Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Company Directory

Nature of Business	Trade Credit Insurance
Registered Office	TMF Group, Level 11, 41 Shortland Street, Auckland, 1010, New Zealand
Company Number	1547417
IRD Number	88-865-499
Directors	Xavier FREIXES PORTES Désirée Maria VAN GORP Hugo SERRA CALDERÓN Carlos Federico HALPERN SERRA John Patrick HOURICAN José María SUNYER SENDRA Juan Ignacio GUERRERO GILABERT Joaquín GUALLAR PÉREZ Mariá Isabel GÓMEZ CAGIGAS, *appointed 4th September 2024*
Branch of	Atradius Crédito y Caución S.A. de Seguros y Reaseguros, Spain
Auditor	PricewaterhouseCoopers, Sydney, Australia
Bankers	ASB Bank Limited
Solicitors	Russel McVeagh
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) of the Act.

Independent auditor's report

To the directors of Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch

Our opinion

In our opinion, the accompanying financial statements of Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch (the Branch), present fairly, in all material respects, the financial position of the Branch as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS Accounting Standards).

What we have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Branch in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Branch.

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Our audit approach

Overview

Overall materiality: $241,000 which represents approximately 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Branch is most commonly measured by users, and is a generally accepted benchmark.

We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

We have determined that there is one key audit matter:

- Valuation of insurance contract liabilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Branch, the accounting processes and controls, and the industry in which the Branch operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As at 31 December 2024, the Branch holds insurance contract liabilities that comprises two main components. The first component relates to the liability for remaining coverage which comprises of fulfilment cash flows related to future services to be provided under groups of insurance contracts. This balance also includes measurement of a risk adjustment, contractual service margin and discounting. The second component relates to the liability for incurred claims and comprises fulfilment cash flows related to past services provided under groups of insurance contracts which have not yet been paid, including claims that have been incurred but not yet reported (IBNR) and claims incurred but not enough reported (IBNER). This balance is also inclusive of a risk adjustment and discounting. We consider the valuation of insurance contract liabilities to be a key audit matter due to the significant judgement required by the Branch in estimating future cash flows, and in particular, IBNR and IBNER. These estimates are inherently uncertain and can be further impacted by the nature of the insurance contracts issued and as a result require greater reliance on expert judgement. The risk adjustment is also a key area of judgement given it is intended to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows associated with insurance contracts that arise from non-financial risks.	Together with PwC actuarial experts, our procedures included: • Developing an understanding of the relevant control activities over the Branch's insurance contract liabilities, and for certain control activities, assessing whether they were appropriately designed and operating effectively throughout the year ended 31 December 2024. • Testing groups of contracts by developing an understanding and assessing the methodology and assumptions used by the Branch and, where available, comparing to historical experience of the Branch, current industry trends and benchmarks, and other publicly available information, as well as testing the mathematical integrity of the model. • Evaluating the appropriateness and reliability of significant data used in the actuarial models and the analysis of changes in the year including agreeing a sample of written premiums, claims paid and claims incurred to underlying supporting documentation. • Testing the discount rate applied through evaluating yield curves, claims payment patterns and the adopted illiquidity premium. This included comparing the rates applied to external market data and the payment patterns to historical information. • Evaluating the relevant underlying calculations used to derive the risk adjustment, including the actuarial methodologies and assumptions adopted. We also assessed the reasonableness of the related disclosures in the financial report against the requirements of the New Zealand Equivalents to International Financial Reporting Standards.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Branch, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/

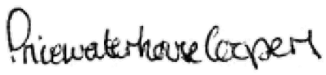
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Branch's directors, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Branch and the Branch's directors, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Scott Hadfield.

For and on behalf of:



Chartered Accountants
29 April 2025

Sydney

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Comprehensive Income
For the Year Ended 31 December 2024
In New Zealand Dollars

	Note	2024	2023
Insurance revenue	2	8,501,675	9,333,616
Insurance service expense	3	(4,565,378)	(3,407,687)
Investment results	4	(153,652)	(153,854)
Net expenses from reinsurance contracts	5	(1,120,551)	(1,764,026)
Other insurance service expense		(1,844)	(10,789)
Insurance service result		**2,660,250**	**3,997,260**
Other income from ancillary insurance activities		841,093	849,723
Investment income	6	1,694,337	1,239,766
Net insurance and investment result		**5,195,680**	**6,086,749**
Other finance income / (costs)		1,416	(2,364)
Other operating expenses		(370,860)	(357,306)
Profit before income tax		**4,826,236**	**5,727,079**
Income tax expense	7	(758,139)	(2,200,553)
Profit for the year		**4,068,097**	**3,526,526**
Other comprehensive income		-	-
Total comprehensive income for the year		**4,068,097**	**3,526,526**

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

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Changes in Equity
For the Year Ended 31 December 2024
In New Zealand Dollars

	Retained earnings	Result for the year	Total equity
Balance at 1 January 2023	**9,333,286**	**-**	**9,333,286**
Total comprehensive income for the year	**-**	3,526,526	3,526,526
Balance at 31 December 2023	**9,333,286**	**3,526,526**	**12,859,812**
Balance at 1 January 2024	**12,859,812**	**-**	**12,859,812**
Total comprehensive income for the year	-	4,068,097	4,068,097
Balance at 31 December 2024	**12,859,812**	**4,068,097**	**16,927,909**

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

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Financial Position
As at 31 December 2024
In New Zealand Dollars

	Note	2024	2023
Assets			
Cash and cash equivalents	9	2,805,973	2,952,131
Receivables	10	46,878	131,599
Other assets		677,307	541,304
Deferred tax assets	7	178,847	-
Insurance contract assets	14	1,307,151	1,073,608
Investments	11	31,198,410	26,785,331
Property, plant and equipment	8	1,470	937
Total Assets		**36,216,036**	**31,484,910**
Equity			
Retained profit	13	16,927,909	12,859,812
Total Equity		**16,927,909**	**12,859,812**
Liabilities			
Payables	15	13,817,973	13,584,898
Other liabilities	16	2,458,951	2,180,078
Current income tax liabilities	7	664,052	892,358
Deferred tax liabilities	7	-	291,172
Insurance contract liabilities	14	2,114,974	1,520,178
Provisions and other accruals	24	232,177	156,414
Total Liabilities		**19,288,127**	**18,625,098**
Total Equity and Liabilities		**36,216,036**	**31,484,910**

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.

Joaquín Guallar Pérez
Director
Date: 29 April 2025

Hugo Serra Calderón
Director
Date: 29 April 2025

Atradius Crédito y Caución S.A. de Seguros y Reaseguros
New Zealand Branch

Statement of Cash Flows
For the Year Ended 31 December 2024
In New Zealand Dollars

	Note	2024	2023
Cash flows from operating activities:			
Cash received from insurance activities		8,429,906	11,559,711
Payments from insurance activities		(5,323,682)	(7,152,506)
Cash received from other activities		2,535,430	2,089,489
Payments for other activities		83,018	(1,236,196)
Tax paid		(1,456,464)	(1,585,106)
Net cash inflow from operating activities	23	**4,268,208**	**3,675,392**
Cash flows from investing activities:			
Head office cash pooling transfers		1,586,921	430,227
Purchase of cash term deposit		(30,500,000)	(24,500,000)
Bonds and cash term deposit matured		24,500,000	21,000,000
Purchase of property, plant and equipment		(1,287)	-
Net cash outflow from investing activities		**(4,414,366)**	**(3,069,773)**
Cash flows from financing activities:			
Principal repayment of lease liabilities	25	-	(3,906)
Net cash inflow / (outflow) from financing activities		-	**(3,906)**
Net (decrease) / increase in cash		**(146,158)**	**601,713**
Cash and cash equivalents at the beginning of the year		2,952,131	2,350,418
Cash and cash equivalents at the end of the year	9	**2,805,973**	**2,952,131**

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

Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch

Notes to the financial statements
For the Year Ended 31 December 2024
In New Zealand Dollars

1 Material accounting policies

Reporting Entity

Atradius Crédito y Caución S.A. de Seguros y Reaseguros New Zealand Branch (the "Branch") is a branch of Atradius Crédito y Caución S.A. de Seguros y Reaseguros (the "Company"), a trade credit insurance Company registered in Spain. The ultimate parent entity is Grupo Catalana Occidente S.A., a company incorporated in Spain. The Branch was registered on 26 August 2004. The Branch has a registered office in Auckland.

These financial statements have been approved for issue by the Board of Directors on 29 April 2025. The Directors of the Branch have the power to amend the financial statements after issue.

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practices (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards. The Branch is an FMC reporting entity under the Financial Markets Conduct Act 2013 and its financial statements are prepared in accordance with the requirements of Part 7 of the 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, with financial instruments at fair value for financial reporting purposes.

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

New and revised Standards

The following relevant standards and amendments has been adopted in 2024 and did not have a material effect on the Branch financial statements:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback. The objective of the Amendments is to specify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale;
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants. This is to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current. The amendments are effective for reporting periods beginning on or after January 1, 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Branch.

Notes to the financial statements
For the Year Ended 31 December 2024
In New Zealand Dollars

1 Material accounting policies (continued)

Going Concern

The financial statements have been prepared on a going concern basis. During the year the Branch reported a profit of $4,068,097 (2023: profit $3,526,526) and has a retained profit of $16,927,909 (2023: profit $12,859,812).

The Branch is part of Atradius Crédito y Caución S.A. de Seguros y Reaseguros, to which the Branch relies on for operational support. 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.

Insurance Contracts

Insurance contracts are contracts under which the Branch accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Branch uses judgement to assess whether a contract transfers insurance risk.

Before it accounts for an insurance contract based on the guidance in NZ IFRS 17, it analyses whether the contract contains components that should be separated. NZ IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct services other than insurance contract services.

NZ IFRS 17 is applied to all remaining components of the contract. The Branch does not have any contracts that require further separation of insurance contracts.

In the normal course of business, the Branch uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held unless specifically stated otherwise.

Notes to the financial statement
For the Year Ended 31 December 2024
In New Zealand Dollars

1 Material accounting policies (continued)

Measurement approach

The Branch is reporting under the general measurement model (GMM). Atradius has chosen this approach since all of its products have a significant portion of insurance contracts that have a coverage period longer than one year. Additionally, the general measurement approach allows including changes in the estimation of cash flows that are important to deal with volatile economic environments. Atradius is exposed to these material expectation changes with respect to future events as result from the changes in the credit quality of the credit exposures because of macro-economic changes.

The main reinsurance treaties that are on a risk attaching basis do cover all insurance products. As such these treaties all have a coverage period for more than one year (the coverage of the direct contracts plus one year) and are exposed to the same changes in estimates as the direct contracts.

Coverage Period

The coverage period is defined as a period during which the entity provides insurance contract services. This period includes the insurance contract services that relates to all fulfilment cash flows within the boundary of the insurance contract. During the coverage period an insured event can happen.

The Branch has defined the coverage period as the period during which the entity provides insurance contract services, which in turn is the period during which insured events can take place. The insured event for credit insurance, following the policy wording is the insolvency and/or protracted default of the buyer. As is common for the Credit Insurance market, Atradius policies do not recognise a protracted default, until the end of a waiting period.

Notes to the financial statements
For the Year Ended 31 December 2024
In New Zealand Dollars

1 Material accounting policies (continued)

Level of Aggregation

The units of account based on the combination of portfolio, year of issue and profitability. Atradius manages insurance contracts issued by product lines within one operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The allocation of contracts to a group after initial recognition is not subsequently reconsidered. Credit insurance business is managed at country level.

The Branch monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of the country or unit with no information available at a more granular level. The assessment of onerous at initial recognition is per portfolio performed on each set of insurance contracts. Only in very exceptional circumstances the Branch will for strategic reasons issue contracts that are onerous at initial recognition. For Credit Insurance, the Branch considers that contracts should not be grouped as onerous at initial recognition, as contracts are managed together with contracts that are yet to be recognised as result of the ability to dynamically underwrite these risks.

The Branch uses significant judgement to determine at what level of granularity the Branch has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Branch assumes that all groups have a significant chance of becoming onerous, due to potential large expectation changes.

Portfolios of reinsurance contracts held are assessed for aggregation and measurement separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Branch aggregates reinsurance contracts held issued within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

The Branch has for their main reinsurance held contracts determined to split these in two portfolios, proportional and non-proportional, which is consistent with how the assumed reinsurance business is split into portfolios.

1 Material accounting policies (continued)

Recognition, modification, de-recognition of insurance contracts

The Branch recognises groups of insurance contracts issued from the first of the following dates:

At the beginning of the coverage period;
The date when the first payment of the policyholder is due; or
When the Branch determines that a group of contracts becomes onerous.

The Branch in general recognises the insurance contract at the beginning of the coverage period unless groups of insurance contracts are onerous once the contract is bound and if the bound date is prior to the coverage start date. For standard credit insurance business, the existence of credit limits (coverage of insured sales) determines the existence of the insurance contract, and not the policy itself.

Reinsurance contracts held are recognised as follows:

a. A group of reinsurance contracts held that provide proportional coverage (quota share reinsurance) is recognised at the later of:
b. The beginning of the coverage period of the group; and
c. The initial recognition of any underlying insurance contract;
d. All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the groups of reinsurance contracts held; unless the Branch entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohort's restriction. Composition of the groups is not reassessed in subsequent periods.

The Branch derecognises an insurance contract when it is:

a. Extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
b. The contract is modified and additional criteria discussed below are met.

When the Branch modifies an insurance contract as a result of an agreement with the counterparties or due to a change in regulations, the Branch treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flow (FCF), unless the conditions for the derecognition of the original contract are met.

The Branch derecognises the original contract and recognises the modified contract as a new insurance contract if the modified terms had been included at contract inception and the Branch would have concluded that the modified contract: results in a different contract boundary; or belongs to a different group of contracts.

1 Material accounting policies (continued)

When an insurance contract is derecognised from a group of insurance contracts, the Branch adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group and adjust the CSM and the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

Measurement

Fulfilment Cash flows

Fulfilment cash flows (FCF) consist of a best estimate and a risk adjustment.

The estimate consists of estimates of the future cash flows within the contract boundary of the contracts that the Branch expects to collect from premiums and to pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimate corresponds to a probability weighted average of future outcomes, with prudent choices being made as to possible scenarios and likelihoods thereof.

The estimates are determined from the perspective of the Branch, and consistent with observable market prices for market variables where relevant. It considers circumstances as at measurement date in as far relevant and known to the Branch and reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. The Branch has set the potential credit loss at zero based on the high-level quality of the reinsurance panel.

Where appropriate and proportionate methodology and data exists, the Branch estimates cash flows at the level of group of contracts or lower. However, where estimate relate to more severe events, that do not occur at the level of the group of contracts and that occur with sufficient frequency to allow for robust modelling at that level of granularity the Branch models the estimates related to the possible events at a higher level, combining information from multiple portfolios, and then allocating such estimates to Group level.

The Branch uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

1 Material accounting policies (continued)

Contract boundary

The Branch uses the contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the substantive rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Branch has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

c. the Branch has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price level that fully reflects those risks;
d. both of the following criteria are satisfied:
   i. the Branch has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result can set a price that fully reflects the risk of that portfolio; and
   ii. the pricing of the premiums up to the date when risks are reassessed does not consider the risks that relate to periods after the reassessment date.

For Credit Insurance, the buyer limits can be withdrawn and as such has unlimited re-underwrite ability. The Branch has for practical purposes defined the contract boundary to be at month end. The contract boundary is extended with the notice period that applies for withdrawal of the buyer limits.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Atradius determines that the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract. When the policyholder pays the premiums to the intermediary, Atradius continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and includes them in the measurement of a group of insurance contracts until recovered in cash.

Reinsurance

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The Branch main proportional reinsurance agreements renew on an annual basis. Atradius treats these reinsurance contracts as a series of annual contracts that cover underlying business that are based on risk attachment principles attached to the agreement, instead of issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts' one-year boundary are included in the measurement of the reinsurance contracts. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts boundary are included in the measurement of the reinsurance contracts.

1 Material accounting policies (continued)

The excess of loss reinsurance contract held provides coverage for claims incurred based on the attachment principle. Thus, all cash flows arising from claims incurred and expected to be incurred based on the attachment principle are included in the measurement of the reinsurance contracts held. The main contracts do include mandatory reinstatement reinsurance premiums. These are inside the contract boundary.

Any cash flow that is not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

Acquisition cash flows are cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio. Atradius recognises an asset for directly attributable acquisition costs that relate to broker commissions. These balances are directly linked to prepaid premium for which the premium is not yet part of a recognised group of insurance contracts. There is no risk that these acquisition costs cannot be recovered since when the related insurance contract never gets recognised, both the related prepaid premium and the broker commissions are refunded.

Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Branch could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as ‘other pre-recognition cash flows’) are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

1 Material accounting policies (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows. It reflects the compensation that the Branch requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Branch fulfils insurance contracts. The Branch takes diversification benefits into account.

For the calculation of the risk adjustment, the Branch uses the Cost of Capital method. The Costs of Capital is calibrated to the risk margin, where per product a factor is established that captures the ratio of the risk adjustment to the expected claims cash flows. This factor is then used to derive the respective risk adjustment per contract.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. A factor is constructed from the claims cash flow weighted average of the direct business being ceded.

Discount rate

The Branch measures the value of money over time using discount rates that reflect the liquidity characteristics of insurance contracts and the characteristics of cash flows, consistent with current market prices and excluding factors influencing the market prices of the reference assets but not affecting the flows of insurance contracts. The discount rate is calculated using the "bottom-up" approach based on the risk-free curve and applying an illiquidity premium, when relevant. The Branch has applied an illiquidity premium of zero.

The observable market information is available for up to 20 years. For the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method. The yield curve that are used to discount the estimates of future cash flows are as follows:

	2024				2023			
Currency	**1 year**	**5 years**	**10 years**	**20 years**	**1 year**	**5 years**	**10 years**	**20 years**
NZD	3.63	3.76	4.12	4.48	5.08	4.60	4.73	4.89
USD	3.98	3.70	3.71	3.71	4.50	3.97	3.99	3.99

1 Material accounting policies (continued)

Contractual Service Margin

The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that will be recognised as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous, or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a. The initial recognition of the FCF;
b. Cash flows arising from the contracts in the group at that date;
c. The derecognition of any insurance acquisition cash flows asset; and
d. The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Branch recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred loss that the Branch will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

a. The initial recognition of the FCF; and
b. Cash flows arising from the contracts in the group at that date;
c. The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
d. Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Branch expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

1 Material accounting policies (continued)

Subsequent measurement

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

a. The LRC, comprising:
    i. The FCF related to future service allocated to the group at that date; and
    ii. The CSM of the group at that date; and
b. The liability for incurred losses (LIC), comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

a. The remaining coverage, comprising:
    i. The FCF related to future service allocated to the group at that date; and
    ii. The CSM of the group at that date; and
b. The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Branch for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. Changes that relate to current or past service are recognised in profit or loss; and
b. Changes that relate to future service are recognised by adjusting the CSM or the loss component within the liability for remaining coverage (LRC) as per the policy below.

The following adjustments relate to future service and thus adjust the CSM:

a. Experience adjustments – arising from premiums received in the period that relate to future service and related cash flows;
b. Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph; and
c. Changes in the risk adjustment for non-financial risk that relate to future service.

The adjustments above are measured using discount rates determined on initial recognition (the locked-in discount rates).

1 Material accounting policies (continued)

The following adjustments do not adjust the CSM:

a. Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. Changes in the FCF relating to the LIC;
c. Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, and
d. Experience adjustments relating to insurance service expenses.

The Branch does not have any products with complex guarantees and does not use derivatives as economic hedges of the risks

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Branch to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.
b. Interest accreted on the carrying amount of the CSM.
c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d. The effect of any currency exchange differences.
e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Branch to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.
b. Interest accreted on the carrying amount of the CSM.
c. Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
d. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
e. Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
f. The effect of any currency exchange differences.
g. The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

1 Material accounting policies (continued)

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Branch expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

For the purposes of (c)–(e) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, Atradius applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition per individual new business subgroup that are applied to nominal cash flows that do not vary based on the returns of underlying items.

The CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the Changes in fulfilment cash flows section above.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. The quantity of benefits provided by contracts in the group;
b. The expected coverage period of contracts in the group; and
c. The likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Branch determines coverage units for Credit Insurance based on the (expected exposure) of the insurance contracts. The Branch has determined that, for the credit insurance contracts, the coverage units are determined based on the estimated payment behaviour of companies in a B2B relation.

The Branch reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items.

For reinsurance contracts held, the CSM is released to profit or loss as insurance contract services are received from the reinsurer in the period. Coverage units for the proportional reinsurance contracts held are based on the insurance coverage provided by the reinsurer. The coverage period for these contracts is determined based on the coverage period of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

1 Material accounting policies (continued)

Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Branch recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Branch allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

a. Expected incurred claims and other directly attributable expenses For the Year;
b. Changes in the risk adjustment for non-financial risk for the risk expired; and
c. Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Reinsurance contracts held – Loss-recovery component

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Branch recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the onerous contracts – Loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that Atradius expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

Insurance service result from insurance contracts issued

As the Branch provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that Atradius expects to be entitled to in exchange for those services.

Notes to the financial statements
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1 Material accounting policies (continued)

Insurance revenue

The insurance revenue comprises the following:

1. Amounts relating to the changes in the LRC:
   a. Claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
      i. Amounts allocated to the loss component;
      ii. Insurance acquisition expenses; and
      iii. Amounts related to the risk adjustment for non-financial risk (see (b));
   b. Changes in the risk adjustment for non-financial risk, excluding:
      i. Changes included in insurance finance income (expenses);
      ii. Changes that relate to future coverage (which adjust the CSM); and
      iii. Amounts allocated to the loss component;
   c. Amounts of the CSM recognised for the services provided in the period;
   d. Experience adjustments arising from premiums received in the period other than those that relate to future service; and
   e. Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
2. Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the passage of time over the expected coverage of a group of contracts.

Insurance service expenses
Insurance service expenses include the following:

a. Incurred claims, excluding investment components reduced by loss component allocations;
b. Other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. Insurance acquisition cash flows amortisation;
d. Changes that relate to past service – changes in the FCF relating to the LIC;
e. Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. Insurance acquisition cash flows assets impairment.

The amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

1 Material accounting policies (continued)

Insurance service result from reinsurance contracts held

The Branch presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. Reinsurance expenses;
b. Incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
c. Other incurred directly attributable expenses;
d. Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e. Effect of changes in the risk of reinsurers' non-performance; and amounts relating to accounting for onerous groups of underlying insurance contracts issued:
   i. Income on initial recognition of onerous underlying contracts;
   ii. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
   iii. Changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that Atradius expects to pay in exchange for those services.

Reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

a. Claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   i. Amounts allocated to the loss-recovery component;
   ii. Repayments of investment components; and
   iii. Amounts related to the risk adjustment for non-financial risk (see (b))
b. Changes in the risk adjustment for non-financial risk, excluding:
   i. Changes included in finance income (expenses) from reinsurance contracts held;
   ii. Changes that relate to future coverage (which adjust the CSM); and
   iii. Amounts allocated to the loss-recovery component.
c. Amounts of the CSM recognised for the services received in the period; and
d. Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

1 Material accounting policies (continued)

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. The effect of the time value of money and changes in the time value of money; and
b. The effect of financial risk and changes in financial risk.

The main amounts within insurance finance income or expenses are:

a. Interest accreted on the FCF and the CSM;
b. The effect of changes in interest rates and other financial assumptions; and
c. Foreign exchange differences.

The Branch disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Branch's degree of risk aversion. The Branch estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment is calculated at the Branch Group level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for nonfinancial risk.

In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital requirement relating to non-financial risk. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital requirement is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 76% (2023: 74%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2023.

Notes to the financial statements
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1 Material accounting policies (continued)

Other income from ancillary insurance activities

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in transit, and other short-term highly liquid investments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value.

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 are used for depreciation of assets acquired.

Fixtures and Fittings	16.67%
Computer Hardware	33.33%

The residual value of assets is reassessed annually.

Leases

The Branch applies NZ IFRS 16 using the modified retrospective approach. The Branch recognises lease liabilities in relation to leases which had previously been classified as 'operating leases.'

As a lessee, the Branch recognises a Right of Use (ROU) asset and a lease liability at the commencement of the lease. The ROU asset is measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the costs to remove the underlying asset, less any lease incentives received. The lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the start of the lease contract.

Depreciation
The ROU asset is depreciated using the straight-line depreciation method over the term of the lease. The depreciation expense on the ROU asset and the interest expense on the lease liability are separately recognised in the Statement of Comprehensive Income.

Notes to the financial statements
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1 Material accounting policies (continued)

Investments

The business model for the Branch's portfolio of investments, which comprise interest-bearing assets that represent solely payments of principal and interest (SPPI), is to manage and evaluate the portfolio on a fair value basis, in accordance with the investment strategy. The Branch is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. In accordance with NZ IFRS 9, the Branch's portfolio of financial assets is categorised as fair value through profit or loss on initial recognition.

Investments are initially recorded at fair value, being cost of acquisition excluding transaction costs, and are subsequently remeasured to fair value at each reporting date. Assets that are subsequently measured at fair value through profit or loss are not subject to impairment consideration under the expected credit losses model. Fixed rate securities are valued using independently sourced valuations.

Investments of the Branch are held to back insurance liabilities and are designated at fair value through profit or loss upon initial recognition. This eliminates or significantly reduces a potential measurement inconsistency which would arise if the investments were measured at amortised cost.

Trade and other receivables

All receivables arising under an insurance contract are recognised at the amount receivable less a provision for impairment. A provision for impairment is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original term of the receivable.

Receivables within the scope of NZ IFRS 9 are managed to collect contractual cash flows and their contractual terms generate cash flows that are solely payments of principal (and interest thereon, if any). Receivables are initially recognised at fair value and are subsequently measured at amortised cost less a provision for impairment. Any increase or decrease in the provision for impairment is recognised in the profit or loss within underwriting expenses. When a receivable is uncollectible, it is written off against the provision for impairment account. Subsequent recoveries of amounts previously written off are credited against underwriting expenses.

Impairment is calculated as a provision for expected credit losses (ECL). The provision for ECL is based on the difference between the cash flows due in accordance with the contract and the cash flows that the Branch expects to receive. Any shortfall is discontinued at an approximation to the asset's original effective interest rate. The assessment of ECL reflects judgements and assumptions that take into account prior credit risk and loss history, current and expected future market conditions and individual debtor circumstances.

The Branch adopts the simplified approach permitted by NZ IFRS 9 with regard to non-insurance trade receivables and calculated the provision with reference to lifetime ECL. For all other receivables, the provision is based on the portion of lifetime ECL that result from possible default events within 12 months from reporting date, unless there has been a significant increase in credit risk since initial recognition, in which case the provision is based on lifetime ECL.

Notes to the financial statements
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1 Material accounting policies (continued)

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 future cash flows of an asset are 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.

If in subsequent periods, 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 and recognised in the Statement of Comprehensive Income.

Trade and other payables

Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

Other operating expenses

Operating expenses comprise of administrative expenses and commissions. Total administrative expenses are expenses associated with selling and administrative activities after reallocation of claims handling expenses to insurance claims.

Interest income and expenses

Interest income and expenses are 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 Year. 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).

Notes to the financial statements
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1 Material accounting policies (continued)

(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.

(iii) *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. Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the acquisition cost on an asset or as part of an item of expense.

Statement of 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; and
- financing activities comprise of lease repayments and monies contributed by Head Office.

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.

Change in NZ IFRS

The External Reporting Board (“XRB”) issued NZ IFRS 18 Presentation and Disclosure in Financial Statements in May 2024. The main changes include new presentation requirements related to the statement of profit and loss, disclosure of management-defined performance measures and enhanced guidance on aggregation and disaggregation. This comes into effect for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively for comparative periods.

Notes to the financial statements
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2	Insurance revenue	Note	2024	2023
	Expected incurred claims and other directly attributable expenses		2,656,648	3,264,364
	Change in the risk adjustment for non-financial risk for the risk period		153,529	167,865
	CSM recognised for the services provided		3,820,528	3,856,514
	Experience adjustments – arising from premiums received in the period other than those relate to future service		98,740	204,592
	Insurance acquisition cash flows recovery		1,882,597	1,814,139
	Other amounts		(110,367)	26,142
	Total insurance revenue		**8,501,675**	**9,333,616**

3	Insurance service expense	Note	2024	2023
	Incurred claims and other directly attributable expenses		(2,353,110)	(1,732,437)
	Changes that relate to past service – changes in the FCF relating to the LIC		(248,178)	260,162
	Losses on onerous contracts and reversal of those losses		(81,493)	(121,273)
	Acquisition expenses		(1,882,597)	(1,814,139)
	Total insurance service expense		**(4,565,378)**	**(3,407,687)**

4 Investment result

	Insurance contracts	Reinsurance	Total
2023			
Interest accreted	(143,173)	67,649	(75,524)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(70,122)	4,960	(65,162)
Foreign exchange differences	(13,168)	-	(13,168)
Total financial income / (expenses) of insurance contracts issued recognized in P&L	(226,463)	72,609	**(153,854)**
Total financial income / (expenses) of insurance contracts issued recognized in OCI	(29,070)	18,281	(10,789)
Total financial income / (expenses) of insurance arising from insurance contracts issued	(255,533)	90,890	(164,643)
2024			
Interest accreted	(135,476)	43,057	(92,419)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(98,754)	41,103	(57,651)
Foreign exchange differences	(3,582)	-	(3,582)
Total financial income / (expenses) of insurance contracts issued recognized in P&L	(237,812)	84,160	**(153,652)**
Total financial income / (expenses) of insurance contracts issued recognized in OCI	(1,844)	-	(1,844)
Total financial income / (expenses) of insurance arising from insurance contracts issued	(239,656)	84,160	(155,496)

5 Net expenses from reinsurance contracts

	Note	2024	2023
Amounts relating to changes in the remaining coverage:			
Expected incurred claims and other directly attributable expenses recovery		(814,531)	(1,067,770)
CSM recognised for the services received		(824,982)	(785,567)
Experience adjustments arising from ceded premiums paid in the period other than those that relate to future service		(47,727)	(75,557)
Incurred claims recovery		566,689	164,868
Total net expenses from reinsurance contracts		**(1,120,551)**	**(1,764,026)**

6	Investment income	Note	2024	2023
	Interest income on deposits		1,567,733	1,081,879
	Other interest income		126,604	157,887
	Total Investment income		1,694,337	1,239,766

7	Taxation	Note	2024	2023
	Income tax expense			
	Current taxation		1,227,060	1,652,120
	Deferred taxation		(468,921)	548,433
	Income tax expense for the year		**758,139**	**2,200,553**
	Income tax assets and liabilities			
	Net deferred tax with respect to temporary differences on IFRS17 profit		(55,085)	(304,994)
	Net deferred tax with respect to other temporary differences		232,835	13,822
	Net deferred tax asset/(liability) – P&L		177,750	(291,172)
	Net deferred tax asset/(liability) – Equity		1,097	-
	Net deferred tax asset/(liability)		**178,847**	**(291,172)**
	Corporation tax payable		(664,052)	(892,358)
	Current tax payable		**(664,052)**	**(892,358)**

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7 Taxation (continued)

	01 Jan 2024	Equity	(Charge)/ credit to income	31 Dec 2024
Deferred tax asset				
Provision for bad debts	871	-	18,905	19,776
Provision for employee bonuses	5,880	-	2,745	8,625
Accruals	7,071	-	9,163	16,235
IFRS17 transition balance	-	-	188,199	188,199
IFRS17 current profit difference	-	-	(55,085)	(55,085)
Temporary difference - OCI	-	1,098	-	1,097
Total deferred tax asset	13,822	1,098	163,927	178,847
Deferred tax liability				
IFRS17 transition	(304,994)	-	304,994	-
Total deferred tax liability	(304,994)	-	304,994	-
Net deferred tax asset / (liability)	**(291,172)**	**1,098**	**468,921**	**178,847**

Pillar Two model

The New Zealand Government has enacted legislation into domestic law, to implement the Organisation for Economic Co-operation and Development's (OECD's) Global Anti-Base Erosion (GloBE) Pillar Two Rules in New Zealand, and predominantly, the rules apply to fiscal years beginning on or after 1 January 2025. The framework's goal is to reduce profit shifting from one jurisdiction to another, in order to reduce global tax obligations in corporate structures.

The Pillar Two legislation has been enacted or substantially enacted in other jurisdictions where Atradius operates. These regulations take effect for accounting periods beginning on or after 31 December 2023. Since the Pillar two legislation was not effective at the reporting date, there is no related tax exposure to the Branch and it is in the process of assessing financial reporting implications for when it comes into effect.

Notes to the financial statements
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8 Property, Plant and Equipment

2023	Computer Hardware	Fixtures and Fittings	Right of Use assets	Total
At cost 1 January	28,900	175,428	195,369	399,697
Addition	2,510	-	-	2,510
Retirement & Disposal	(28,900)	(175,428)	(195,369)	(399,697)
At cost 31 December	**2,510**	**-**	**-**	**2,510**
Accumulated depreciation and impairment at 1 January	(28,900)	(175,428)	(195,369)	(399,697)
Depreciation	(469)	-	-	(469)
Impairment	-	-	-	-
Retirement & Disposal	27,796	175,428	195,369	398,593
Accumulated depreciation and impairment at 31 December	**(1,573)**	**-**	**-**	**(1,573)**

2024	Computer Hardware	Fixtures and Fittings	Right of Use assets	Total
At cost 1 January	2,510	-	-	2,510
Additions	1,287			1,287
Retirements & Disposals	-	-	-	-
At cost 31 December	**3,797**	**-**	**-**	**3,797**
Accumulated depreciation and impairment at 1 January	(1,573)	-	-	(1,573)
Depreciation	(754)	-	-	(754)
Impairment				
Retirement & Disposal	-	-	-	-
Accumulated depreciation and impairment at 31 December	**(2,327)**	**-**	**-**	**(2,327)**

The Branch retired assets in 2023. The transactions in 2024 are in relation to additional computer hardware.

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9 Cash and Cash Equivalents	2024	2023
Cash at bank	2,805,973	2,952,131
	2,805,973	**2,952,131**

10 Receivables	2024	2023
Trade Receivables	46,878	131,599
	46,878	**131,599**

Trade receivables are current assets and all under 90 days old except for $15,852 (2023: $6,287) which has an allowance for doubtful debts of $13,296 (2023: $3,110) against it.

11 Investments	2024	2023
Term deposit	30,500,000	24,500,000
Investment held by Head office	698,410	2,285,331
	31,198,410	**26,785,331**

The investments are classified as Fair Value through Profit or Loss (FVTPL) and carried at fair value with duration of more than three months. The investment held by Head Office is a related party balance and is treated as available on demand.

Investments are measured at fair value with movements recognised in the Statement of Comprehensive Income. This includes investments held by head office and term deposits, which are at Level 1 and 2 respectively in the fair value hierarchy under NZ IFRS 13.

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12 Financial instruments

Financial Instrument - Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets.
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
• Level 3: inputs for the asset that are not based on observable market data.

There were no transfers between the levels during the current and prior year. The table represents financial assets at fair value through profit or loss.

	2024	2023
Level 1	698,410	2,285,331
Level 2	30,500,000	24,500,000
Level 3	-	-
	31,198,410	**26,785,331**

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. Both the cash and investments are held with ASB Bank Ltd., which is rated AA-. The term deposits of $30,500,000 (2023: $24,500,000) have a maturity of less than 1 year. The other assets are in relation to the exposure to the panel of reinsurers. Atradius Crédito y Caución S.A. de Seguros y Reaseguros' reinsurance is placed with reinsurers of A rating or above, as required by Group policy. These assets are rated according to Standard & Poor's counterparty ratings, but if these are not available then A.M. Best and Moody's are used. Trade and other receivables are unrated and are based on management's assessment of high quality with no history of major defaults.

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

The Branch has no significant exposure to interest rate risk.

12 Financial instruments (continued)

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 Crédito y Caución S.A. de Seguros y Reaseguros also pledges continuing support.

The financial assets are all available to be liquidated at any time to meet any liabilities. The investment held by head office is at call and reinsurance payables and receivables are settled on a net basis.

The balance payable to head office being Atradius Crédito y Caución S.A. de Seguros y Reaseguros is payable on demand. The Head Office confirms however, that for the foreseeable future Atradius Crédito y Caución S.A. de Seguros y Reaseguros 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 Branch holds bank accounts in USD and AUD, which as of 31 December 2024 had balances of USD138,490 and AUD145,704 (December 2023: USD112,096 and AUD160,827). There are no intercompany receivables but intercompany liabilities of EUR61,590 and AUD25,367 (2023: EUR48,161) at 31 December 2024. The insurance liabilities are primarily denominated in New Zealand Dollars. The portion of the insurance liabilities in foreign currency if any, is subject to reinsurance. As a result, foreign currency impacts are partially offset by these contracts.

13 Retained earnings

	2024	2023
Retained earnings - opening balance	12,859,812	9,333,286
Net profit	4,068,097	3,526,526
Closing balance	**16,927,909**	**12,859,812**

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

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14 Insurance and reinsurance contracts

An analysis of the amounts presented on the balance sheet for insurance contract assets is included in the tables below.

Insurance contract assets	2024	2023
Direct insurance contract assets	388,990	311,937
Reinsurance contract assets	918,161	761,671
Total Insurance Contract assets	**1,307,151**	**1,073,608**

Composition of direct insurance contract assets

Insurance assets for remaining coverage	1,743	1,850
Insurance Acquisition assets	387,247	310,087
Total direct insurance contract assets	**388,990**	**311,937**

The insurance acquisition assets relate to the brokerage on the prepaid premium, and all are current. The acquisition cash flows are immediately recognised when the premium is recognised.

14 Insurance and reinsurance contracts (continued)

Reconciliation of the reinsurance contract assets

A reconciliation of the Reinsurance asset for remaining coverage and incurred claims is included in the following tables.

2023	Remaining coverage - Excluding loss recovery component	Remaining coverage - Loss recovery component	Incurred Claims	Total
Reinsurance contract assets as at 1 January	800,044	92,372	473,504	1,365,920
Net expense from reinsurance contracts	(2,049,764)	(71,269)	357,006	(1,764,027)
Investment Results	66,267	-	6,342	72,609
Other comprehensive income	11,608	-	6,673	18,281
Premiums paid	3,260,714	-		3,260,714
Amounts received	(1,567,152)	-	(624,674)	(2,191,826)
Reinsurance contract assets as at 31 December	521,717	21,103	218,851	**761,671**

2024	Remaining coverage - Excluding loss recovery component	Remaining coverage - Loss recovery component	Incurred Claims	Total
Reinsurance contract assets as at 1 January	521,717	21,103	218,851	761,671
Net expense from reinsurance contracts	(1,775,220)	5,650	649,020	(1,120,550)
Investment Results	74,267	-	9,893	84,160
Other comprehensive income	10,445	-	5,596	16,041
Premiums paid	3,440,941	-	-	3,440,941
Amounts received	(1,512,028)	-	(752,074)	(2,264,102)
Reinsurance contract assets as at 31 December	760,122	26,753	131,286	**918,161**

14 Insurance and reinsurance contracts (continued)

An analysis of the amounts presented on the balance sheet for insurance contract liabilities is included in the tables below.

Insurance contracts liabilities	2024	2023
Liability for incurred claims	461,710	516,858
Liability for remaining coverage	1,653,264	1,003,320
Total insurance contract liabilities	**2,114,974**	**1,520,178**

Reconciliation of the Insurance contract liabilities

A reconciliation of the Insurance liability for remaining coverage and incurred claims is included in the following tables.

2023	LRC - Excluding loss component	LRC – loss component	LIC	Total
Insurance contract liabilities as at 1 January	2,155,134	224,833	938,867	3,318,834
Amounts recognised in profit and loss				
Insurance Revenue	(9,307,475)	-	-	(9,307,475)
Insurance service expenses	1,814,139	(92,269)	1,685,818	3,407,688
Investment Results	191,786	77	34,000	225,863
Amounts recognised in comprehensive income	8,931	6,921	13,218	29,070
Current period cash flows				
Premiums received	8,729,876	-	-	8,729,876
Claims and other expenses paid	-	-	(1,728,312)	(1,728,312)
Acquisition Cash Flows Paid	(2,728,633)	-	-	(2,728,633)
Administration and other costs paid	-	-	(426,733)	(426,733)
Insurance contract liabilities as at 31 December	**863,758**	**139,562**	**516,858**	**1,520,178**

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14 Insurance and Reinsurance Contracts (continued)

2024	LRC - Excluding loss component	LRC – loss component	LIC	Total
Insurance contract liabilities as at 1 January	863,758	139,562	516,858	1,520,178
Amounts recognised in profit and loss				
Insurance Revenue	(8,612,043)	-	-	(8,612,043)
Insurance service expenses	1,883,758	(70,239)	2,751,859	4,565,378
Investment Results	204,277	1,572	30,322	236,171
Amounts recognised in comprehensive income	7,951	710	10,321	18,982
Current period cash flows				
Premiums received	9,405,343	-	-	9,405,343
Claims and other expenses paid	-	-	(2,296,352)	(2,296,352)
Acquisition Cash Flows Paid	(2,171,384)	-	-	(2,171,384)
Administration and other costs paid	-	-	(551,299)	(551,299)
Insurance contract liabilities as at 31 December	**1,581,660**	**71,605**	**461,709**	**2,114,974**

The tables above exclude the insurance contract assets of $1,743 in 2024 and $1,850 in 2023.

14 Insurance and reinsurance contracts (continued)

Analysis by measurement component

2023	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January	2,295,856	194,936	828,042	3,318,834
Changes that relate to current service				
Changes in CSM	-	-	(3,854,664)	(3,854,664)
Experience adjustments	(1,656,978)	-	-	(1,656,978)
Risk adjustment recognised for the risk period	-	(123,936)	-	(123,936)
Changes that relate to future service				
Initial recognition	(4,123,092)	169,446	3,968,730	15,084
Changes in estimates not reflected in the CSM or loss component	-	-	-	-
Changes in estimates reflected in the CSM	384,090	12,603	(396,693)	-
Changes in estimates that result in onerous contract losses	101,999	4,190	-	106,189
Changes that relate to past service				
Adjustments to LIC	(239,310)	(143,060)	-	(382,370)
Adjustments to LRC	(1,262)	-	-	(1,262)
Insurance Finance expenses	106,235	5,525	143,172	254,932
Current period cash flows	3,844,349	-	-	3,844,349
Insurance contract liabilities as at 31 December	**711,887**	**119,704**	**688,587**	**1,520,178**

2024	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Insurance contract liabilities as at 1 January	711,887	119,704	688,587	1,520,178
Changes that relate to current service				
Changes in CSM	-	-	(3,820,635)	(3,820,635)
Experience adjustments	(363,671)	-	-	(363,671)
Risk adjustment recognised for the risk period	-	(12,404)	-	(12,404)
Changes that relate to future service				
Initial recognition	(3,908,532)	256,046	3,777,553	125,067
Changes in estimates not reflected in the CSM or loss component	1,161	-	-	1,161
Changes in estimates reflected in the CSM	125,936	8,744	(134,680)	-
Changes in estimates that result in onerous contract losses	(38,308)	(5,266)	-	(43,574)
Changes that relate to past service				
Adjustments to LIC	246,084	(158,176)	-	87,908
Adjustments to LRC	(20,624)	-	-	(20,624)
Insurance Finance expenses	110,993	8,684	135,476	255,153
Current period cash flows	4,386,415	-	-	4,386,415
Insurance contract liabilities as at 31 December	**1,251,341**	**217,332**	**646,301**	**2,114,974**

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14 Insurance and reinsurance contracts (continued)

Claims development table

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development table below as at 31 December 2024. The claims development tables provide an overview of how the Branch recognised estimate of ultimate claim costs for underwriting years 2015 to 2024 have changed at successive financial year-ends. Underwriting year here means the year in which the risks occurred, and for reinsurance business it is the treaty year.

Gross claims development

	UWY					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management						
At end of accident year	792,892	1,067,357	1,276,320	1,589,863	1,974,024	
1 year later	590,829	728,072	1,287,394	2,358,157	-	
2 years later	495,396	679,684	1,118,409	-	-	
3 years later	538,132	633,200	-	-	-	
4 years later	465,092	-	-	-	-	
5 years later	-	-	-	-	-	
Cumulative actual claim payments	509,730	687,471	1,222,768	1,808,482	1,781,852	6,010,303
Gross cumulative claims liabilities - 2020 to 2024	(44,638)	(54,271)	(104,359)	549,675	192,192	538,599
Gross cumulative claims liabilities - prior accident years						(74,153)
Effect of discounting						(40,079)
Effect of risk adjustment						37,343
Gross liability for incurred claims						**461,710**

14 Insurance and reinsurance contracts (continued)

Net claims development

	UWY					
	2020	**2021**	**2022**	**2023**	**2024**	**Total**
At end of accident year	326,052	552,632	802,891	1,036,853	1,312,089	
1 year later	258,174	389,498	812,132	1,524,854	-	
2 years later	219,619	364,170	704,029	-	-	
3 years later	238,315	342,898	-	-	-	
4 years later	207,438	-	-	-	-	
5 years later	-	-	-	-	-	
Net cumulative actual claim payments	225,829	368,307	772,830	1,178,559	1,189,471	3,734,996
Net cumulative claims liabilities - 2020 to 2024	(18,391)	(25,409)	(68,800)	346,295	122,643	356,338
Net cumulative claims liabilities - prior accident years						(25,462)
Effect of discounting						(24,997)
Effect of risk adjustment						24,545
Net liability for incurred claims						**330,424**

14 Insurance and reinsurance contracts (continued)

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 effects 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 of experience enable 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.

14 Insurance and reinsurance contracts (continued)

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 Crédito y Caución S.A. de Seguros y Reaseguros maintains quota share reinsurance and excess of loss treaties 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 2024 ceded 35% in total (2023: 37%).

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. The majority of the reinsurers have a rating of at least Moody's A3.

The Moody's rating for Atradius Crédito y Caución S.A. de Seguros y Reaseguros is A1. 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 cash 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 sectors.

Foreign Currency Risk - The risk that the Branch will incur losses through exposure to foreign exchange movements is minor. There is, however, exposure to AUD and USD bank accounts which are managed to maintain low balances so such exposure is minimal. The reinsurance contracts are in NZD.

15 Payables

	2024	2023
Atradius Crédito y Caución S.A. de Seguros y Reaseguros	13,559,389	13,484,302
Others	258,584	100,596
	13,817,973	**13,584,898**

The majority of the amount owed to head office is in relation to capital funding $13,400,000 (2023: $13,400,000). The remainder is in relation to charges for services provided including IT, risk services and group management.

16 Other liabilities

Other liabilities mainly consist of amounts in relation to prepaid insurance revenue on not yet bound contracts $2,458,951 (2023: $2,180,078).

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17 Identity of related parties

Material related party transactions

Atradius Crédito y Caución S.A. de Seguros y Reaseguros, headquartered in Spain, charged the Branch shared services during the year of $1,083,292 (2023: $1,093,675), relating to group overhead, information technology and risk services costs. All related party receivable balances are considered receivable in full.

Key personnel

During the year, the Branch did not enter into any transactions with key management personnel, their close family members and controlled entities thereof. The Branch's key management personnel are the Board of Directors, the Chief Executive Officer and their direct reports. They are remunerated through the ultimate parent company. The Branch has one employee.

18 Capital and other commitments

There are no capital and other commitments.

19 Contingent assets & liabilities

There are no contingent assets and liabilities.

20 Solvency requirements

Atradius Crédito y Caución S.A. de Seguros y Reaseguros has a license under the Insurance (Prudential Supervision) Act 2010. Under this Act, the entity is subject to solvency requirements issued by the Reserve Bank of New Zealand. The solvency requirements which apply under the prudential supervision regime have been met by Atradius Crédito y Caución S.A. de Seguros y Reaseguros. The Atradius Group complies with capital requirements in each regulatory regime.

21 Subsequent events

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

22 Capital solvency

Atradius Crédito y Caución S.A. de Seguros y Reaseguros is exempted from complying with Section 55 of the Insurance (Prudential Supervision) Act 2010 (the "Act"). Instead of meeting the New Zealand Solvency Standards, Atradius Crédito y Caución S.A. de Seguros y Reaseguros needs to meet the Spanish Regulatory Solvency Capital Requirement as prescribed by Dirección General de Seguros y Fondos de Pensiones (DGSFP). The minimum solvency capital requirement for New Zealand under Spanish law is outlined below. As at 31 December, Atradius Crédito y Caución S.A. de Seguros y Reaseguros carried a positive solvency margin.

	2024	2023
	(in EUR '000)	(in EUR '000)
Actual solvency capital	2,484,435	2,553,631
Minimum solvency capital	(331,053)	(318,293)
Solvency margin	2,153,382	2,235,338
Solvency ratio	750%	802%

23 Reconciliation of profit for the year to net cash flows from operating activities

	Note	2024	2023
Profit		4,068,097	3,526,526
Non-cash items			
Depreciation		755	469
Deferred tax		(470,019)	548,433
		(469,264)	548,902
Movement in working capital			
Receivables		84,721	1,621,846
Reinsurance		(156,489)	604,248
Other assets and accruals		(136,004)	(318,337)
Current tax		(228,306)	67,013
Insurance liabilities		517,742	(1,816,150)
Other payables and accruals		587,711	(558,656)
Net cash flow from operating activities		**4,268,208**	**3,675,392**

24 Provisions and other accruals

	Note	2024	2023
Payroll accruals		43,847	30,690
Professional fees		179,830	117,630
Other accruals		8,500	8,094
Total		**232,177**	**156,414**

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In New Zealand Dollars

25 Lease liabilities

	Note	2024	2023
Lease liabilities			
A maturity analysis of lease liabilities based on undiscounted cash flows is reported below:			
Less than one year		-	-
Between one and five years		-	-
More than five years		-	-
Total undiscounted lease liabilities at 31 December		**-**	**-**
Lease liability included in statement of financial position at 31 December		**-**	**-**
Amounts recognised in the Profit & Loss			
Interest expenses on lease liabilities		**-**	**114**
Amounts recognised in the statement of cash flows			
Total cash outflow for leases		**-**	**3,906**

The Branch is no longer leasing an office space, lease liability and right of use asset balances are nil.