial flexibility.

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

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

The Company 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; and
- 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 adequacy, 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 Company to carry on its normal course of business.

4.6.3 Regulatory capital requirements

In each country in which the Company operates with insurance 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. Regulators in each jurisdiction have the discretionary right to impose additional capital requirements in excess of the required minimum.

4.6.4 Regulatory capital

The minimum regulatory capital of all European branches 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 the final filed with the regulatory accounts.

	The Netherlands 2011	**The Netherlands 2010**
Regulatory capital held	297,997	270,288
Minimum legal regulatory capital	66,401	65,119

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 the Dutch Central Bank (De Nederlandsche Bank, DNB). For Atradius Credit Insurance N.V., the year end 2011 requirement is formed by the premium based calculation, which exceeds the claims based requirement. Certain branches of Atradius Credit Insurance N.V. are also subject to local regulatory capital requirements (Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, Switzerland and Turkey). However, the capital allocated to these branches is part of the 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.

In the Netherlands, in addition to other applicable regulatory requirements, insurers and reinsurers respectively are required to maintain equalisation reserves to protect against the impact of large claims and catastrophes. The basis on which these equalisation reserves are established is set out in the local country regulations based on a pre-established formula applicable to certain lines of business and may be capped at a maximum level.

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 and its ultimate parent company Grupo Catalana Occidente, S.A. recognise the importance of these models and are 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 products' 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.

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 main Atradius Group entities, including Atradius Credit Insurance N.V. are treated as a "core" entities of Grupo Catalana Occidente, S.A. ('A-, outlook stable').

All amounts are in thousands of Euro, unless otherwise stated

5 Segment information

Operating segments are identified on the basis of internal reports about components of the Company 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 corporate costs relate 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 2011	**Credit insurance**	**Bonding**	**Total insurance business**	**Services**	**Corporate costs**	**Total**
Insurance premium revenue	742,455	70,066	**812,521**	-	-	**812,521**
Service and other income	17,760	543	**18,303**	772	-	**19,075**
Total revenue	**760,215**	**70,609**	**830,824**	**772**	**-**	**831,596**
Insurance premium ceded to reinsurers	(535,722)	(45,839)	**(581,561)**	-	-	**(581,561)**
Total segment income after reinsurance	**224,493**	**24,770**	**249,263**	**772**	**-**	**250,035**
Insurance claims and loss adjustment expenses	(300,200)	(9,822)	**(310,022)**	-	-	**(310,022)**
Insurance claims and loss adjustment expenses recovered from reinsurers	197,617	5,044	**202,661**	-	-	**202,661**
Net insurance claims	**(102,583)**	**(4,778)**	**(107,361)**	**-**	**-**	**(107,361)**
Gross operating expenses	(272,008)	(28,744)	**(300,752)**	(185)	(268)	**(301,205)**
Commission received for business ceded to reinsurers	244,097	15,244	**259,341**	-	-	**259,341**
Net operating expenses	**(27,911)**	**(13,500)**	**(41,411)**	**(185)**	**(268)**	**(41,864)**
Operating segment result	**93,999**	**6,492**	**100,491**	**587**	**(268)**	**100,810**
Net income from investments						**2,142**
Finance income and expenses						**1,315**
Result for the year before tax						**104,267**
Income tax (expense) / income						**(25,628)**
Result for the year						**78,639**

Business segment 2011	**Credit insurance**	**Bonding**	**Total insurance business**	**Services**	**Corporate costs**	**Total**
Total assets	**619,013**	**236,523**	**855,536**	**-**	**-**	**855,536**
Total assets include:						
Reinsurance contracts	461,646	213,416	**675,062**	-	-	**675,062**
Receivables	157,367	23,107	**180,474**	-	-	**180,474**
Total liabilities	**605,997**	**318,872**	**924,869**	**-**	**-**	**924,869**
Total liabilities include:						
Insurance contracts	548,630	307,469	**856,099**	-	-	**856,099**
Payables	57,367	11,403	**68,770**	-	-	**68,770**

Business segment 2010	Credit insurance	Bonding	Total insurance business	Services	Corporate costs	Total
Insurance premium revenue	703,983	67,812	771,795	-	-	771,795
Service and other income	10,106	643	10,749	4,050	-	14,799
Total revenue	714,089	68,455	782,544	4,050	-	786,594
Insurance premium ceded to reinsurers	(511,839)	(44,700)	(556,539)	-	-	(556,539)
Total segment income after reinsurance	202,250	23,755	226,005	4,050	-	230,055
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	(270,088)	(30,831)	(300,919)	(2,519)	(358)	(303,796)
Commission received for business ceded to reinsurers	177,255	14,050	191,305	-	-	191,305
Net operating expenses	(92,833)	(16,781)	(109,614)	(2,519)	(358)	(112,491)
Operating segment result	41,082	(8,102)	32,980	1,531	(358)	34,153
Net income from investments						5,851
Finance income and expenses						8,064
Result for the year before tax						48,068
Income tax (expense) / income						(13,866)
Result for the year						34,202

Business segment 2010	Credit insurance	Bonding	Total insurance business	Services	Corporate costs	Total
Total assets	611,251	240,101	851,352	-	-	851,352
Total assets include:						
Reinsurance contracts	437,167	221,144	658,311	-	-	658,311
Receivables	174,084	18,957	193,041	-	-	193,041
Total liabilities	578,873	338,347	917,220	-	-	917,220
Total liabilities include:						
Insurance contracts	505,271	317,437	822,708	-	-	822,708
Payables	73,602	20,910	94,512	-	-	94,512

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 above.

All amounts are in thousands of Euro, unless otherwise stated

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

	2011	2010
Segment assets for reportable segments	**855,536**	**851,352**
Unallocated:		
Intangible assets	66,029	65,718
Property, plant and equipment	41,686	42,262
Investment property	2,933	3,864
Investments in subsidiaries and joint venture	50	462
Financial investments	747,124	687,024
Deferred income tax assets	98,942	90,230
Current income tax assets	21,555	20,581
Other assets	195,135	172,590
Cash and cash equivalents	28,689	8,077
Total assets	**2,057,679**	**1,942,160**

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

	2011	2010
Segment liabilities for reportable segments	**924,869**	**917,220**
Unallocated:		
Employee benefit liabilities	62,135	66,165
Deferred income tax liabilities	85,409	73,192
Current income tax liabilities	18,858	14,296
Other liabilities and provisions	316,784	287,685
Total liabilities	**1,408,055**	**1,358,558**

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

	2011	2010
Spain	10,474	10,929
France, Belgium, Italy and Luxembourg	247,652	238,487
Germany, Central and Eastern Europe	206,265	195,692
United Kingdom and Ireland	92,753	98,968
The Netherlands	108,749	97,989
Nordic countries	89,320	80,610
North America (Canada)	8,258	5,116
Oceania and Asia	68,125	58,803
Total	**831,596**	**786,594**

Revenue is derived from a large number of customers and no single customer (or group under common control) contributes more than 10% of the Company's revenues.

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

	Assets		Additions to property, plant, equipment and intangible assets	
	2011	2010	2011	2010
Spain	14,311	15,038	-	-
France, Belgium, Italy and Luxembourg	473,129	495,396	1,978	1,380
Germany, Central and Eastern Europe	405,866	355,518	1,751	688
United Kingdom and Ireland	116,564	109,136	7,422	3,360
The Netherlands	639,891	584,840	2,516	1,460
Nordic countries	234,077	225,174	695	419
North America (Canada)	20,375	15,495	15	-
Oceania and Asia	153,466	141,563	1,023	310
Total	**2,057,679**	**1,942,160**	**15,400**	**7,617**

6 Intangible assets

2011	**Goodwill**	**Insurance portfolios**	**Software**	**Total**
At cost at 1 January	**45,743**	**16,805**	**60,751**	**123,299**
Additions	-	-	9,306	9,306
Disposals	-	-	-	-
Effect of movements in foreign exchange	149	106	1,094	1,349
At cost at 31 December	**45,892**	**16,911**	**71,151**	**133,954**
Accumulated amortisation and impairments at 1 January	**-**	**(14,695)**	**(42,886)**	**(57,581)**
Amortisation charge for the year	-	(1,231)	(7,535)	(8,766)
Impairment loss	-	-	(729)	(729)
Effect of movements in foreign exchange	-	(18)	(831)	(849)
Accumulated amortisation and impairments at 31 December	**-**	**(15,944)**	**(51,981)**	**(67,925)**
Balance at 1 January	**45,743**	**2,110**	**17,865**	**65,718**
Balance at 31 December	**45,892**	**967**	**19,170**	**66,029**

All amounts are in thousands of Euro, unless otherwise stated

2010	Goodwill	Insurance portfolios	Software	Total
At cost at 1 January	**44,871**	**16,805**	**55,032**	**116,708**
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**	**60,751**	**123,299**
Accumulated amortisation and impairments at 1 January	-	**(9,825)**	**(34,781)**	**(44,606)**
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)**	**(42,886)**	**(57,581)**
Balance at 1 January	**44,871**	**6,980**	**20,251**	**72,102**
Balance at 31 December	**45,743**	**2,110**	**17,865**	**65,718**

Goodwill

The goodwill relates to acquired business in 2004 and 2005. Goodwill is carried at cost (as determined at 1 January 2008).

If applicable, impairment of goodwill is recognised as a separate item in the income statement. During 2011 there was no impairment charge (2010: no impairment charge).

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

Cash-generating units	2011	2010
ACI N.V. branch France	9,003	9,003
ACI N.V. Nordic branches (bonding)	2,698	2,698
ACI N.V. branch Germany	31,026	31,026
ACI N.V. branch Switzerland	3,165	3,016
Total	**45,892**	**45,743**

The Nordic Bonding unit includes the Company'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 7.89% discount rate used (2010: 7.81%) 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).

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.

Software

The Company has decided to partially impair a self-developed business system in the amount of EUR 729 thousand since it did not lead to sufficient benefits.

7 Property, plant and equipment

2011	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**31,212**	**30,837**	**27,000**	**89,049**
Additions	62	1,289	4,743	6,094
Disposals	-	(882)	(1,212)	(2,094)
Effect of movements in foreign exchange	2	311	496	809
At cost at 31 December	**31,276**	**31,555**	**31,027**	**93,858**
Accumulated depreciation and impairments at 1 January	**(6,676)**	**(18,786)**	**(21,325)**	**(46,787)**
Depreciation charge for the year	(596)	(2,739)	(3,441)	(6,776)
Depreciation on disposals	-	814	1,176	1,990
Impairment loss	-	-	-	-
Effect of movements in foreign exchange	-	(236)	(363)	(599)
Accumulated depreciation and impairments at 31 December	**(7,272)**	**(20,947)**	**(23,953)**	**(52,172)**
Balance at 1 January	**24,536**	**12,051**	**5,675**	**42,262**
Balance at 31 December	**24,004**	**10,608**	**7,074**	**41,686**

2010	Land and buildings	Fixtures and fittings	IT hardware	Total
At cost at 1 January	**31,133**	**29,837**	**24,943**	**85,913**
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**	**30,837**	**27,000**	**89,049**
Accumulated depreciation and impairments at 1 January	**(5,867)**	**(15,770)**	**(17,340)**	**(38,977)**
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)**	**(18,786)**	**(21,325)**	**(46,787)**
Balance at 1 January	**25,266**	**14,067**	**7,603**	**46,936**
Balance at 31 December	**24,536**	**12,051**	**5,675**	**42,262**

Land and buildings relate only to property for own use. The depreciation expense on property for own use is reported as part of net operating expenses.

All amounts are in thousands of Euro, unless otherwise stated

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

	2011	2010
Italy	20,590	23,506
Belgium, France	5,810	9,702
Other	761	641
Total	**27,161**	**33,849**

Land and buildings are 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 Company usually revalues land and buildings every two to three years. In Italy the latest valuation on land and buildings was conducted in March 2011 by Roux Italia S.R.L., in Belgium in December 2011 by de Crombrugghe & Partners and in France in November 2011 by Sorovim Conseil Immobilier.

8 Investment property

	2011	2010
At cost at 1 January	**4,318**	**4,948**
Disposals	(979)	(630)
At cost at 31 December	**3,339**	**4,318**
Accumulated depreciation and impairments at 1 January	**(454)**	**(433)**
Depreciation charge for the year	(60)	(65)
Depreciation on disposals	108	44
Accumulated depreciation and impairments at 31 December	**(406)**	**(454)**
Balance at 1 January	**3,864**	**4,515**
Balance at 31 December	**2,933**	**3,864**

The fair value of investment property is presented below:

2011	Residential	Office	Total
Italy	-	3,321	3,321
The Netherlands	-	1,230	1,230
France	-	-	-
Sweden	140	-	140
Total	**140**	**4,551**	**4,691**

2010	Residential	Office	Total
Italy	-	4,838	4,838
The Netherlands	-	1,345	1,345
France	-	428	428
Sweden	139	-	139
Total	**139**	**6,611**	**6,750**

Land and buildings have 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 Company usually revalues land and buildings every two to three years. In Italy, the latest valuation on land and buildings was conducted in March 2011 by Roux Italy S.R.L., in the Netherlands in August 2011 by Lengkeek Taxaties B.V.

During 2011, land and buildings located in Italy and France were sold for EUR 1.6 million. The realised gains are reported as part of net income from investments.

9 Investments in subsidiaries and joint venture

The following table shows the changes in investments in subsidiaries and joint venture measured at cost:

	2011	2010
Balance at 1 January	**462**	**15,329**
Disposals	(412)	(14,867)
Balance at 31 December	**50**	**462**

The following table shows the changes in investments in subsidiaries:

	2011	2010
Balance at 1 January	**50**	**14,917**
Disposals	-	(14,867)
Balance at 31 December	**50**	**50**

The following table shows the changes in investments in joint venture:

	2011	2010
Balance at 1 January	**412**	**412**
Disposals	(412)	-
Balance at 31 December	**-**	**412**

As required by IFRS, all information from the subsidiaries and joint venture, unless otherwise stated, is based on the balance sheet dates between 30 September and 31 December.

The fair value of the investment in the joint venture equals EUR 0 thousand (2010: EUR 562 thousand) since the joint venture became dormant on 31 October 2011 and the net assets are held for distribution to the owners.

During 2010, N.V. Suidarta and Atradius Beheersmaatschappij B.V. were merged into Atradius Credit Insurance N.V. Also during 2010, Atradius Dutch State Business N.V. was transferred at net asset value to Atradius Insurance Holding N.V., the parent company of Atradius Credit Insurance N.V.

Overview of subsidiaries, joint venture and branches:
The following table sets forth, as at 31 December 2011, the name and jurisdiction of establishment of the subsidiaries and joint venture of Atradius Credit Insurance N.V. None of the companies detailed below is listed.

	Country of incorporation	***% interest held***	**Nature of relationship**	***Comment***
Atradius Payments S.à.r.l.	France	100%	100%	Services
Atradius Pension Trustees Ltd.	United Kingdom	100%	100%	Pension trust
Atradius Receivables Management Company N.V.	Curaçao	55%	55%	*Credit insurance*
NCM (UK) Holdings Ltd.	United Kingdom	100%	100%	Dormant
NCM Credit Insurance Ltd.	United Kingdom	100%	100%	Dormant
NCM UK Agency Ltd.	United Kingdom	100%	100%	Dormant
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd.	Japan	50%	50%	Dormant since 31 October 2011

In December 2011, Le Sarrazin S.C.I., (100% owned) dormant subsidiary of Atradius Credit Insurance N.V. was dissolved.

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

All amounts are in thousands of Euro, unless otherwise stated

Commitments and contingent liabilities
There are no commitments relating to the investments.

The following investment in joint venture has a different reporting date than the Company:

	Date	Reason
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	31 March 2011	The financial year in Japan runs from 1 April to 31 March

The following table shows the financial statement of the Company's subsidiaries and joint venture:

2011	Total				
	Assets	Liabilities	Revenue	Net assets	Result for the year
Atradius Payments S.à.r.l.	354	275	-	79	8
Atradius Pension Trustees Ltd.	-	-	-	-	-
Atradius Receivables Management Company N.V.	232	222	-	10	-
NCM (UK) Holdings Ltd.	59,859	59,859	-	-	-
NCM Credit Insurance Ltd.	635	635	-	-	-
NCM UK Agency Ltd.	-	-	-	-	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	-	-	35	-	(72)
Total	**61,080**	**60,991**	**35**	**89**	**(64)**

2010	Total				
	Assets	Liabilities	Revenue	Net assets	Result for the year
Atradius Payments S.à.r.l.	346	275	-	71	21
Atradius Pension Trustees Ltd.	-	-	-	-	-
Atradius Receivables Management Company N.V.	232	222	26	10	17
NCM (UK) Holdings Ltd.	58,089	58,089	-	-	-
NCM Credit Insurance Ltd.	616	616	-	-	-
NCM UK Agency Ltd.	-	-	-	-	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	1,002	-	498	1,002	12
Total	**60,285**	**59,202**	**524**	**1,083**	**50**

The following table shows the summarised financial information of the Company's interest in subsidiaries and joint venture:

2011	Net assets	Carrying amount
Atradius Payments S.à.r.l.	79	50
Atradius Pension Trustees Ltd.	-	-
Atradius Receivables Management Company N.V.	6	-
NCM (UK) Holdings Ltd.	-	-
NCM Credit Insurance Ltd.	-	-
NCM UK Agency Ltd.	-	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	-	-
Total	**85**	**50**

2010	Net assets	Carrying amount
Atradius Payments S.à.r.l.	71	50
Atradius Pension Trustees Ltd.	-	-
Atradius Receivables Management Company N.V.	6	-
NCM (UK) Holdings Ltd.	-	-
NCM Credit Insurance Ltd.	-	-
NCM UK Agency Ltd.	-	-
Tokio Marine Nichido and Atradius Credit Management and Co. Ltd., Tokyo	501	412
Total	**578**	**462**

10 Financial investments

Financial investments classified by measurement category and nature 2011	Available-for-sale	Fair value through profit or loss	Loans and receivables	Total
Equity securities	291,099	-	-	291,099
Debt securities	223,060	-	-	223,060
Loans	-	-	148,880	148,880
Short-term investments	-	-	35,505	35,505
Cash held for investments	-	-	48,580	48,580
Derivatives	-	-	-	-
Total	**514,159**	**-**	**232,965**	**747,124**
Quoted prices in active markets	514,159	-	-	514,159
Valuation techniques	-	-	148,880	148,880
At face value	-	-	84,085	84,085
Total	**514,159**	**-**	**232,965**	**747,124**

All amounts are in thousands of Euro, unless otherwise stated

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
Cash held for investments	-	-	47,782	47,782
Derivatives	-	2	-	2
Total	**430,721**	**2**	**256,301**	**687,024**
Quoted prices in active markets	430,721	2	-	430,723
Valuation techniques	-		158,949	158,949
At face value	-	-	97,352	97,352
Total	**430,721**	**2**	**256,301**	**687,024**

Movements in available-for-sale financial investments	**Equity securities**		**Debt securities**		**Total**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Balance at 1 January	**276,760**	**254,943**	**153,961**	**154,993**	**430,721**	**409,936**
Additions	178,676	140,766	202,741	135,868	381,417	276,634
Disposals	(158,311)	(122,500)	(133,016)	(142,479)	(291,327)	(264,979)
Amortisation charge for the year	-	-	(2,402)	(2,137)	(2,402)	(2,137)
Revaluations	(6,026)	3,551	375	(1,572)	(5,651)	1,979
Effect of movements in foreign exchange	-	-	1,401	9,288	1,401	9,288
Balance at 31 December	**291,099**	**276,760**	**223,060**	**153,961**	**514,159**	**430,721**

The impairment on equity investments is EUR 6.9 million (2010: no impairment); there was no impairment on debt investments (2010: no impairment).

10.1 Loans

	2011	**2010**
Atradius Insurance Holding N.V.	148,600	148,600
Atradius NV	-	10,341
Other	280	8
Total	**148,880**	**158,949**

During 2008, the Company granted two loans to its immediate parent, Atradius Insurance Holding N.V. consisting of EUR 114.7 million (for one year at an interest rate of 1 year EURIBOR plus 50 bps per annum) and EUR 33.9 million (for one year at an interest rate of 3 month EURIBOR plus 65 bps per annum). Both loans have been rolled forward with another year to December 2012.

During 2009, the Company granted a loan to Atradius NV of EUR 10.3 million (for one year at an interest rate of 1 year EURIBOR plus 50 bps per annum). This loan has been repaid in full in December 2011.

10.2 Short-term investments and cash held for investments

	2011	2010
Deposits withheld by ceding companies	**1,065**	**1,276**
Within the EU	498	619
Outside the EU	567	657
Bank deposits and commercial paper	**83,020**	**96,076**
Within the EU	42,588	65,267
Outside the EU	40,432	30,809
Total	**84,085**	**97,352**

11 Reinsurance contracts

	2011	2010
Reinsurers' share of insurance liabilities		
Provision for unearned premium	105,489	99,146
Claims provisions	569,573	559,165
Total	**675,062**	**658,311**
Current	473,151	486,492
Non-current	201,911	171,819

Amounts due from reinsurers in respect of claims already paid by the Company 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

	2011	2010
Accounts receivable on insurance and reinsurance business	**146,654**	**139,422**
Amounts owed by policyholders and direct insurance operations	72,223	80,789
Receivables arising out of reinsurance	74,431	58,633
Other accounts receivable	**33,820**	**53,619**
Total	**180,474**	**193,041**

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 Company has a large number of internationally dispersed debtors (see Note 4.4.2).

An amount of EUR 36.4 million (2010: EUR 38.6 million) relates to past due receivables on insurance and reinsurance for which no impairment loss has been recognised, out of which 87.0% (2010: 89.3%) relates to receivables of ageing less than three months.

All receivables are considered on an individual basis for impairment testing. As of 31 December 2011, receivables of EUR 20.1 million (2010: EUR 21.8 million) were considered to be partially impaired. The amount of the impairment taken related to these receivables was EUR 6.8 million (2010: EUR 8.9 million). This balance takes into account that a portion of the impaired receivables will be recovered. The Company does not hold any collateral over these balances.

All amounts are in thousands of Euro, unless otherwise stated

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

	2011	2010
Balance at 1 January	**8,905**	**15,963**
Impairment of receivables	1,996	1,042
Receivables written off during the year as uncollectable	(3,013)	(4,291)
Unused amounts reversed	(1,068)	(3,809)
Balance at 31 December	**6,820**	**8,905**

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

	2011	2010
Balance at 1 January	**9,974**	**9,773**
Change in deferred acquisition costs	777	(174)
Effect of movements in foreign exchange	173	375
Balance at 31 December	**10,924**	**9,974**

14 Miscellaneous assets and accruals

	2011	20110
Pipeline premium	125,777	114,881
Prepayments	13,082	12,485
Accrued interest	3,530	2,136
Ceded return premium	36,884	28,344
Other	4,938	4,770
Total	**184,211**	**162,616**

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

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

15 Cash and cash equivalents

	2011	2010
Cash at bank and on hand	28,180	7,650
Short-term bank deposits	509	427
Cash and cash equivalents	**28,689**	**8,077**

The Company 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.

16 Capital and reserves

16.1 Subscribed capital

	2011	2010
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

	2011	2010
Balance at 1 January and 31 December	**420,966**	**420,966**

16.3 Revaluation reserve

	2011	2010
Balance at 1 January	**3,447**	**1,055**
Change in revaluation reserve - gross	1,263	1,979
Change in revaluation reserve - tax	(330)	(483)
Net (gains) / losses transferred to net profit on disposal - gross	2,317	1,213
Net (gains) / losses transferred to net profit on disposal - tax	(580)	(317)
Balance at 31 December	**6,117**	**3,447**

16.4 Legal reserves

	2011	2010
Balance at 1 January	**174,725**	**154,359**
Change in legal reserve	1,506	(978)
Change in regulatory reserve	60,423	21,344
Balance at 31 December	**236,654**	**174,725**

The legal reserves consist of the following two components:

- a legal reserve related to the capitalisation of self developed software of EUR 13.1 million (2010: EUR 11.6 million);
- the regulatory reserve, consisting of the equalisation provision of EUR 157.1 million (2010: EUR 98.0 million) and the required solvency of EUR 66.4 million (2010: EUR 65.1 million).

The following table shows the split of the legal reserves at the end of the reporting period:

	2011	2010
Legal reserve (capitalisation of self developed software)	13,144	11,638
Regulatory reserve	223,510	163,087
Total	**236,654**	**174,725**

16.5 Currency translation reserve

	2011	2010
Balance at 1 January	**2,550**	**544**
Change in currency translation - gross	2,547	3,178
Change in currency translation - tax	(382)	(1,172)
Balance at 31 December	**4,715**	**2,550**

All amounts are in thousands of Euro, unless otherwise stated

16.6 Pension reserve

	2011	2010
Balance at 1 January	**(107,894)**	**(95,946)**
Recognised actuarial gains and losses	**14,181**	**(4,132)**
Change in pension reserve - gross	20,574	(4,930)
Change in pension reserve - tax	(6,393)	798
Effect of the asset ceiling	**(21,154)**	**(7,816)**
Change in pension reserve - gross	(28,205)	(10,422)
Change in pension reserve - tax	7,051	2,606
Balance at 31 December	**(114,867)**	**(107,894)**

16.7 Retained earnings

	2011	2010
Balance at 1 January	**82,068**	**68,232**
Result for the year	78,639	34,202
Change in legal reserves	(61,929)	(20,366)
Dividends	(10,479)	-
Balance at 31 December	**88,299**	**82,068**

16.8 Dividend distribution

The dividend distribution is based on the company financial statements. The Company is subject to legal restrictions regarding the amount of dividends it can pay to its 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.

In 2011, a distribution of EUR 10.5 million was made out of the retained earnings (2010: EUR nil).

17 Employee benefit assets and liabilities

	2011	2010
Retirement benefits	58,945	59,617
Other long-term employee benefits	3,190	6,548
Total	**62,135**	**66,165**

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 Company 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 5.2 million in 2011 (2010: EUR 4.8 million).

Under a defined benefit pension plan the beneficiary receives a defined pension from the Company or a pension fund. The contributions payable by the Company 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 10 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 340 active members (2010: 349 active members). The total calculated pension obligation of these plans at 31 December 2011 is EUR 47.7 million (2010: EUR 46.6 million). The assets of these plans at 31 December 2011 amounted to EUR 32.5 million (2010: EUR 31.7 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 240 active members (2010: 246 active members). The total calculated pension obligation of this plan at 31 December 2011 was EUR 183 million (2010: EUR 171 million). The assets of this pension plan at 31 December 2011 are EUR 147 million (2010: EUR 133 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 Company 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 426 active members (2010: 454 active members). The total calculated pension obligation of this plan at 31 December 2011 is EUR 167 million (2010: EUR 181 million). The assets of this pension plan at 31 December 2011 were EUR 206 million (2010: EUR 192 million).

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 income statement.

Funded status	**2011**	**2010**	**2009**	**2008**
Defined benefit obligation	416,270	414,946	377,849	328,367
Plan assets	395,952	365,751	323,478	271,579
Pension commitments less plan assets	**20,318**	**49,195**	**54,371**	**56,788**
Effect of the asset ceiling	38,627	10,422	-	-
Deficit / (surplus) at 31 December	**58,945**	**59,617**	**54,371**	**56,788**
Experience (gain) / loss on plan liabilities	(1,562)	(7,056)	(2,114)	(2,265)
Experience (gain) / loss on plan assets	4,381	(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 38.6 million (2010: EUR 10.4 million). The recognition of this asset 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 Company. This part of the assets is included as part of the other reserves in other comprehensive income (see Note 16).

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

All amounts are in thousands of Euro, unless otherwise stated

	2011	2010
Balance at 1 January	**414,946**	**377,849**
Service cost (including employee contributions)	10,811	10,041
Interest cost	22,588	21,502
Actuarial losses / (gains)	(24,956)	15,297
Losses / (gains) on curtailments	-	(623)
Termination benefit costs	-	219
Settlements	-	(1,015)
Benefits paid	(12,829)	(14,125)
Effect of movements in foreign exchange	5,710	5,801
Balance at 31 December	**416,270**	**414,946**

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

	2011	2010
Balance at 1 January	**365,751**	**323,478**
Expected return on assets	20,435	21,092
Actuarial gains / (losses)	(4,381)	10,998
Contributions (including employee contributions)	22,477	20,146
Settlements	-	(643)
Benefits paid	(12,970)	(13,795)
Effect of movements in foreign exchange	4,640	4,475
Balance at 31 December	**395,952**	**365,751**

The fair value of plan assets at the end of the reporting period is analysed as follows:

	2011	2010
Equity securities	135,302	129,407
Debt securities	232,947	171,348
Investment property	16,498	15,483
Other	11,205	49,513
Total	**395,952**	**365,751**

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

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 16.1 million (2010: EUR 32.1 million).

The Company expects to contribute approximately EUR 15.9 million to the defined benefit plans in 2012 (2011: EUR 15.4 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	
	2011	2010	2011	2010	2011	2010
Discount rate	5.00%	5.50%	5.50%	5.25%	5.50%	5.50%
Expected return on plan assets	5.80%	6.70%	6.00%	3.50%	5.90%	5.20%
Expected increase of future salaries	4.25%	4.75%	3.05%	3.05%	2.00%	3.25%
Expected increase of future benefit levels	3.00%	3.50%	1.75%	1.75%	1.00%	1.75%
Mortality table	1PM/FAL09M (medium cohort 1.5% floor, year of use)	1PM/FAL09M (medium cohort 1.5% floor, year of use)	"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 2010-2060" + loading for experience mortality

17.2 Other long-term employee benefits

	2011	2010
Early retirement	1,040	4,247
Jubilee	1,801	1,720
Other	349	581
Total	**3,190**	**6,548**

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 provision. This planned amount was paid into the retirement plan early 2011.

17.3 Defined benefit costs

Expenses and return on assets recorded in the income statement: (gains) and losses	2011	2010
Current service cost (net of participant contributions)	7,930	7,083
Interest cost	22,719	21,502
Expected return on plan assets	(20,435)	(21,092)
Cost of settlement, curtailments and termination benefits	-	(776)
Other	(115)	(182)
Total	**10,099**	**6,535**

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).

All amounts are in thousands of Euro, unless otherwise stated

18 Insurance contracts

Credit insurance	Gross	Reinsurance Asset	Net	Gross	Reinsurance Asset	Net
		2011			2010	
Claims reported and loss adjustment expenses	57,675	(127,220)	(69,545)	77,118	(150,944)	(73,826)
Claims incurred but not reported	380,227	(286,103)	94,124	319,075	(238,699)	80,376
Claims provisions	**437,902**	**(413,323)**	**24,579**	**396,193**	**(389,643)**	**6,550**
Unearned premium	110,728	(48,323)	62,405	109,078	(47,524)	61,554
Total	**548,630**	**(461,646)**	**86,984**	**505,271**	**(437,167)**	**68,104**
Bonding						
Claims reported and loss adjustment expenses	206,621	(143,342)	63,279	219,680	(152,987)	66,693
Claims incurred but not reported	18,457	(12,908)	5,549	23,422	(16,535)	6,887
Claims provisions	**225,078**	**(156,250)**	**68,828**	**243,102**	**(169,522)**	**73,580**
Unearned premium	82,391	(57,166)	25,225	74,335	(51,622)	22,713
Total	**307,469**	**(213,416)**	**94,053**	**317,437**	**(221,144)**	**96,293**
Total insurance contracts	**856,099**	**(675,062)**	**181,037**	**822,708**	**(658,311)**	**164,397**
Current	600,040	(473,151)	126,889	607,981	(486,492)	121,489
Non-current	256,059	(201,911)	54,148	214,727	(171,819)	42,908

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 at 31 December 2011 amount to EUR 352 million (2010: EUR 362 million).

18.1 Claims development tables

The claims development tables provide an overview of how the total claims expense for underwriting years 2005-2011 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 2011.

Credit Insurance – Gross

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	2011	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	471,321	
one year later	423,115	461,254	519,968	956,557	388,389	246,723		
two years later	423,152	454,687	509,376	991,686	353,766			
three years later	416,081	451,779	496,473	979,459				
four years later	409,608	444,880	488,087					
five years later	403,144	446,791						
six years later	401,107							
Current estimate of cumulative claims	401,107	446,791	488,087	979,459	353,766	246,723	471,321	3,387,254
Cumulative payments to date	402,742	450,867	494,120	961,124	354,372	196,782	100,880	2,960,887
Claims provision at 31 December 2011 in respect of 2005 - 2011	(1,635)	(4,076)	(6,033)	18,335	(606)	49,941	370,441	426,367
In respect of prior years (before 2005)								11,535
Total								**437,902**

The claims expense includes the losses that have been recognised in the income statement, but excludes the impact of losses 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 instalment credit protection.

Both frequency and severity of claims for underwriting year 2009 and 2010 have developed more favourably than assumed at year end 2010. For underwriting year 2005 and prior, recovery inflow is more positive than previously anticipated.

Credit Insurance – Net

Claims development per underwriting year – risk attaching

Year when risk was taken	2005	2006	2007	2008	2009	2010	2011	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	127,688	
one year later	46,511	78,328	142,692	255,152	120,927	76,723		
two years later	44,861	77,853	139,883	264,775	112,576			
three years later	39,937	77,224	133,730	260,635				
four years later	37,896	71,336	132,172					
five years later	33,021	73,612						
six years later	33,791							
Current estimate of cumulative claims	33,791	73,612	132,172	260,635	112,576	76,723	127,688	817,197
Cumulative payments to date	38,540	82,626	146,675	279,164	133,559	76,122	33,279	789,965
Claims provision at 31 December 2011 in respect of 2005 - 2011	(4,749)	(9,014)	(14,503)	(18,529)	(20,983)	601	94,409	27,232
In respect of prior years (before 2005)								(2,653)
Total								**24,579**

All amounts are in thousands of Euro, unless otherwise stated

The Company has a reinsurance programme consisting of both quota share and excess of loss treaties that covers the majority of the direct insurance. For underwriting years 2005 to 2011, 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	2011	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	5,747	
one year later	8,717	7,892	16,830	17,586	8,868	6,241		
two years later	16,936	15,567	17,565	18,007	13,183			
three years later	19,824	17,430	21,450	20,255				
four years later	18,641	19,820	20,870					
five years later	19,782	16,980						
six years later	18,679							
Current estimate of cumulative claims	18,679	16,980	20,870	20,255	13,183	6,241	5,747	101,955
Cumulative payments to date	11,535	10,879	10,018	11,542	5,071	1,124	2,737	52,906
Claims provision at 31 December 2011 in respect of 2005 - 2011	7,144	6,101	10,852	8,713	8,112	5,117	3,010	49,049
In respect of prior years (before 2005)								176,029
Total								**225,078**

The estimate of ultimate claim costs does not include an estimate for future claim payments on cases where the Company 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 4.3.6, 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	2011	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)	1,842	
one year later	3,344	1,770	8,254	9,654	3,013	1,948		
two years later	4,136	4,114	4,809	8,709	3,897			
three years later	6,128	4,594	7,259	9,577				
four years later	5,802	5,380	5,966					
five years later	6,165	4,719						
six years later	5,661							
Current estimate of cumulative claims	5,661	4,719	5,966	9,577	3,897	1,948	1,842	33,610
Cumulative payments to date	3,502	2,881	3,188	7,002	1,341	306	665	18,885
Claims provision at 31 December 2011 in respect of 2005 - 2011	2,159	1,838	2,778	2,575	2,556	1,642	1,177	14,725
In respect of prior years (before 2005)								54,103
Total								**68,828**

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

All amounts are in thousands of Euro, unless otherwise stated

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
		2011			2010	
Balance at 1 January	**396,193**	**(389,643)**	**6,550**	**555,161**	**(497,636)**	**57,525**
Claims paid in the year	(236,131)	176,581	(59,550)	(358,769)	258,564	(100,205)
Increase/(decrease) in liabilities arising from claims	274,190	(197,527)	76,663	182,125	(140,119)	42,006
Foreign exchange and other movements	3,650	(2,734)	916	17,676	(10,452)	7,224
Balance at 31 December	**437,902**	**(413,323)**	**24,579**	**396,193**	**(389,643)**	**6,550**
Claims reported and loss adjustment expenses	57,675	(127,220)	(69,545)	77,118	(150,944)	(73,826)
Incurred but not reported	380,227	(286,103)	94,124	319,075	(238,699)	80,376
Total	**437,902**	**(413,323)**	**24,579**	**396,193**	**(389,643)**	**6,550**

Bonding						
Balance at 1 January	**243,102**	**(169,522)**	**73,580**	**230,283**	**(161,366)**	**68,917**
Claims paid in the year	(22,382)	15,727	(6,655)	(21,628)	13,986	(7,642)
Increase/(decrease) in liabilities arising from claims	8,204	(5,134)	3,070	37,958	(24,621)	13,337
Foreign exchange and other movements	(3,846)	2,679	(1,167)	(3,511)	2,479	(1,032)
Balance at 31 December	**225,078**	**(156,250)**	**68,828**	**243,102**	**(169,522)**	**73,580**
Claims reported and loss adjustment expenses	206,621	(143,342)	63,279	219,680	(152,987)	66,693
Incurred but not reported	18,457	(12,908)	5,549	23,422	(16,535)	6,887
Total	**225,078**	**(156,250)**	**68,828**	**243,102**	**(169,522)**	**73,580**
Claims provisions	**662,980**	**(569,573)**	**93,407**	**639,295**	**(559,165)**	**80,130**

18.2.2 Unearned premium

Credit insurance	Gross 2011	Reinsurance 2011	Net 2011	Gross 2010	Reinsurance 2010	Net 2010
Balance at 1 January	**109,078**	**(47,524)**	**61,554**	**109,988**	**(46,664)**	**63,324**
Movement in the period	958	(219)	739	143	833	976
Foreign exchange and other movements	692	(580)	112	(1,053)	(1,693)	(2,746)
Balance at 31 December	**110,728**	**(48,323)**	**62,405**	**109,078**	**(47,524)**	**61,554**
Bonding						
Balance at 1 January	**74,335**	**(51,622)**	**22,713**	**76,212**	**(52,731)**	**23,481**
Movement in the period	9,352	(6,456)	2,896	(1,378)	673	(705)
Foreign exchange and other movements	(1,296)	912	(384)	(499)	436	(63)
Balance at 31 December	**82,391**	**(57,166)**	**25,225**	**74,335**	**(51,622)**	**22,713**
Total provision for unearned premium	**193,119**	**(105,489)**	**87,630**	**183,413**	**(99,146)**	**84,267**

19 Provisions

The non-underwriting provisions developed as follows:

2011	Restructuring	Onerous contracts	Litigation	Total
Balance at 1 January	**9,243**	**569**	**3,181**	**12,993**
Additional provisions	-	-	611	611
Unused amounts reversed	(474)	(234)	(1,705)	(2,413)
Utilised	(4,198)	(159)	(122)	(4,479)
Other changes	-	-	-	-
Effect of movements in foreign exchange	-	(2)	-	(2)
Balance at 31 December	**4,571**	**174**	**1,965**	**6,710**
Current	4,571	65	1,965	6,601
Non-current	-	109	-	109

2010	Restructuring	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

All amounts are in thousands of Euro, unless otherwise stated

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 40 positions as at 31 December 2011, 27 employees are still part of the workforce accounting for EUR 2.4 million of the closing provision and the remainder relates to the deferred payment for approximately 13 employees who have already left the workforce.

The restructuring provision comprises termination benefits amounting to EUR 4.6 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 Company 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 the United Kingdom. These buildings are not in use by the Company and the future net incoming rental from subletting these properties is expected to fall significantly short of the Company's expenditure commitments until the expiry date of these contracts. Moreover the lease contracts of the buildings in Australia and New Zealand have expired in 2011. The expiry date of the lease contracts of the buildings in the United Kingdom will be 2015.

Litigation
The litigation provision is related to disputes with third parties that are not related to the insurance business of the Company 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 the Company in a court, and (ii) any non insurance claims against the Company. The anticipated expenditure for 2011 is EUR 2.0 million. These amounts have not been discounted for the purpose of measuring the provision for litigation work, because the effect is not material.

20 Deferred and current income tax

Current income tax

	2011	2010
Current income tax assets	21,555	20,581
Current income tax liabilities	18,858	14,296
Total	**2,697**	**6,285**

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

	2011	2010
Deferred income tax assets before set-off	102,628	97,607
Set-off of deferred tax positions	(3,686)	(7,377)
Net deferred tax assets as presented in the statement of financial position	**98,942**	**90,230**
Deferred income tax liabilities before set-off	89,095	80,569
Set-off of deferred tax positions	(3,686)	(7,377)
Net deferred tax liabilities as presented in the statement of financial position	**85,409**	**73,192**

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

	2011	2010
Balance at 1 January	**17,038**	**12,201**
Transfer from related parties within a fiscal unity	-	177
Charge (credit) to other comprehensive income for the year	(252)	2,604
Charge (credit) to the income statement for the year	(3,571)	1,379
Effect of movements in foreign exchange	318	677
Balance at 31 December	**13,533**	**17,038**

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

Deferred income tax assets before set-off

2011

	Tax losses carried forward	Techncial balances	Pensions	Fiscal goodwill	Allowance accounts receivable	Other	Total
Balance at 1 January	**27,276**	**19,288**	**16,609**	**20,751**	**5,466**	**8,217**	**97,607**
Transfer from related parties within a fiscal unity	-	-	-	-	-	-	-
Charge (credit) to other comprehensive income for the year	-	-	(110)	-	-	(5)	(115)
Charge (credit) to the income statement for the year	(3,586)	10,793	(2,179)	(1,496)	(31)	1,324	4,825
Effect of movements in foreign exchange	251	(111)	308	-	1	(138)	311
Balance at 31 December	**23,941**	**29,970**	**14,628**	**19,255**	**5,436**	**9,398**	**102,628**

2010

	Tax losses carried forward	Techncial balances	Pensions	Fiscal goodwill	Allowance accounts receivable	Other	Total
Balance at 1 January	**22,359**	**18,514**	**15,257**	**23,296**	**5,659**	**8,581**	**93,666**
Transfer from related parties within a fiscal unity	177	-	-	-	-	-	177
Charge (credit) to other comprehensive income for the year	-	-	3,600	-	-	4	3,604
Charge (credit) to the income statement for the year	3,027	(138)	(2,597)	(2,545)	(209)	(732)	(3,194)
Effect of movements in foreign exchange	1,713	912	349	-	16	364	3,354
Balance at 31 December	**27,276**	**19,288**	**16,609**	**20,751**	**5,466**	**8,217**	**97,607**

All amounts are in thousands of Euro, unless otherwise stated

The Company is part of the fiscal unity in the Netherlands, headed by Atradius N.V., and operates in a branch structure. Due to this branch structure, losses of the foreign branches can immediately be offset 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 liability is recognised.

From 1 January 2012 the law in the Netherlands has changed: losses of foreign branches can no longer be offset against Dutch taxable income; instead all results from foreign branches are exempt from tax in the Netherlands. However, losses incurred before 2012 are still subject to the recapture rule.

Deferred income tax assets are recognised for, amongst others, tax losses carried forward and the fiscal goodwill resulting from the legal restructuring that took place during 2004/2005 (mainly Italy and Germany) to the extent that the realisation of the related tax benefit through the future taxable profits is probable. In 2011, EUR 0.6 million deferred tax assets on the losses carried forward were impaired (2010: EUR 3.7 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 17.9 million (2010: EUR 41.6 million). The reduction of unrecognised tax losses is mainly due to change of law in Italy: losses are no longer subject to limitation of loss carry forward of five years, but can now be carried forward indefinitely.

The expiration of these unrecognized tax losses carried forward is included in the following table:

Expiration unrecognised tax losses carried forward	2011	2010
1 - 3 years	(7,036)	(20,791)
4 - 9 years	(2,368)	(12,894)
Indefinite	(8,491)	(7,870)
Total	**(17,895)**	**(41,555)**

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

Deferred income tax liabilities before set-off

2011	Investments	Technical balances	Pensions	Equalisation provisions	Other	Total
Balance at 1 January	**(1,128)**	**(12,604)**	**(846)**	**(55,231)**	**(10,760)**	**(80,569)**
Charge (credit) to other comprehensive income for the year	(904)	-	767	-	-	(137)
Charge (credit) to the income statement for the year	(1)	(9,855)	(652)	(916)	3,028	(8,396)
Effect of movements in foreign exchange	-	(361)	(1)	340	29	7
Balance at 31 December	**(2,033)**	**(22,820)**	**(732)**	**(55,807)**	**(7,703)**	**(89,095)**

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 other comprehensive income 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)**

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

	2011	2010
Revaluation reserve in shareholders' equity		
Available-for-sale financial investments	(910)	(800)
Pension reserve:		
Recognised actuarial gains and losses	(6,393)	798
Asset ceiling	7,051	2,606
Total	**(252)**	**2,604**

21 Payables

	2011	2010
Accounts payable on insurance and reinsurance business	**48,807**	**74,736**
Payables arising out of reinsurance operations	24,638	51,094
Amounts due to policyholders	15,044	14,804
Amounts due to intermediaries	9,232	8,941
Current account Dutch state	(107)	(103)
Trade and other accounts payable	**19,963**	**19,776**
Accounts payable	8,957	8,505
Other accounts payable	11,006	11,271
Total	**68,770**	**94,512**

The payables due are substantially all current.

22 Other liabilities

	2011	2010
Deposits received from reinsurers	31,795	28,916
Unearned reinsurance commission	30,197	23,712
Other taxes	4,366	3,969
Accruals	95,475	84,075
Return premium	59,905	46,629
Ceded pipeline premium	79,315	78,796
Sundry creditors	6	-
IPT and stamp duties payable	8,418	8,583
Interest payable	597	12
Total	**310,074**	**274,692**

All amounts are in thousands of Euro, unless otherwise stated

23 Net premium earned

Credit insurance	Gross 2011	Reinsurers' share 2011	Net 2011	Gross 2010	Reinsurers' share 2010	Net 2010
Written premium	742,070	(534,873)	207,197	702,450	(509,999)	192,451
Change in provision for unearned premium	(958)	219	(739)	(143)	(833)	(976)
Total	**741,112**	**(534,654)**	**206,458**	**702,307**	**(510,832)**	**191,475**
Bonding						
Written premium	80,761	(53,363)	27,398	68,110	(45,034)	23,076
Change in provision for unearned premium	(9,352)	6,456	(2,896)	1,378	(673)	705
Total	**71,409**	**(46,907)**	**24,502**	**69,488**	**(45,707)**	**23,781**
Total premium earned	**812,521**	**(581,561)**	**230,960**	**771,795**	**(556,539)**	**215,256**

24 Service and other income

	2011	2010
Information services and fees	18,303	10,749
Other service income	772	4,050
Total	**19,075**	**14,799**

Information services income and fees are part of the insurance segment. In 2011 an amount of EUR 8.2 million (2010: EUR 0 million) has been recognised as additional information service income due to the transfer of the information services business from the Atradius Credit Insurance Norway branch and the Atradius Credit Insurance Denmark branch to other Atradius Group companies.

As per April 2010, the Atradius Dutch State Business N.V. was transferred from the Company to its immediate parent, Atradius Insurance Holding N.V. The income prior to this transfer is reflected under other service income.

25 Net income from investments

Net investment income by type of investment	2011	2010
Income from		
Debt securities available-for-sale	4,694	4,978
Loans	3,183	2,743
Equity securities available-for-sale	2,831	2,017
Derivatives	-	426
Other investments	882	95
Total income from financial investments	**11,590**	**10,259**
Investment property	921	293
Total investment income	**12,511**	**10,552**
Expenses from		
Debt securities available-for-sale	(1,534)	(701)
Equity securities available-for-sale	(8,086)	(1,971)
Derivatives	(2)	(921)
Handling expenses	(677)	(1,027)
Total expenses from financial investments	**(10,299)**	**(4,620)**
Investment property	(70)	(81)
Total investment expenses	**(10,369)**	**(4,701)**
Net income from investments	**2,142**	**5,851**

Net investment income by nature of income/(expense)	2011	2010
Income from		
Interest	8,369	6,709
Dividends	2,831	1,676
Realised gains	1,137	1,904
Unrealised gains	-	-
Rental income from investment property	174	263
Total	**12,511**	**10,552**
Expenses from		
Handling expenses	(677)	(1,027)
Realised losses	(2,721)	(3,397)
Unrealised losses	-	(212)
Impairment loss	(6,911)	-
Depreciation of investment property	(60)	(65)
Total	**(10,369)**	**(4,701)**
Net income from investments	**2,142**	**5,851**

In the interest income and expenses reported above, the component related to financial investments available-for-sale is net EUR 4.3 million (2010: EUR 3.9 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	Impairments 2011	Impairments 2010	Realised gains / (losses) 2011	Realised gains / (losses) 2010
Investment property	-	-	737	15
Debt securities	-	-	(1,145)	417
Equity securities	(6,911)	-	(1,174)	(1,630)
Derivatives	-	-	(2)	(284)
Other investments	-	-	-	(11)
Total	**(6,911)**	-	**(1,584)**	**(1,493)**

Net gains / (losses) by category	Impairments 2011	Impairments 2010	Realised gains / (losses) 2011	Realised gains / (losses) 2010
Investment property	-	-	737	4
Financial assets classified as available-for-sale	(6,911)	-	(2,319)	(1,213)
Financial assets classified as at fair value through profit or loss	-	-	(2)	(284)
Total	**(6,911)**	-	**(1,584)**	**(1,493)**

26 Insurance claims

Credit insurance	Gross 2011	Reinsurers' share 2011	Net 2011	Gross 2010	Reinsurers' share 2010	Net 2010
Claims paid in the year	236,131	(176,581)	59,550	358,769	(258,564)	100,205
Change in claims provisions	38,059	(20,946)	17,113	(176,644)	118,445	(58,199)
Claims handling expenses	25,894	-	25,894	26,331	-	26,331
Total	**300,084**	**(197,527)**	**102,557**	**208,456**	**(140,119)**	**68,337**
Bonding						
Claims paid in the year	22,382	(15,727)	6,655	21,628	(13,986)	7,642
Change in claims provisions	(14,178)	10,593	(3,585)	16,330	(10,635)	5,695
Claims handling expenses	1,734	-	1,734	1,737	-	1,737
Total	**9,938**	**(5,134)**	**4,804**	**39,695**	**(24,621)**	**15,074**
Total insurance claims and loss adjustment expenses	**310,022**	**(202,661)**	**107,361**	**248,151**	**(164,740)**	**83,411**

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

27 Net operating expenses

	2011	2010
Total administrative expenses	217,182	221,387
Gross acquisition costs	84,800	82,235
Gross change in deferred acquisition costs	(777)	174
Gross operating expenses	301,205	303,796
Commissions received for business ceded to reinsurers	(259,341)	(191,305)
Total net operating expenses	**41,864**	**112,491**

Administrative expenses by type of business	2011	2010
Insurance and information expenses	244,357	246,578
Other service expenses	185	2,519
Group costs	268	358
Total gross administrative expenses	244,810	249,455
Claims handling expenses allocated to net claims charges	(27,628)	(28,068)
Total administrative expenses	**217,182**	**221,387**

Administrative expenses by nature	2011	2010
Employee benefit expenses (see table below)	165,389	165,720
Travelling and company cars	8,668	8,822
Information technology	17,424	20,246
Housing and office expenses	23,748	26,584
Other expenses	29,581	28,083
Total gross administrative expenses	244,810	249,455
Claims handling expenses allocated to net claims charges	(27,628)	(28,068)
Total administrative expenses	**217,182**	**221,387**

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 amount to EUR 15.5 million (2010: EUR 19.3 million).

Employee benefit expenses	2011	2010
Salaries and wages	126,430	129,892
Social security costs	23,668	24,479
Pension costs - defined contribution plans	5,192	4,814
Pension costs - defined benefit plans	10,099	6,535
Total employee benefit expenses	**165,389**	**165,720**

For an explanation of the employee benefit details Note 17.

All amounts are in thousands of Euro, unless otherwise stated

28 Finance income and expenses

	2011	2010
Other interest	(1,289)	(725)
Foreign exchange (income) / expense	(26)	(7,339)
Total finance (income) / expense	**(1,315)**	**(8,064)**

29 Income tax

	2011	2010
Current tax	22,057	15,245
Deferred tax	3,571	(1,379)
Total	**25,628**	**13,866**

The actual tax on the Company's result differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of the Company branches and is analysed as follows:

	2011	2010
Result before tax:	**104,267**	**48,068**
Tax calculated at domestic tax rates applicable to results in the respective countries	28,194	13,891
Tax exempt income	(617)	(913)
Tax effect of utilisation of tax losses / (income) not previously recognised	(3,586)	2,897
Reassessment of prior year local tax positions	1,699	(1,890)
Other	(62)	(119)
Income tax expense / (income) for the year	**25,628**	**13,866**

The weighted average applicable tax rate was 27.0% (2010: 28.9%).

30 Restricted financial assets

The not freely disposable assets consist of financial investments and cash that have been mainly held for local regulatory purposes. The financial assets not freely disposable are as follows:

	2011	2010
Debt securities	75,668	56,273
Short-term investments	59,345	61,250
Total	**135,013**	**117,523**

There are no specific material terms and conditions relating to the restricted financial assets represented in the above table which are individually significant.

31 Contingencies

	2011	2010
Banque de France	-	500
Atradius Finance B.V. bond holders 2004	120,000	120,000
Alkimmo N.V.	90	207
Total	**120,090**	**120,707**

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

32 Capital commitments

	2011	2010
Other financial obligations	28,582	39,492
Total	**28,582**	**39,492**

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

33 Operating leases

	2011	2010
Less than one year	16,897	18,065
Between one and five years	52,936	52,630
More than five years	35,845	45,407
Total	**105,678**	**116,102**

The Company leases office equipment and office space under a number of operating lease agreements. The lease contracts have remaining terms between 1 and 20 years. The leasing of office space represents around 90% (2010: 90%) of the total future payments regarding operating leases.

During the year an amount of EUR 18.8 million (2010: EUR 20.0 million) has been recognised as expense.

34 Personnel

The number of employees working for the Company:

	2011	2010
Total average number of employees (full-time equivalent)	2,335	2,399
Total year end number of employees (full-time equivalent)	2,339	2,331
Total year end number of employees	2,464	2,456

35 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

	2011	2010
Parent [1]		
Receiving of services	(1,250)	(1,220)
Investment income	2,951	2,538
Receivables from parent	-	50
Loan receivable from parent	148,600	148,600
Payables to parent	51	-
Entities with joint control or significant influence over the entity [2]		
Purchase of reinsurance	-	40,996
Joint ventures in which the entity is a venturer [3]		
Sale of reinsurance	1,446	1,062
Other related parties [4]		
Sale of reinsurance	-	528
Rendering of services	27,111	19,177
Purchase of reinsurance	51,035	86,064
Investment income	236	220
Receivables from other related parties	60,568	72,716
Payables to other related parties	7,025	13,662

1) *Parent – Atradius Insurance Holding N.V. – intercompany 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) being a shareholder of Atradius N.V. until 31 May 2010,*
3) *Joint venture in which the entity is a venturer – transactions with the joint ventures*
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 credit insurance. Rendering of services relates to transfer pricing.*

Terms and conditions of transactions with related parties
Swiss Reinsurance Company (Swiss Re) was, until 31 May 2010, a related party to the Company. Even though Swiss Re did not participate in the reinsurance treaty in 2010, several transactions remained with the Company in relation to previous underwriting years for the year ending 31 December 2010.

No guarantees have been provided or received for any related party receivables for 2011 or 2010. For the years ending 31 December 2011 and 2010, the Company has not raised any provision or expenses for doubtful debtors relating to amounts owed by related parties.

All relationships with related parties are at arm's length.

Compensation of key current and former management personnel of the Company
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 fellow subsidiaries of Atradius N.V. The members of the Supervisory Board of the Company also serve on the Supervisory Board of Atradius N.V.

On 31 December 2011, the Management Board consisted of four members (2010: four members), the Supervisory Board of three members (2010: three members) and identified staff of six members. In February 2012, Jan H. Holsboer retired as member of the Supervisory Board of Atradius Credit Insurance N.V.

The following table provides details on the remuneration for members of the Management Board, Supervisory Board and identified staff.

Remuneration	2011	2010
Management Board		
Short-term employee benefits [1)]	1,106	1,676
Long-term employee benefits	549	954
Post-employment benefits	194	279
Total compensation paid to Management Board members	**1,849**	**2,909**
Supervisory Board		
Short-term employee benefits [1)]	75	75
Total compensation paid to Supervisory Board members	**75**	**75**

All remuneration paid to the Management Board of the Company is paid by Atradius N.V. The remuneration of the Management Board allocated to the Company is based on the Transfer Pricing policy set by the Atradius Group.

	2011
Identified staff	
Short-term employee benefits [1)]	831
Long-term employee benefits	296
Post-employment benefits	99
Total compensation paid to identified staff	**1,226**

[1)] *Short-term employee benefits include salaries, housing, social security, medical expenses, lease cars and other*

Identified staff are the members of the RSMB, not part of the Management Board, and other staff members that hold control positions. The remuneration of the identified staff allocated to the Company is based on the Transfer Pricing policy set by the Atradius Group and agreed by the relevant tax authorities.

36 Auditor fees

The following expenses were made to the Company's Auditor for audit and non-audit services:

2011	Deloitte Accountants B.V.	Other Deloitte Network organisations	Total Deloitte Network
Audit financial statements	291	569	861
Other audit services	4	267	271
Fiscal advisory services	-	140	140
Non-audit services	-	32	32
Total	**295**	**1,008**	**1,304**

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**

37 Events after the reporting period

There are no events to report.

The Supervisory Board

Paul-Henri Denieuil
Dick Sluimers

The Management Board

Isidoro Unda
Delfín Rueda
David Capdevila
Andreas Tesch

Management Board

Isídoro Unda	David Capdevila
Delfín Rueda	Andreas Tesch

Management Board

Isidoro Unda **David Capdevila**

Delfín Rueda **Andreas Tesch**

Supervisory Board

Paul-Henri Denieuil

Dick Sluimers

Supervisory Board

Paul-Henri Denieuil

Dick Sluimers

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 retained earnings and to make a distribution of EUR 71.9 million out of retained earnings.

Independent auditor's report

To the general meeting of the Shareholders of Atradius Credit Insurance N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Atradius Credit Insurance N.V., Amsterdam, The Netherlands, which comprise the statement of financial position as at 31 December 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes, comprising a summary of the significant 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 financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Atradius Credit Insurance N.V. as at 31 December 2011 and of its result and its cash flows 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.

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, 11 April 2012
Deloitte Accountants B.V.

Already signed C.J. de Witt