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Annual Report 2012

Our Staff

Top Row (Left to Right): Conor Redmond, Chris Denham, Victor Tinoco, Antoine Lemonnier, Brendan O'Connell, Niamh Derivan, Daniel Stausberg, Andrew Harford, Tilen Mihelic, Patrick Campbell, Tomás O'Dwyer, Imran Khan, Gearóid Finnerty.

Bottom Row (Left to Right): Nathalie Gordon, Tracey Trench, Carolyn Harvey, Silvia Quinn, Rachel Mc Cormac, Catherine Roche.

Absent from photograph: Elvira Panos, Aine Doyle, Eamon Murray, Jacqui Griffin, Mario Ricciardi, Nick Davies, Mônica Solano

Atradius Reinsurance Limited

Directors Report and Financial Statements

Year ended 31 December 2012

Registered No: 276690

VAT No: 8276690Q

Reinsurance Licence No: C38084

Atradius Reinsurance Limited

Contents

Directors

Executive Directors

Daniel Stausberg
Managing Director
(German)

Niamh Derivan
Finance Director
(Irish)

Non-Executive Directors

David Capdevila
Chairman of the Board
(Spanish)

Gerard van Brakel
(Dutch)

Independent Non-Executive Directors

Conor Molloy
(Irish)

Mary Brennan
(Irish)

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012.

Principal activity and review of the business

Atradius Reinsurance Limited ("Atradius Re"), based in Dublin, Ireland, is a subsidiary of Atradius Investments Limited, also based in Dublin, Ireland, which is a subsidiary of Atradius N.V., a company incorporated in the Netherlands. Atradius N.V.'s ultimate parent is Grupo Catalana Occidente, S.A, a company incorporated and listed in Spain.

Atradius Re provides reinsurance capacity for primary insurance companies from both the developed and developing credit insurance and bonding markets. It currently assumes business from over 60 countries, on all continents, maintaining a balanced diversity within the portfolio. The underlying business consists of around 62% credit insurance and 38% bonding (2011: 59% and 41% respectively), based on premium volume. The business is underwritten by a multilingual, dedicated, international team of underwriters at Atradius Re's offices in Dublin, Ireland.

Since its incorporation, Atradius Re has established strong, long-term-oriented relationships with its clients and leads more than one third of its treaties. Its unique offering combines the know-how of the Atradius Group, in primary underwriting of credit insurance and bonding risks, with Atradius Re's unique approach to structuring reinsurance solutions for its clients. Acknowledged for its endeavours in supporting start-up credit insurance and bonding business, Atradius Re plays an important role in the international development and growth of the credit insurance industry – particularly in emerging markets. The company is an active member of and contributor to ICISA, PASA , DIMA and the Aman Union. Atradius Re celebrated its 25th Anniversary in 2012.

The company is authorised and regulated by the Central Bank of Ireland and is authorised to conduct reinsurance business in the EU internal market in accordance with the 2005/68/EC Reinsurance Directive. It is authorised to write business as a foreign reinsurer globally and is licensed individually in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, India, Mexico, Paraguay, Venezuela, and Uruguay.

Profit for the year and future developments

In 2012, Atradius Re's performance continued its positive trend. Despite an increasingly challenging and complex economic environment, the company maintained its profitability while protecting its customers from the worsening economic outlook.

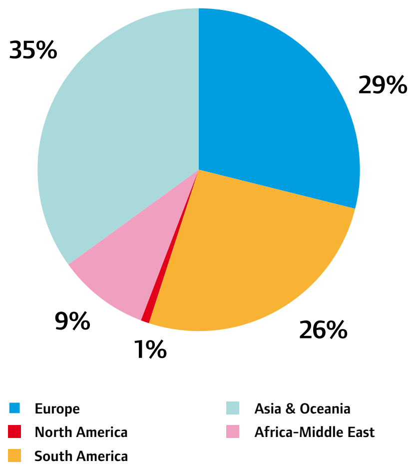
KEY PERFORMANCE INDICATORS	2012	2011
	€000	€000
Group reinsurance revenue	220,268	196,272
Third party reinsurance revenue	121,940	122,387
Total reinsurance revenue	342,208	318,659
Technical Profit/(Loss)	17,910	13,990
Claims ratio %	44%	44%
Expenses and commissions ratio %	41%	46%
Combined operating Ratio %	85%	90%

Group reinsurance revenue grew by 12.2% (2011: 8.6%). This increase is as a result of an increased number of new customers, a high customer retention rate of 93%, and growth in emerging markets.

Third party assumed business remained strong with a slight decrease in net earned premium (2011: increase of 21%). Gross Written Premium, however, increased by 7% to €152,406k for the year. The strategy, for 2013, is to search for selected opportunities of growth in Asia, the Middle East and Latin America, and to organically develop the existing book.

The combined financial year claims ratios of group and non-group business remained at 44% in 2012. The claims ratio relating to group internal business increased from 35% to 41%, but remained within healthy margins. The increase was as a result of increased claims payments and changes in claims provisioning to reflect economic uncertainties. The claims ratio relating to third party business reduced to 49% from 59%, largely because of the risk mitigation initiatives of earlier years. The 2011 underwriting year saw some negative developments in the bonding portfolio from Eastern Europe due to continuing economic instability across the region.

Third Party Reinsurance Revenue per Region



The acquisition cost ratio for the year has fallen to 40% (2011: 46%), resulting in a combined ratio of 85% (2011: 90%). This reduction is due to a relatively prudent claims ratio for the current underwriting year, on Group business, which, results in a lower commission rate when compared to last year.

Net Investment results for 2012 were €30.2 m (2011: €7.0m). Although the effects of the Eurozone sovereign debt crisis continued to be felt at the beginning of 2012, the financial markets returned to calmer waters in the second half of the year. Overall, 2012 was a positive year for the company's investment portfolio. The company's investment strategy has remained on course with a focus on preserving capital to avoid large losses on the investment portfolio. Since the outbreak of the credit crisis in 2008, this conservative investment strategy has translated into a reduced exposure to government bonds and equities, and an increased holding in short term cash instruments and investment grade corporate bonds. This strategy will be maintained until we see significant and sustained improvements in the global economy and financial markets.

The company's operations for the year resulted in a profit before tax of €48,138k (2011: profit of €20,950k). A dividend payment of €40,352,292 was paid on 27 March 2012, to the company's immediate parent company, Atradius Investments Limited. Profit retained after dividends and tax was €3,058k (2011: profit of €18,330k).

Shareholders' funds are €335,035k (2011: €331,977k). The minimum solvency requirement has remained the same at €71,758k with the company's available solvency margin remaining at over 4 times the minimum required.

The company's key objective and long term strategy includes secured net profits, sustainable growth and reduced profit volatility.

Events after the reporting date

A dividend payment of €18,000,000 was paid on 27 March 2013, to the company's immediate parent company, Atradius Investments Limited.

Credit Rating

In 2012 the Atradius Group obtained two new credit ratings: one from A.M. Best and one from Moody's.

A.M. Best assigned the key operating entities of the Atradius Group, which includes Atradius Reinsurance Limited, with a financial strength rating of 'A (Excellent), outlook stable' on September 12, 2012. Moody's assigned an insurance financial strength rating of 'A3, outlook negative' to Atradius' main operating companies, which include Atradius Reinsurance Limited, on October 25, 2012. Both of these ratings show the Atradius Group to be a financially sound, geographically well-diversified company in the global trade credit insurance market, with solid growth, strong capitalisation and a good risk profile.

In October, as the Eurozone financial crisis continued to unfold, S&P lowered Spain's sovereign credit rating to 'BBB-, outlook negative'. As a direct result of this downgrade, the agency lowered the credit rating of the core operating entities of Grupo Catalana Occidente, S.A. to 'BBB, outlook negative' from 'A-, outlook negative' . The reason for this was that, as a Spanish based insurance group with most of its income generated within Spain, Grupo Catalana Occidente, S.A. cannot be rated significantly higher than the sovereign credit rating of Spain by the S&P rating methodology. As S&P assesses the core operating entities of Grupo Catalana Occidente, S.A. based on the group-rating approach, it assigns the same credit rating to all the core operating entities of the Spanish insurance group. Consequently, the core operating entities of the Atradius Group are assigned the same credit rating as the Spanish core operating entities of Grupo Catalana Occidente, S.A.

It was agreed between the Management Boards of Atradius Reinsurance Limited, Atradius N.V. and Grupo Catalana Occidente, S.A. that the S&P rating did not adequately reflect the financial strength of the Atradius Group and the decision was made to withdraw the Standard & Poor's rating on February 28, 2013. As a consequence, the financial strength ratings of S&P have, on 6 March 2013, been withdrawn at the request of Grupo Catalana Occidente, S.A. The decision applies to Grupo Catalana Occidente, S.A. and all its core operating entities including Atradius Reinsurance Limited.

Risk Management

The risks to which Atradius Reinsurance Limited is exposed could materially affect our business, the results of our operations and our financial condition. Our risk management framework has been developed to identify, assess and manage these risks, and thus to mitigate the possible negative impact on operations and financial results.

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

This framework is under constant review and development in light of current developments in regulatory requirements and the Solvency II program.

Insurance Risk: Insurance risk is directly related to the nature of our business. Through credit reinsurance, we reinsure customers against the risk of non-payment of trade receivables. Through bonding reinsurance, we guarantee a beneficiary that our customers will meet contractual, legal or tax obligations.

Reinsurance underwriting guidelines define the types of business Atradius Re is authorised to write, with specific guidelines to type of product, capacity limit, types of exposure, term, and diversity of the underlying insurance ceded. There is particular attention given to ensure the diversity of the business from third party clients and that exposure to any one country, company, or market is managed within agreed underwriting limits and capacity.

The primary insurer writes traditional credit and/or bonding insurance and reports to Atradius Re the aggregate total potential exposure including the list of insurance buyers over certain limits per the reinsurance agreement conditions. These are reviewed regularly to monitor insurance performance and buyer stability. The underwriters estimate the premium income, ultimate loss ratio and ultimate commission and brokerage costs. These values are then applied to an actuarial risk earnings model to evaluate the appropriate earned income, reserves setting, and costs basis for each reinsurance contract. The reinsurance contract performance and TPE values are reviewed within the control limits set by the underwriting guidelines, economic capital requirements and regulatory solvency requirements. Any business that exceeds the standard control limits requires specific committee review and approval, prior to commitment.

All reinsurance business assumed is reviewed regularly in detail for past underwriting years performance, triangulation development, individual buyer exposure development and aggregate total potential exposure management, market and country exposure. Risk and policy limit setting is monitored to ensure credit quality and performance of the underlying insurance products to reinsurance terms agreed with the client. Reserves supporting the underlying business are based on standard actuarial statistical models and an annual Statement of Actuarial Opinion is produced in accordance with the Society of Actuaries in Ireland's Guidance and Regulatory requirements, providing an independent best estimate comparison to the company's reserves to support the business. The Company's reserves must be at least as much as the actuary's independent best estimate.

Financial Risk: The company is exposed to financial risk mainly through its financial assets, financial liabilities and reinsurance contracts. The core components of financial risk are market risk, credit risk and liquidity risk.

Market Risk: Market Risk is the risk of economic losses triggered by changes in the market price of the company's investment portfolio. The company's investment portfolio is regularly assessed against a long-term strategic benchmark in terms of risk and performance. This benchmark is designed to ensure the going concern of the company, even under extreme market conditions. Market risk comprises three types of risk: currency risk, interest rate risk, and equity price risk.

Credit Risk: The key area where the company is exposed to credit risk is the possibility that a reinsurer fails to pay a claim. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. Company policy is to select only reinsurers that are very solvent and have a high quality rating. The normal minimum requirement is an "A" AM Best level rating. Reinsurers whose rating is below this threshold are required to post appropriate security. With regards to managing the credit risk of the financial investments, the company's investment policy is directed towards holding an internationally diversified portfolio while avoiding large risk concentrations.

Liquidity Risk: Liquidity Risk is the risk that Atradius Re would be unable to meet its payment obligations when due. Liquidity risks originate from short term fluctuations in cash flow patterns either on incoming or outgoing cash. It is the company's policy to maintain sufficient cash and marketable securities to manage its liquidity risks.

Operational Risk: Operational risk includes the risk of loss resulting from inadequate or failed internal processes, human and system errors or external events. We use this definition in line with industry practice as well as the Solvency II Framework Directive. Operational risk management and the related tools had a particular emphasis on financial reporting controls, business continuity management and reporting to management to ensure all operational risks within the organisation are identified, maintained within risk policy guidelines, and support the business objectives.

Compliance Management

Our compliance practices support our business, our reputation and our integrity. These elements are of importance to our customers, suppliers, staff and other stakeholders. Complying with relevant laws, rules and regulations and maintaining a high standard in terms of ethics and integrity, leads to lower operational risk and more stable business processes. The code of conduct outlines the basic corporate, legal and ethical compliance principles and guidelines that apply to all employees and that govern operations and its employees' business conduct and actions. The individual compliance codes address specific compliance areas in more detail and set out detailed compliance requirements that must be met across the company and which must be included in existing business procedures. For the monitoring and testing of effectiveness of these requirements, close alignment is sought with the activities of the Operational Risk Management and Internal Audit Units.

The Company is subject to the 2010 Corporate Governance Code for Credit Institutions and Insurance Undertakings, but does not fall in scope of the additional requirements for major institutions.

Solvency II

The company continued with preparations for the new regulatory regime – despite the uncertainty about the final form of the new regulations and the implementation date.

The Solvency II regime will change how insurers and reinsurers within the European Union (EU) determine capital requirements and implement new standards related to governance, risk management and disclosure. Under Solvency II, required solvency capital is based on a full-balance sheet approach using economic principles for the valuation of assets and liabilities.

To acquire insight into the possible quantitative impacts of the new solvency standard, the European Insurance and Occupational Pensions Authority (EIOPA) has been running a series of quantitative impact studies (QIS), in which insurers have been asked to voluntarily apply proposed rules to their own balance sheets to assess the impact and contribute to the formulation of appropriate regulations. Atradius Re has formally participated in every QIS since 2007.

One of the important aspects of Solvency II is that insurers and reinsurers will be permitted to calculate their regulatory capital requirements using their own internally developed models. The rationale is that the insurers/reinsurers are most knowledgeable about the risks they face and therefore best qualified to model those risks. To be permitted to use an 'internal model', an application must be submitted for supervisory approval demonstrating that the model meets certain standards: including statistical quality, calibration, documentation, validation and use of the model. Atradius Re intends to use such an internal model and is engaging with supervisors as part of a pre-application process to gain approval for the use of its internal economic capital model.

With continued uncertainty over timelines, our project organisation remains flexible in its activities, interaction with supervisors and regulatory submissions and is thus well-placed to address potential challenges.

Directors, secretary and their interests

The directors who served during the period and the present directors of the company are listed on page 2.

Lesley Martin resigned as company secretary on the 31 December 2012.

The directors and secretary had no interests in the shares of the company or any other group undertakings at 31 December 2012 and 2011. The directors are not required to retire by rotation.

Creditor payment policy

It is the company's policy to agree with suppliers' terms of trade on an individual basis at the time orders are placed. Payments are then made in accordance with contractual obligations. The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

Transactions involving directors

There were no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined by the Companies Act 1990, at any time during the year ended 31 December 2012.

Books of account

In accordance with Section 202 of the Companies Act, 1990, the measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at the registered office of the company.

Auditors Note

In accordance with Section 160 (2) of the Companies Act, 1963, the independent auditors, Deloitte and Touche, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office.

On behalf of the Board

Daniel Stausberg
Managing Director

Niamh Derivan
Finance Director

22 April 2013

Statement of Directors' Responsbilities

Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- State whether applicable accounting policies have been followed.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2012 and the European Communities (Insurance Undertakings: Accounts) Regulations, 1996. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

to the members of Atradius Reinsurance Limited

We have audited the financial statements of Atradius Reinsurance Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the reconciliation of movement in shareholder funds, the Balance Sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements: give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the Company as at 31 December 2012 and of the profit for the year then ended; and have been properly prepared in accordance with the Companies Acts, 1963 to 2012, and the European Communities (Insurance Undertakings: Accounts) Regulations, 1996.

Independent Auditors' Report

to the members of Atradius Reinsurance Limited

Matters on which we are required to report by the Companies Acts, 1963 to 2012

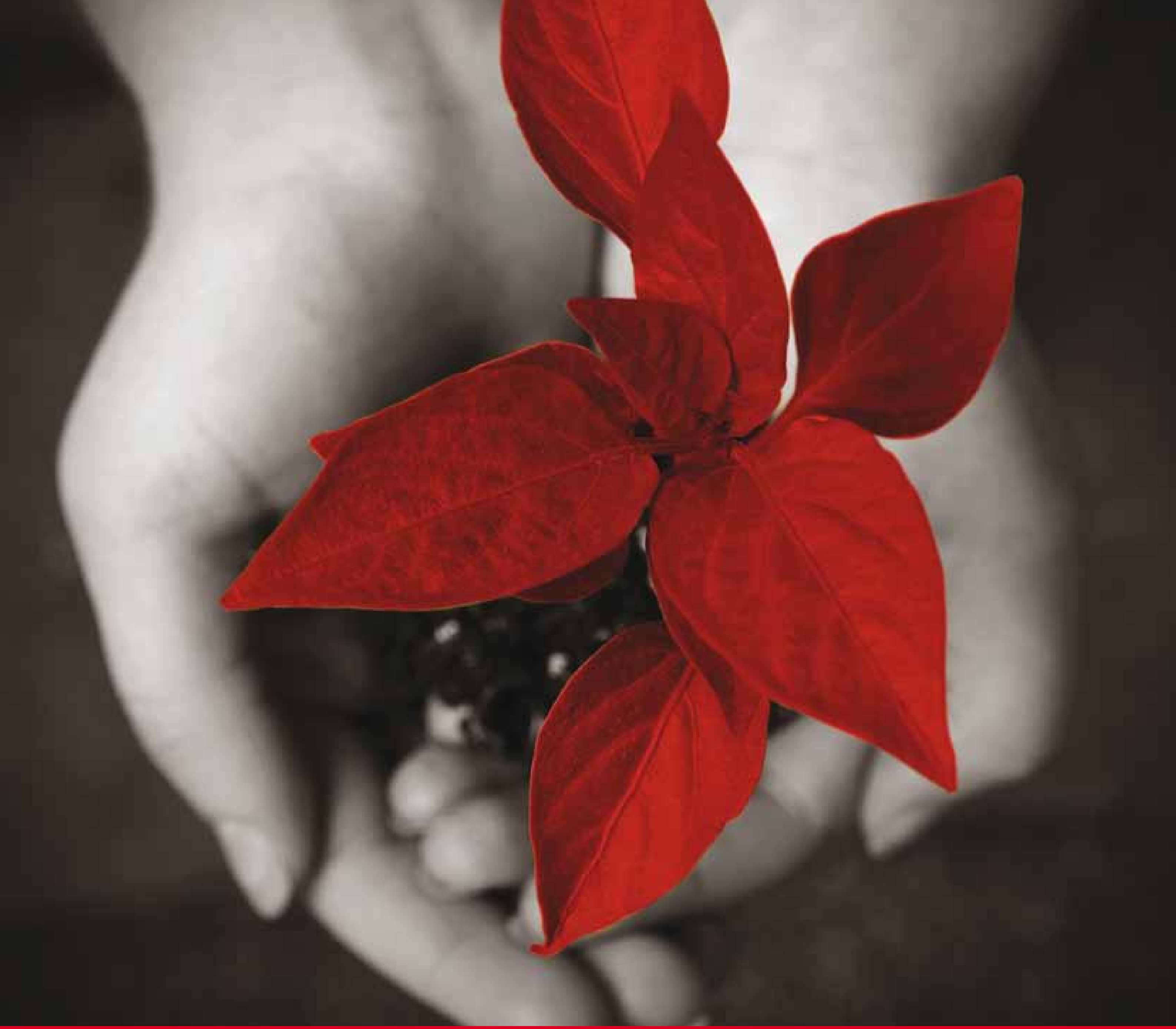
- We have obtained all the information and explanations we considered necessary for the purpose of our audit.
- In our opinion proper books of account have been kept by the Company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.
- The net assets of the Company, as stated in the Balance Sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2012 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2012 which requires us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Mary Fulton
For and behalf of Deloitte and Touche
Chartered Accountants and Registered Auditors
Deloitte and Touche
Earlsfort Terrace
Dublin 2

Date: 22 April 2013



Profit & Loss Account

Year Ended 31 December 2012

TECHNICAL ACCOUNT: GENERAL REINSURANCE BUSINESS	Notes	2012	2011
		€'000	€'000
Gross premiums written	2	414,366	371,093
Unearned premiums	4	(22,530)	(12,017)
Gross premiums earned	2	391,836	359,076
Outward reinsurance premiums		(53,187)	(40,698)
Unearned outward reinsurance premiums	4	3,559	281
Outward reinsurance premiums earned		(49,628)	(40,417)
Net earned premiums		342,208	318,659
Total Technical Income		**342,208**	**318,659**
Gross claims paid		154,740	113,658
Reinsurers' share		(17,986)	(5,988)
Net claims paid		136,754	107,670
Gross change in the provision for claims	3	13,147	19,836
Reinsurers' share	3	1,855	14,346
Net change in the provision for claims		15,002	34,182
Claims incurred, net of reinsurance		**151,756**	**141,852**
Change in equalisation provision	15	34,542	16,043
Net operating expenses	5	138,000	146,774
Total Technical Charges		**324,298**	**304,669**
Balance on the Technical Account for General Business		**17,910**	**13,990**

NON-TECHNICAL ACCOUNT	Notes	2012	2011
		€'000	€'000
Balance on the Technical Account for General Business		17,910	13,990
Investment income			
• income from investments		12,288	14,709
• gain on the realisation of investments		1,662	761
• loss on the realisation of investments		(3,324)	(3,316)
Unrealised gains/(losses) on investments		16,729	(6,290)
Other charges and expenses			
• exchange gains		2,975	1,295
• investment administration		(102)	(199)
Profit on ordinary activities before tax		**48,138**	**20,950**
Tax on profit on ordinary activities	11	(4,728)	(2,620)
Profit on ordinary activities after tax		**43,410**	**18,330**

All of the above amounts derive from continuing operations.

The company has no recognised gains and losses other than those included above; therefore no separate statement of gains and losses has been prepared. The accompanying notes form an integral part of the financial statements

On behalf of the Board

Daniel Stausberg
Managing Director

Niamh Derivan
Finance Director

22 April 2013

Balance Sheet

Year Ended 31 December 2012

ASSETS	Notes	2012 €'000	2011 €'000
Investments			
Financial investments	12	624,755	604,484
Deposits with ceding undertakings		41,489	29,969
		666,244	**634,453**
Reinsurers' share of technical provisions			
Provision for unearned premium	4	12,782	9,892
Claims outstanding	3	50,590	52,539
		63,372	**62,431**
Debtors			
Debtors arising out of reinsurance operations	13	141,044	123,257
Other assets			
Cash at bank and in hand		75,745	91,280
Other assets	14	56,318	48,564
		132,063	**139,844**
Prepayments and accrued income			
Accrued interest and commission		**7,976**	**5,460**
Total assets		**1,010,699**	**965,445**

LIABILITIES AND SHAREHOLDERS' FUNDS	Notes	2012	2011
		€'000	€'000
Capital and reserves			
Called up share capital		635	635
Capital contribution		139,054	139,054
Profit and loss account		195,346	192,288
Shareholders' funds	19	**335,035**	**331,977**
Technical provisions			
Provision for unearned premium	4	153,340	135,954
Claims outstanding	3	391,211	379,775
Equalisation Provision	15	76,759	42,217
		621,310	557,946
Creditors			
Unearned Reinsurance Commission		3,966	2,662
Creditors arising out of reinsurance operations	16	36,661	56,295
Deposits withheld from reinsurers		737	1,086
Other creditors including taxation and social security	17	12,990	15,479
		54,354	75,522
Total liabilities and shareholders' funds		**1,010,699**	**965,445**

The accompanying notes form an integral part of the financial statements

On behalf of the Board

Daniel Stausberg
Managing Director

Niamh Derivan
Finance Director

22 April 2013

Notes to the Financial Statements

1 Accounting policies

The financial statements have been prepared in accordance with accounting standards generally accepted in the Republic of Ireland and Irish statute comprising the Companies Acts, 1963 to 2012 and the European Communities (Insurance Undertakings: Accounts) Regulations, 1996. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

The key estimates made, in preparing the financial statements, are as follows:

For non-group business, premium estimates and reserves are set on a contract-by-contract basis by the company actuary in consultation with the reinsurance underwriter.

For group business, an IBNR estimate is calculated by applying loss frequency severity parameters to the volume of outstanding insured shipments. Known claims under examination and threatening losses are also included.

Reserves are reviewed on a global basis by splitting the portfolio into homogenous parts and applying standard actuarial triangulation techniques to review the overall reserve estimates for both group and non-group business for accuracy.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Accounting convention

The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain investments, and the accounting policies set out below.

Annual basis

The technical result is determined on the annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

a) Premiums written relate to business incepted during the period, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the company, less an allowance for cancellations.

b) Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

c) Claims incurred comprise claims and related expenses paid in the year and changes in the provision for outstanding claims incurred but not reported and related expenses, together with any other adjustments to claims in previous years. Where applicable, deductions are made for salvage and other recoveries.

d) Outstanding claims comprise provisions for the estimated cost of settling all claims, incurred up to but not paid, at the balance sheet date whether reported or not, together with all related claims handling expenses. For group business these provisions, including claims incurred but not reported (IBNR claims) are based on latest available cedant advices. For non-group business, outstanding claims are based on latest available cedant advices with provisions for IBNR claims being estimated by reference to loss ratio methodologies.

   Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Investments

Investments are stated at current value. For this purpose listed investments are stated at market value on the balance sheet date. The aggregate surplus or deficit on revaluation is taken to the non-technical account.

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between the net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Tangible Fixed Assets

Furniture and equipment are stated at the lower of historical cost less accumulated depreciation or the net realisable value. Depreciation is calculated using the straight-line method to allocate their costs over the estimated useful lives (between 2 and 10 years). The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the profit and loss account.

Deferred Acquisition costs

Deferred acquisition costs are expenses of the company that are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. Deferred acquisition costs are amortised in equal instalments over the life of the reinsurance contracts. The amortisation is included in the operating expenses.

Equalisation policy

The company calculates an equalisation provision in line with its requirements under the EU Directive 2005/68/EC, which was brought into force in Ireland on July 14th, 2006. In accordance with Regulation 24 (2) of the EC (Reinsurance) Regulations 2006, the Financial Regulator has authorised Atradius Reinsurance Limited to calculate its equalisation reserves in accordance with Method 1 of the methods set out in point D of the Annex to the Non-Life Insurance Business Directive. If Atradius Reinsurance Limited wishes to change the method of calculation of its equalisation reserve the prior approval of the Financial Regulator is required.

Pension costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

Taxation

Current tax, including Irish corporation tax and foreign tax, is provided on the company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign exchange

Transactions denominated in foreign currencies are translated into Euro (functional currency) at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2 Segmental Information

(a) Analysis of gross premiums written, gross premiums earned, gross claims incurred and gross operating expenses by class of business:

	Gross Premiums written 2012 €'000	Gross Premiums earned 2012 €'000	Gross Claims incurred 2012 €'000	Gross Operating expenses 2012 €'000	Outward Insurance 2012 €'000	Technical Result 2012 €'000
Credit Reinsurance	333,586	319,996	(129,149)	(162,983)	(15,238)	12,626
Bond Reinsurance	80,780	71,840	(38,738)	(29,596)	1,778	5,284
Total	**414,366**	**391,836**	**(167,887)**	**(192,579)**	**(13,460)**	**17,910**

	Gross Premiums written 2011 €'000	Gross Premiums earned 2011 €'000	Gross Claims incurred 2011 €'000	Gross Operating expenses 2011 €'000	Outward Insurance 2011 €'000	Technical Result 2011 €'000
Credit Reinsurance	299,424	293,303	(113,700)	(150,000)	(26,744)	2,859
Bond Reinsurance	71,669	65,773	(19,794)	(27,547)	(7,301)	11,131
Total	**371,093**	**359,076**	**(133,494)**	**(177,547)**	**(34,045)**	**13,990**

b) Gross premiums written resulting from contracts concluded in:

	2012 €'000	2011 €'000
EU Countries	223,910	220,536
Other Countries	190,456	150,557
Total	**414,366**	**371,093**

3 Claims incurred net of reinsurance

	Gross €'000	Reinsurance €'000	Net €'000
2012			
Outstanding claims brought forward	(379,775)	52,539	(327,236)
Movement on provision	(13,147)	(1,855)	(15,002)
Foreign exchange movement on opening provisions	1,711	(94)	1,617
Outstanding claims carried forward	**(391,211)**	**50,590**	**(340,621)**
2011			
Outstanding claims brought forward	(352,526)	62,082	(290,444)
Movement on provision	(19,836)	(14,346)	(34,182)
Foreign exchange movement on opening provisions	(7,413)	4,803	(2,610)
Outstanding claims carried forward	**(379,775)**	**52,539**	**(327,236)**

Material net over provisions for claims at the beginning of the year as compared with net payments and provisions at the end of the year in respect of prior year claims were €70,415,830 on the credit line and €1,029,580 on the bond line (2011 material net over provision of €58,548,655 on the credit line and €3,892,905 on the bond line).

4 Unearned premiums

	Gross €'000	Reinsurance €'000	Net €'000
2012			
Provision for unearned premium brought forward	(135,954)	9,892	(126,062)
Movement on unearned premium	(22,530)	3,559	(18,971)
Foreign Exchange movement on opening provisions	5,144	(669)	4,475
Provision for unearned premium carried forward	**(153,340)**	**12,782**	**(140,558)**
2011			
Provision for unearned premium brought forward	(123,499)	8,754	(114,745)
Movement on unearned premium	(12,017)	281	(11,736)
Foreign Exchange movement on opening provisions	(438)	857	419
Provision for unearned premium carried forward	**(135,954)**	**9,892**	**(126,062)**

5 Net operating expenses

	2012 €'000	2011 €'000
Net acquisition costs	137,521	144,224
Change in deferred acquisition costs	(7,828)	(4,856)
Administrative expenses	8,307	7,406
Net operating expenses	**138,000**	**146,774**

6 Profit on ordinary activities before taxation

	2012 €'000	2011 €'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	72	71
Rentals under operating leases:		
• Land and buildings	331	245
• Other	39	25
Depreciation	73	52

7 Staff costs

	2012 €'000	2011 €'000
Wages and salaries	2,231	2,131
Social security costs	244	234
Pension costs	161	151
Other Costs	281	66
	2,917	**2,582**

The average weekly number of employees, including executive directors, during the year was comprised as follows:

	2012	2011
Reinsurance activities	9	9
Support and administration	14	14
	23	**23**

8 Auditors' remuneration

Auditors' remuneration for work carried out for the Company in respect of financial year is as follows:

	2012 €'000	2011 €'000
Audit of individual company accounts	72	71

There was no auditors' remuneration in respect of other assurance services, tax advisory services or other non-audit services

9 Directors

	2012 €'000	2011 €'000
Directors' emoluments:		
• Salaries	1,062	985
• Pensions	81	81
	1,143	**1,066**

10 Employee pension scheme

Eligible staff are members of the defined contribution scheme operated by the Company. The pension cost charged to the profit and loss account for the year was €242,002 (2011: €233,050) and was fully paid in 2012.

11 Taxation on profit on ordinary activities

	2012 €'000	2011 €'000
Corporation tax:		
Irish tax	(6,073)	(961)
Deferred tax movement	1,345	(1,659)
	(4,728)	**(2,620)**

The current tax charge for the year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to the profit on ordinary activities before tax. The difference is explained below:

	2012 €'000	2011 €'000
Profit on ordinary activities before tax	**48,138**	**20,950**
Profit on ordinary activities multiplied by the standard rate of Irish corporation tax for the year of 12.5% (2011: 12.5%)	(6,017)	(2,619)
Effects of:		
Disallowable expenses and other items	(1)	(2)
Depreciation in excess of capital allowances	(4)	(3)
(Under) / Over provision in respect of prior years	(51)	4
Utilisation of / (increase in) tax losses	-	1,659
	(6,073)	**(961)**

12 Investments

	Market Value		Purchase Price	
	2012	2011	2012	2011
	€'000	€'000	€'000	€'000
Equities - listed	46,053	41,873	45,743	48,278
Debt securities and other fixed income securities – listed	578,702	562,611	570,299	562,553
	624,755	**604,484**	**616,042**	**610,831**

For debt securities and other fixed income securities the amount repayable at maturity totals €564,937k (2011: €554,080k).

13 Debtors arising out of reinsurance operations

	2012	2011
	€'000	€'000
Amounts owed by holding and fellow subsidiary undertakings	27,080	29,874
Amounts owed by third parties	113,964	93,383
	141,044	**123,257**

14 Other assets

	2012	2011
	€'000	€'000
Deferred Tax Assets	4	-
Current Tax Assets	15	208
Fixed Assets	349	322
Deferred Acquisition Costs	54,961	47,134
Other Assets	989	900
	56,318	**48,564**

15 Equalisation provision

	2012 €'000	2011 €'000
Opening Balance	42,217	26,174
Increase in provision	34,542	16,043
Closing Balance	**76,759**	**42,217**

The Company's technical result, for the year ended 31 December 2012, for Credit business was €47,334k (2011: €21,391k). Net written premium for credit business was €287,851k (2011: €259,509k) An increase in the provision was booked of €34,542k (2011: €16,043k) calculated in accordance with Method 1 of the methods set out in point D of the Annex to the Non-Life Insurance Business Directive.

16 Creditors arising out of reinsurance operation

	2012 €'000	2011 €'000
Amounts owed to holding and fellow subsidiary undertakings	20,192	42,950
Amounts owed to third parties	16,469	13,345
	36,661	**56,295**

17 Other creditors

	2012 €'000	2011 €'000
Tax and social security	949	2,654
Other creditors	12,041	12,825
	12,990	**15,479**

18 Deferred Tax Liability

	2012 €'000	2011 €'000
Opening Balance	(1,341)	(1,341)
Movement	1,341	-
Closing Balance	**-**	**(1,341)**

The above deferred tax liability related to unrealised losses on investments.

19 Shareholders' funds

	Share Capital €'000	Capital Contribution €'000	Profit & Loss €'000	Total €'000
As at 1 January 2011	635	139,054	173,958	313,647
Profit for the year	-	-	18,330	18,330
As at 31 December 2011	635	139,054	192,288	331,977
Profit for the year	-	-	43,410	43,410
Dividends Paid	-	-	(40,352)	(40,352)
As at 31 December 2012	**635**	**139,054**	**195,346**	**335,035**

20 Operating lease commitments

At 31 December 2012 the company was committed to making the following annual payments in respect of non-cancellable operating leases

	2012 €'000
Leases which expire:	
• 1-5 years	2
• After 5 years	187
	189

21 Commitments

As at 31 December 2012, there were collaterised letters of credit and reinsurance trusts issued in the amount of €47,029k (2011: €47,720k). These letters of credit and reinsurance trusts are issued in relation to our clients' regulatory requirements.

There were no capital commitments outstanding at 31 December 2012.

22 Cash flow statements

The company has availed of the exemption in Financial Reporting Standard No 1 (Revised 1996 ("Cash Flow Statements") which permits qualifying subsidiaries of a parent undertaking which publishes consolidated financial statements, which include the subsidiary, not to produce a cashflow statement.

23 Immediate and ultimate parent company

Atradius Investments Limited (formerly NCM Investments Limited), a company incorporated in Ireland, is the company's parent company. Financial statements for Atradius Investments Limited are available from 2nd Floor, La Touche House, International Financial Services Centre, Dublin 1.

Atradius Investments Limited is a subsidiary of Atradius N.V., a company incorporated in the Netherlands. Atradius N.V.'s ultimate parent is Grupo Catalana Occidente, S.A, a company incorporated and listed in Spain.

The smallest and largest group into which the financial statements of Atradius Reinsurance Limited are consolidated is Grupo Catalana Occidente, S.A.

24 Events after the reporting date

A dividend of €18,000,000 (2011: €40,352,292) was paid on 27 March 2013 to the company's immediate parent company, Atradius Investments Limited.

25 Related party disclosures

The company has availed of the exemption permitted under FRS 8 paragraph 3(c) not to disclose transactions with other group companies on the basis that the consolidated financial statements of Grupo Catalana Occidente S.A. are publicly available as referred to in note 23.

26 Approval of financial statements

The directors approved the financial statements on 22 April, 2013.

Other Information

Independent Auditor
Deloitte and Touche
Chartered Accountants
and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Bankers
RBS (The Royal Bank of Scotland Group PLC)
Gustav Maherlaan 350
1100 AX
Amsterdam
The Netherlands

Solicitors
William Fry Solicitors
Fitzwilton House
Wilton Place
Dublin 2

Registered office
2nd Floor
La Touche House
International Financial Services Centre
Dublin 1

Atradius Reinsurance Ltd
2nd Floor
La Touche House
International Financial Services Centre
Dublin 1
Republic of Ireland

Phone: +353 (0)1 602 9200
Fax: +353 (0)1 686 4705