Atradius Credit Insurance N.V.
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	Claus GRAMLICH-EICHER Christian van LINT Andreas TESCH Isidoro UNDA Dominique CHARPENTIER
Branch of	Atradius Credit Insurance N.V., The Netherlands
Auditor	Deloitte, Melbourne, Australia
Bankers	Bank of New Zealand
Solicitors	Morrison Kent
Business Location	Wellington

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) of the Act.

Deloitte.

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Independent Auditor's Report to the members of Atradius Credit Insurance NV - New Zealand Branch

We have audited the accompanying financial statements of Atradius Credit Insurance NV - New Zealand Branch ("the Branch"), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 28.

The Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand and for such internal control as the directors determine 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 the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 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 the directors, 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.

Other than in our capacity as auditor, we have no relationship with or interests in Atradius Credit Insurance NV - New Zealand Branch.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Atradius Credit Insurance NV – New Zealand branch as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards, International Financial Reporting Standards and generally accepted accounting practice in New Zealand.

Emphasis of Matter

The New Zealand branch is part of Atradius Credit Insurance NV. As described in Note 1, the assets of the branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying balance sheet and its debts may result in claims against assets not appearing thereon. Our opinion is not qualified in respect of this matter.

DELOITTE TOUCHE TOHMATSU

Peter Caldwell
Partner
Chartered Accountants
Melbourne, 29 April 2016

Atradius Credit Insurance N.V.
New Zealand Branch

Statement of Comprehensive Income
For the Year Ended 31 December 2015
In New Zealand Dollars

	Note	2015	2014
Gross earned premium	3	4,023,234	4,265,426
Outward reinsurance of premium		(2,969,319)	(3,258,495)
Net premium revenue		1,053,915	1,006,931
Reinsurance commission		1,354,947	1,468,403
Fee income		386,679	280,309
Operating revenue		2,795,541	2,755,643
Underwriting expenses			
Gross claims (expense)/revision	7	(1,844,813)	(1,398,651)
Reinsurance recoveries on claims	7	1,225,275	937,541
Commission costs	14	(621,180)	(643,982)
Underwriting Result		1,554,823	1,650,551
Administrative expenses	4	(896,584)	(851,442)
Other revenue/(expense)	6	341,348	206,556
Profit before tax	2	999,587	1,005,665
Taxation (expense)	8	(277,235)	(281,839)
Profit for the period		722,352	723,826
Other comprehensive income		-	-
Total Comprehensive Income for the year attributable to the members of Atradius Credit Insurance N.V.		722,352	723,826

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

Atradius Credit Insurance N.V.
New Zealand Branch

Statement of Changes in Equity
For the Year Ended 31 December 2015
In New Zealand Dollars

	Retained Deficit
Balance at 1 January 2014	(3,405,485)
Profit and total Comprehensive Income	723,826
Balance at 31 December 2014	(2,681,659)
Balance at 1 January 2015	(2,681,659)
Profit and total Comprehensive Income	722,352
Balance at 31 December 2015	**(1,959,307)**

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

Atradius Credit Insurance N.V.
New Zealand Branch

Statement of Financial Position
As at 31 December 2015
In New Zealand Dollars

	Note	2015	2014
Assets			
Cash and cash equivalents	11	963,720	1,564,847
Reinsurance receivables	18	3,159,093	2,913,945
Trade receivables	10	989,480	946,418
Other investments	12	6,602,769	5,109,474
Miscellaneous assets and accruals		216,243	126,744
Deferred tax asset	8	4,195	857
Property, plant and equipment	9	4,167	1,560
Deferred acquisition costs	14	207,548	181,959
Total Assets		**12,147,215**	**10,845,804**
Equity			
Retained Deficit	15	(1,959,307)	(2,681,659)
Total Equity		**(1,959,307)**	**(2,681,659)**
Liabilities			
Underwriting Provisions	17	3,735,683	3,286,262
Current tax liability	8	136,486	65,696
Reinsurance payables	19	658,057	555,803
Other accounts payables	20	8,929,407	9,086,979
Miscellaneous liabilities and accruals		646,889	532,723
Total Liabilities		**14,106,522**	**13,527,463**
Total Equity and Liabilities		**12,147,215**	**10,845,804**

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 Andreas Tesch
Date 29.4.2016

Director Claus Gramlich-Eicher
Date 29.4.2016

Atradius Credit Insurance N.V.
New Zealand Branch

Statement of Cash Flows
For the Year Ended 31 December 2015
In New Zealand Dollars

	Note	2015	2014
Cash flows from operating activities			
Premium and other revenue received		4,366,851	4,282,275
Reinsurance premium net of commission		(1,521,323)	(1,830,887)
Payments to suppliers and staff		(1,637,926)	(1,370,620)
Claims payments		(1,381,117)	(388,305)
Reinsurance recoveries		1,035,194	338,559
Interest income		247,442	221,373
Tax paid		(209,783)	(403,703)
Net cash inflow from operating activities	27	899,338	848,692
Cash flows from investing activities			
Head office cash pooling transfers		(1,447,245)	(806,183)
Purchase of cash term deposit		(4,349,340)	-
Cash term deposit and bond matured		4,300,000	905,800
Other		(3,880)	(1,051)
Cash flows from investing activities		(1,500,465)	98,566
Net (decrease) / increase in cash		(601,127)	947,258
Cash and cash equivalents at the beginning of the year		1,564,847	617,589
Cash and cash equivalents at the end of the year	11	963,720	1,564,847

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

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

1 *Significant accounting policies*

Reporting Entity

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

Statement of Compliance and Basis of Presentation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards. The Branch is a profit-oriented entity and is a FMC reporting entity under the Financial Markets Conduct Act 2013 and its financial statements comply with that Act.

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.

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 N.V. During the year the branch reported a profit of $722,352 (2014: profit $723,826) and has a retained deficit of $1,959,307 (2014: deficit $2,681,659).

The Branch is part of Atradius Credit Insurance N.V., 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. The Company has confirmed that its policy is to continue to provide financial support to the Branch to enable the Branch to pay its debts as they fall due.

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.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

1 ***Significant accounting policies (continued)***

Fee Income

Fee revenue is from services provided in relation to the trade credit insurance product and is recognised in the period the services are provided.

Acquisition (Commission) 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.

Reinsurance Commission

Reinsurance commission is received on outwards reinsurance and is recognised as income as it is earned.

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 an 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.

1 *Significant accounting policies (continued)*

Reinsurance Recoveries

Reinsurance recoveries are with respect to underwriting provisions and include recoveries on claims liabilities at balance date. These recoveries are recognised as revenue.
The reinsurance recoveries also include deferred reinsurance premium. Outwards reinsurance premium is deferred and amortised in a pattern matching the risks reinsured.

Reinsurance Receivables

Reinsurance receivables are amounts due from reinsurers.

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
All depreciation is charged to the Statement of Comprehensive Income. Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of any residual amounts, over their useful lives. The assets' useful lives are reviewed and adjusted if appropriate at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if it is considered that the carrying amount is greater than its recoverable amount. The following rates have been used (see note 9).

Office furniture	25%
IT fixture fittings and equipment	33.33%

The residual value of assets is reassessed annually.

Investments

All investments are recorded at fair value with fair value changes recorded through the Statement of Comprehensive Income.

Investments 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 investments were classified as available for sale or measured at amortised cost.

1 *Significant accounting policies (continued)*

Trade and Other Receivables

Trade and other receivables are stated at amortised cost less any impairment losses.

Impairment

The carrying amounts of the Branch's assets except for investments 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.

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.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

1 ***Significant accounting policies (continued)***

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.

Interest Income

Interest income is recognised in the Statement of Comprehensive Income 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.

Taxation

(i) Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on the tax rates enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

Goods and Services Tax

Revenue and expenses are recognised net of any goods and services tax (GST). Receivables and payables are recognised inclusive of any applicable GST.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

1 *Significant accounting policies (continued)*

Statement cash flows

For the purpose of the statement of cash flows, cash is cash in bank available for use. The following terms are used in the statement of cash flows;

- operating activities are the principal revenue producing activities of the Branch;
- investing activities comprise longer term deposits held in accordance with New Zealand regulations and investments held on behalf of the Branch by Head Office;
- financing activities are principally monies contributed by Head Office; and
- reinsurance premium, commission and recoveries are settled net and therefore are shown on one line.

Segment Information

The Branch operates in one segment being Trade Credit Insurance.

Critical Accounting Judgements and Estimates

The Branch makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas where critical accounting estimates are applied are with regard to outstanding claim cases and with regard to statistical methods. The statistical methods are based on key variable factors being: the speed which customers submit claims, the expected average claim size and the expected fraction of cases that do not lead to a payment. The methodology is discussed in more detail in note 17.

Impact of Amendments to NZ IFRS

In the current year, the Branch has adopted all the new and revised Standards and Interpretations issued by the New Zealand Accounting Standards Board (the NZASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations have not resulted in change to the branch's accounting policies for the current and prior years.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Branch's accounting periods beginning after 1 January 2016 or later periods, and the Branch has not early adopted them. Adoption has been approved and the Branch expects to adopt the following new standards on 1 January after the effective date.

- NZ IFRS 9 'Financial Instruments' (effective from 1 January 2018). The standard replaces NZ IAS 39 and introduces requirements for classifying and measuring financial assets and liabilities. The Branch is in the process of evaluating the potential effect of this standard.

- NZ IFRS 16 'Leases (effective from 1 January 2019). It is considered that this standard will not have a material impact on the financial statements

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

2	**Profit before tax**		2015	2014
	Underwriting Result		1,554,823	1,650,551
	Administrative expenses		(896,584)	(851,442)
	Other revenue/(expense)	6	341,348	206,556
	Profit Before Tax		**999,587**	**1,005,665**

3	**Premium Revenue**	2015	2014
	Premium invoiced	4,093,741	4,399,161
	Movement in unearned premium balance	(70,507)	(133,735)
	Gross Earned premium	**4,023,234**	**4,265,426**

4	**Administrative expenses**		2015	2014
	Group Overhead Costs		(473,771)	(422,222)
	Salaries		(254,660)	(248,516)
	Superannuation		(7,833)	(7,162)
	Other personnel expenses		(12,309)	(12,632)
	Lease Payments		(31,200)	(28,600)
	Consultancy		(55,436)	(61,861)
	Communication Cost		(5,487)	(5,301)
	Travel Cost		(6,538)	(6,298)
	Marketing Cost		(1,774)	(8,311)
	Depreciation Cost	9	(1,274)	(1,190)
	Losses and disposal of assets		-	-
	Other Expenses		(46,302)	(49,347)
	Total Administrative Expenses		**(896,584)**	**(851,442)**

5	**Audit fees and other professional advice**	2015	2014
	Deloitte Audit Fees	27,834	27,834
	Other firms' professional advice	55,435	61,861
		83,269	**89,695**

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

6	Other revenue/(expense)	2015	2014
	Interest Income	247,443	223,743
	Investment fee	-	(2,370)
	Fair value Change in Investments	(3,290)	(13,735)
	Foreign Exchange (Loss)/Gain	97,195	(1,082)
	Total other revenue	**341,348**	**206,556**

7	Claims and Loss Adjustment Expenses	2015	2014
	Gross claims expense incurred	(1,701,505)	(1,266,747)
	Claims handling expenses	(142,702)	(171,124)
	Reinsurance and other recoveries	1,221,584	965,524
	Net claims incurred - undiscounted	(622,623)	(540,712)
	Discount Movement		
	Gross claims provision	(606)	39,220
	Reinsurance share of claims provision	3,691	(27,983)
	Net discount movement	3,085	11,237
	Net claims incurred	(619,538)	(461,110)
	Current year	(978,746)	(479,039)
	Prior year	359,208	17,929
	Total	(619,538)	(461,110)

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

8	Taxation	*Note*	2015	2014
	Income Tax expense			
	Income tax recognised in Statement of Comprehensive Income		-	-
	Current taxation		280,573	281,373
	Deferred taxation		(3,338)	466
	Income tax expense for the year		277,235	281,839
	Reconciliation of effective tax rate			
	Profit before tax		999,587	1,005,665
	Income Tax using company tax rate at 28%		279,884	281,586
	Non-Deductible Expenses/(Income)		263	253
	Prior year adjustment/ other taxes		(2,912)	-
	Income tax expense		277,235	281,839

Income tax assets and liabilities	2015	2014
Deferred tax asset with respect to temporary differences	4,195	857
Deferred tax asset	4,195	857
Corporation tax payable	136,486	65,696
Current tax liability	136,486	65,696

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

8 Taxation (continued)

	1 January 2014	(Charge)/credit to income	31 December 2014	(Charge)/credit to income	31 December 2015
Deferred tax asset					
Provision for bad debts	1,598	2,165	3,763	656	4,419
Provision for employee bonuses	12,846	(457)	12,389	2,321	14,710
Accruals	28,784	6,618	35,402	7,777	43,179
Impairment of tax asset	-	-	-	-	-
Total deferred tax asset	43,228	8,326	51,554	10,754	62,308
Deferred tax liability					
Deferred acquisition costs	(42,326)	(8,623)	(50,949)	(7,164)	(58,113)
Other	421	(169)	252	(252)	-
Total deferred tax liability	(41,905)	(8,792)	(50,697)	(7,416)	(58,113)
Net deferred tax	1,323	(466)	857	3,338	4,195

9 Property, Plant and Equipment

2015	Cost	Current Year Depreciation	Accumulated Depreciation	Carrying Value
Computer Hardware	26,696	1,273	22,529	4,167
Total	26,696	1,273	22,529	4,167

2014	Cost	Current Year Depreciation	Accumulated Depreciation	Carrying Value
Computer Hardware	22,816	1,190	21,256	1,560
Total	22,816	1,190	21,256	1,560

There were two asset additions during the year. The resulting increase in computer hardware costs was $3,880. There were no disposals.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

10	Trade and Other Receivables	2015	2014
	Trade Receivables	986,880	943,818
	Other Receivables	2,600	2,600
		989,480	946,418

Trade receivables are current assets and all under 90 days old except for $94,063 (2014: $122,518) which has an allowance for doubtful debts of $27,225 against it (2014:$33,979).

11	Cash and Cash Equivalents	2015	2014
	Bank Balances	963,720	1,564,847
		963,720	1,564,847

12	Other Investments	2015	2014
	Government bond	-	503,290
	Term deposit	4,349,340	3,800,000
	Investment held by Head office	2,253,429	806,183
		6,602,769	5,109,474

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

13 Financial Instruments

Investments are measured at fair value with movements recognised in the Statement of Comprehensive Income. This includes Government bonds, term deposits and investments held by head office, which are at Level 1 in the fair value hierarchy under NZ IFRS13.

Credit risk - financial instruments which potentially subject the Branch to a concentration of credit risk consist principally of cash, term deposits, the investment held by Head Office and receivables. The largest exposure to financial instruments is a $4,349,340 term deposit with ASB Ltd. The largest of other assets is that exposure to the panel of reinsurers. The Branch does not require collateral or other security to support the reinsurance assets with credit risk and as such, no collateral exists for any assets 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.

Liquidity risk - liquidity risk is the risk that the Branch will not be able to meet its cash outflows, as they fall due, because of lack of liquid assets or access to funding on acceptable terms. To mitigate financing and liquidity risk the Branch maintains sufficient liquid assets to ensure that it can meet its obligations and cash outflows on a timely basis. Atradius Credit Insurance also pledges continuing support.

The financial assets are all available to be liquidated at any time to meet any liabilities. Reinsurance payables and receivables are settled on a net basis.

The balance payable to head office being Atradius Credit Insurance N.V. is payable on demand. The Head Office confirms that for the foreseeable future Atradius Credit Insurance N.V. will not request repayment of this account until such time that the branch can pay its debts when they fall due.

Foreign currency risk
The Company holds bank accounts in USD and AUD (December 2015: USD 125,862 and AUD 46,720), has trade receivables in foreign currency and intercompany liabilities in EURO and GBP (at December 2015: EURO 63,798 and GBP10,095). Should the exchange rate change by 10% (strengthen) the value of the bank accounts would increase by $15,689 and intercompany liabilities would decrease by $10,696 together resulting in a positive effect on the profit and loss of $4,993. All Approximately 1% of the gross claims provision (2014: 15%) is denominated in a currency other than New Zealand dollars. The portion of the claims provision in foreign currency is reinsured so any exchange rate fluctuations would have an immaterial effect on the results.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

14	**Deferred acquisition costs**	2015	2014
	Balance at 1 January	181,959	151,166
	Acquisition costs paid during the year	646,769	674,776
	Current period amortisation /(deferral)	(621,180)	(643,982)
	Balance at 31 December	**207,548**	**181,959**

15	**Retained deficit**	2015	2014
	Retained Deficit - Opening Balance	(2,681,659)	(3,405,485)
	Net Profit	722,352	723,825
	Closing Balance	**(1,959,307)**	**(2,681,659)**

16	**Operating Leases**	2015	2014
	Non cancellable operating Leases rentals have the following future commitments:		
	Less than one year	10,400	10,400
	Between one and five Years	-	-
		10,400	10,400

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

17	Underwriting Provisions	2015	2014
	Unearned Premium		
	2014		1,013,473
	2015	1,083,980	
	Total unearned premium	1,083,980	1,013,473
	Provision for Future claims reported		
	Underwriting Year 2008	12,791	32,465
	Underwriting Year 2009	-	-
	Underwriting Year 2010	3,451	3,446
	Underwriting Year 2011	-	-
	Underwriting Year 2012	-	-
	Underwriting Year 2013	-	1,037,282
	Underwriting Year 2014	206,865	121,764
	Underwriting Year 2015	1,178,421	-
	Total provision for future claims reported	1,401,528	1,194,967
	Provision for Future claims incurred but not yet reported		
	Underwriting Year 2010	-	494
	Underwriting Year 2011	128	828
	Underwriting Year 2012	1,140	10,876
	Underwriting Year 2013	2,306	40,084
	Underwriting Year 2014	52,148	1,025,540
	Underwriting Year 2015	1,194,453	-
	Total provision for future claims incurred but not yet reported	1,250,175	1,077,822
	Total Future Claims Provision	2,651,703	2,272,789
	Total Underwriting Provisions	3,735,683	3,286,262

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

Underwriting Provisions

Underwriting provisions comprise both future benefits to be received from premium currently written but deferred to future periods and currently estimated claims to be paid in future periods.

Provision for Future Claims

The outstanding claims provision reflects the estimation of future payments relating to claims incurred at the reporting date. The expected future payments include those in relation to claims reported but not yet paid and claims incurred but not yet reported.

The valuation of outstanding claims liabilities has been undertaken by the appointed actuary: Adam Searle of KPMG Actuarial Pty Ltd (KPMG). He is a Fellow of the New Zealand Society of Actuaries. The actuarial assessments are in accordance with the standards of the New Zealand Society of Actuaries.

The appointed actuary was satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. The valuation comprised both individually reserved claims and aggregate statistical methods.

The statistical methods considered the historical claims experience for insolvencies and non-insolvencies, as well as small and large claims.

The IBNR is calculated based on the statistical analysis of claim numbers, contractual debt, claim payments and resulting loss ratios. This assumes that development patterns will be consistent with past experience appropriate for projecting future claim payments.

These assumptions are amongst those reviewed annually, and they are adjusted as is required based on the statistical evidence available at the time, any significant changes in the operating and business environment, as well as professional judgement.

Claims handling expenses have been incorporated as an allowance for the future cost of administrating claims arising from the payment of future claims. Direct claims handling expenses are assumed to be 6.5% (2014: 6.5%) of claim payments net of reinsurance and indirect claims handling costs are provided at 4% (2014: 4%).

A risk margin has been included to allow for uncertainties in respect of the estimation of insurance liabilities. These uncertainties may arise from the inherent variability in claims experience, the differences between the valuation models and the insurance process which it approximates, and the variances between the current and future environments for example the economic, legal, political and social environment. To determine the appropriate risk margin the appointed actuary has performed analysis of the variability in historical data, considered industry benchmarks and applied judgement in selecting assumptions. A risk margin of 26.125% (2014: 26.125%) has been used in the calculation of the outstanding claims liability and is intended to provide an adequacy to the 75th percentile. There is no benefit from diversification of risks.

Sensitivity analysis has been performed around the gross outstanding claims provision of $2,651,703. If the loss ratio for the 2015 accident year is increased by 5% (i.e. from 51% to 56%), the provision would increase by $253,827 or 10%. Any increase in provision is covered by reinsurance for an amount of 72.5% therefore the effect on the profit and loss would be a decrease in result of $69,802.

Claims liabilities are determined only by the invoiced amounts upon which the claim is based and is not subject to any claims inflation after the invoice date thus. Therefore no allowance has been included for inflation.

The claims liabilities have been discounted using the risk free rates as at 31 December 2015 which were derived from the yields published by the Reserve Bank of New Zealand. The discount rate selected follows the yield curve and averages 2.72% per annum based on the expected duration of 1.37 years for the outstanding claims liabilities.

The present value of expected cash flows for future claims including a risk margin for the company is $2,651,703 (2014: 2,272,791) comprising central estimate of $2,102,441 (2014: 1,802,015) and a 26.125% (2014: 26.125%) risk margin of $549,262 (2014: $470,776).

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

The investments of the branch are firstly used to settle insurance liabilities.

Liability Adequacy Test

The conduct of the liability adequacy test as at 31 December 2015 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 2015.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

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 and to ensure capital and solvency requirements are met.

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). The specific events or structural changes which are relevant in this respect will vary over time.

These insurance risks are controlled by underwriting procedures and adequate premium rates and policy charges.

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 and financial strength.

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 to ensure adequate review of the claims assessment. Claims are managed to ensure timely and correct payment in accordance with policy conditions. Claims experience is reviewed regularly and appropriate actuarial reserves are established.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

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

Atradius Credit Insurance NV 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. The quota share reinsurance treaties for 2015 cede 72.5% in total. (2014: 75%)

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 Moody's A3.

The Moody's rating for Atradius Credit Insurance N.V. and Atradius Re is A3. The A.M. Best rating is A (Excellent). The branch does not require a separate grading.

Investment management – To ensure liquidity, all investments are held in bonds and short term deposits or with head office.

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 is minor. There is exposure to AUD and USD bank accounts which are however managed to maintain low balances so such exposure is minimal.

Whilst the reinsurance contracts for underwriting years prior to 2010 were in EUROs they are now in NZD. The exposure to years prior to 2010 would be with respect to the claims provision for that period for which the reinsured share is NZD9,554 (2014: NZD28,221).

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

18	Reinsurance Recoveries and Receivables	2015	2014
	Atradius Re, Ireland	1,277,106	1,146,330
	3rd Party Reinsurance Receivables	1,881,987	1,767,615
		3,159,093	2,913,945

Reinsurance recoveries comprise in the main the reinsured share of the underwriting provisions.

19	Reinsurance and Insurance Payables	2015	2014
	Atradius Re, Ireland	305,123	238,019
	3rd Party Reinsurers	352,934	317,784
		658,057	555,803

Reinsurance Payables are settled monthly and do not accrue interest.

20	Other Accounts Payables	2015	2014
	Payroll Liabilities	52,537	44,248
	Other Accounts Payable	358,202	441,997
	Atradius Credit Insurance N.V., Netherlands	8,518,668	8,600,735
		8,929,407	9,086,979

The majority of the amount owed to head office is in relation to capital funding ($8,400,000). The remainder is in relation to charges for services provided including IT, risk services and group management.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

21 Identity of Related Parties

Notes 18, 19 and 20 identify the balances with related parties with whom the Branch has transacted with over the period. Those related parties are Atradius Re which is a company 100% held by the Atradius Group and Atradius Credit Insurance N.V.

Material related party transactions

- The Branch maintains a quota share reinsurance treaty arranged via a broker which includes 21 treaty partners. Atradius Re of Dublin is a related party. Re-insurance transactions have occurred with this related party during the period. Refer notes 18 and 19.
- Atradius Credit Insurance N.V. Amsterdam charged the Branch group overhead charges during the period of: $241,835 (2014: $329,140).
- Other intercompany charges relate to shared services charges which are information technology charges from Atradius Credit Insurance N.V., United Kingdom branch which for 2015 was a charge of $57,576 (2014: $56,858) and risk services charges which were $174,360 for 2015 (2014: $160,326) from Atradius Information Services BV.

All related party receivable balances are considered receivable in full.

Key Personnel
The branch has 2 employees. Their remuneration is set out in note 4.

22 Capital Commitments

There are no capital commitments (2014: None).

23 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. (2014:$32,500)

24 Solvency requirements

The Branch has a licence under the Insurance (Prudential Supervision) Act 2010. Under this Act, the branch will be subject to solvency requirements issued by the Reserve Bank of New Zealand. The solvency requirements which apply under the new prudential supervision regime have been met both by Atradius Credit Insurance N.V. and the branch.

The Atradius Group complies with capital requirements in each regulatory regime.

Atradius Credit Insurance N.V.
New Zealand Branch

Notes to the financial statements

In New Zealand Dollars

25 Subsequent Events

There have been no events subsequent to balance date which require disclosure in these accounts

26 Capital Solvency

Atradius Credit Insurance NV is exempted from complying with the Solvency Standard under Section 59 for Non-Life Business dated October 2011 and subsequent amendments (the non-Life Standard). Instead of meeting the New Zealand Solvency Standards, Atradius Credit Insurance needs to meet the Dutch Regulatory Solvency Capital Requirement. The minimum Solvency Capital Requirement for New Zealand under Dutch law is outlined below. As at 31 December the branch carried a positive solvency margin (amounts in Euro times 1,000).

	2015	2014
Actual solvency Capital	334,984	212,943
Minimum Solvency Capital	79,794	76,481
Solvency Margin	255,190	136,462

27 Reconciliation of Profit for the period to Net cash flows from operating activities

	Note	2015	2014
Profit		722,352	723,826
Non cash items			
Depreciation		1,273	1,190
Deferred tax		(3,338)	466
Unrealised movement in investments		3,290	13,735
		1,225	15,391
Movement in working capital			
Trade receivables		(43,062)	(262,378)
Deferred acquisition costs		(25,588)	(30,793)
Reinsurance receivable		(235,943)	(702,539)
Other		(84,200)	31,583
Current Tax		70,790	(122,330)
Underwriting Provisions		449,421	972,653
Reinsurance payables		93,049	(40,795)
Other payables		(162,872)	223,153
Other non-current payables		114,166	40,921
Net cash flow from operating activities		**899,338**	**848,692**

Atradius Credit Insurance N.V.
New Zealand Branch

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26 April 2016

Mr Mark Hoppe
Managing Director, Australia & New Zealand
Atradius Credit Insurance N.V.
c/o Level 14
1 Market Street
SYDNEY NSW 2000

Dear Mr Hoppe

Formal statement – Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this letter with reference to Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010.

I have received a signed letter from Bert Hoff, Head of Group Provisioning for Atradius, dated 22 April 2016, in relation to the financial statements and solvency margin of Atradius Credit Insurance N.V. ("Atradius Group"). I note that Bert is not an actuary, but understand from discussions with Atradius that Bert Hoff is the most appropriate person within the Atradius Group to provide assurance in relation to the matters covered within the s78 statement. The text of Bert's letter has been quoted in full on the following pages.

This letter may be released to Atradius' regulators including RBNZ in New Zealand and other regulators of Atradius as required.

In all cases:

- KPMG will not be liable for the consequences of any third party acting upon or relying upon any information or conclusions contained in this letter.
- Each third party that receives this letter recognises that the furnishing of this letter is not a substitute for its own due diligence.
- This letter should only be distributed in its entirety.
- Each third party receiving this letter understands that such recipient is deemed to have accepted these terms and conditions by retaining a copy of this letter.

Yours sincerely,

Adam Searle
As Appointed Actuary for Atradius Credit Insurance N.V. New Zealand Branch
KPMG Actuarial Pty Ltd
Fellow of the New Zealand Society of Actuaries

Atradius Group Statement

- I have prepared this report with reference to Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010 of New Zealand and make the following attestations.
- I, Bert Hof, am employed by an Atradius Group company[1] in the capacity of Head of Group Provisioning. I report directly to the Director of Finance who in turn has a direct reporting line to the Chief Financial Officer. I have full access to the Chief Financial Officer, the Management Board and Senior Managers of Atradius Group for operational matters.

  In my role as Head of Group Provisioning I have process responsibility for the IFRS reserving gross of reinsurance for the insurers that are consolidated into Atradius N.V., the indirect parent company of Atradius Credit Insurance N.V. This includes performing on a quarterly basis the IFRS Liability Adequacy Test. For the purposes of this report I confirm that my role is comparable to the role of an actuary.

  The IFRS Liability Adequacy Test is performed before inclusion of technical provision in the financial statements. The IFRS Liability Adequacy Test is performed without reference to standards other than IFRS.

  I have no interest in any company that is part of Atradius N.V. or its related companies, apart from being employed by an Atradius company. My remuneration package includes a variable pay component of 15%, which in part is driven by the financial performance of Atradius N.V. I do not consider this a potential conflict of interest with preparing this report.
- In preparing this report, and in the review that I have performed, I have in parts relied upon data and information provided by the Atradius staff and senior management for matters where I have no direct oversight or control.
- Atradius Credit Insurance N.V. is regulated in the Netherlands by De Nederlandsche Bank. The regulator does not require that an actuary be appointed. The regulator does not require the preparation of an actuarial report.
- The Atradius Credit Insurance N.V. financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
- I have reviewed the actuarial information used in the preparation of the financial statements for Atradius Credit Insurance N.V. as at 31 December 2015. "Actuarial information" includes the following:
  - The claims provisions and the unearned premium reserve;
  - reinsurance assets and recoveries from salvage and subrogation.

[1] Atradius Group is a group of companies which are (in)directly owned by Atradius N.V. Atradius Credit Insurance N.V. is part of Atradius Group.

- The IFRS Liability Adequacy Test performed for the Atradius N.V. forms the basis of this review. It is performed with due consideration of the likelihood and potential impact of future events, with due consideration of premium rates charged by the company, and with due consideration of the role of unearned premium reserves.

  In performing the IFRS Liability Adequacy Test, this review and in preparing this report, no limitations have been placed on my work and I have been provided with all of the information that I have required in order to complete the review.

- In my opinion, the actuarial Information that I have reviewed has been appropriately included in the Atradius Credit Insurance N.V. financial statements, and has been appropriately presented.

  I have taken note of disclosures in the Atradius Credit Insurance N.V. financial statements, and am of the opinion that note 4.6.3 'Regulatory Capital' states that Atradius Credit Insurance N.V. per year end 2015 is maintaining the applicable solvency margin.

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26 April 2016

Mr Mark Hoppe
Managing Director, Australia & New Zealand
Atradius Credit Insurance N.V.
c/o Level 14
1 Market Street
SYDNEY NSW 2000

Dear Mr Hoppe

Formal statement – Insurance (Prudential Supervision) Act 2010

You have asked me to prepare this letter with reference to Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010. This letter is part of my Financial Condition Report for Atradius Credit Insurance N.V. New Zealand Branch ("Atradius") as at 31 December 2015, dated 26 April 2016 ("FCR").

With reference to this letter, please note the following:

- I have relied on data and qualitative information provided by Atradius' internal management and staff. The data provided, where quantitative in nature, has not in all cases been independently verified; but material items have been checked for internal consistency. Qualitative information has in some but not all cases been verified by review or sighting of supporting documentation. In these respects, we have relied upon the staff of Atradius.
- Any inaccuracies or inconsistencies in the data may have a significant effect on our assessment and results. Should any inaccuracies be found in the data or qualitative information, either by management or through Atradius' own internal or external audit process, we should be notified so that this letter can be adjusted accordingly.

This letter may be released to Atradius' regulators including RBNZ in New Zealand and other regulators of Atradius as required.

In all cases:

- KPMG will not be liable for the consequences of any third party acting upon or relying upon any information or conclusions contained in this letter.

- Each third party that receives this letter recognises that the furnishing of this letter is not a substitute for its own due diligence.
- This letter should only be distributed in its entirety.
- Judgements about the conclusions and comments drawn in this letter should be made only after considering the FCR in its entirety and in conjunction with my Insurance Liability Valuation Report (dated 24 February 2016), as any attempts to draw conclusions without careful review of all sections of those reports could be misleading. The uncertainties and caveats discussed within those reports apply equally to this letter.
- Each third party receiving this letter understands that such recipient is deemed to have accepted these terms and conditions by retaining a copy of this letter.

Yours sincerely,

Adam Searle
As Appointed Actuary for Atradius Credit Insurance N.V. New Zealand Branch
KPMG Actuarial Pty Ltd
Fellow of the New Zealand Society of Actuaries

Statement in relation to the New Zealand Branch

You have asked me to prepare this report with reference to Sections 77 and 78 of the Insurance (Prudential Supervision) Act 2010, in relation to the Atradius Credit Insurance N.V. New Zealand Branch, and I comment as follows:

- I am the Appointed Actuary to Atradius Credit Insurance N.V. New Zealand Branch and am employed by KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. I am independent with respect to Atradius Credit Insurance N.V. New Zealand Branch and also Atradius Credit Insurance N.V..
- I am not the Appointed Actuary to Atradius Credit Insurance N.V.. I understand that the regulator in the Netherlands does not require a Group Appointed Actuary.
- I have reviewed the actuarial information used in the preparation of the accounts for Atradius Credit Insurance N.V. New Zealand Branch as at 31 December 2015. "Actuarial information" includes the following:
  - the unearned premium liability and the liability adequacy test;
  - the net outstanding claims liability;
  - reinsurance and any other recovery asset;
  - any deferred acquisition cost; and
  - disclosures regarding the methodology and assumptions for the provision of future claims.

  I have also considered premiums, claims, reserves, insurance rates and technical provisions in my review.

  My review of the provision for future claims and the liability adequacy test was performed with due consideration of the likelihood and potential impact of future events.

  In performing the above review, no limitations have been placed on my work and I have been provided with all the information that I have requested in order to carry out this review.

  For the New Zealand Branch, in my view the actuarial information contained in the financial statements has been appropriately included, and the actuarial information used in the preparation of the financial statements has been appropriately presented.

  I understand that Atradius is exempt from compliance with Section 59 of the Solvency standard.

I understand that no condition has been imposed under Section 21 (2) (b) as at 31 December 2015.