Atradius Re

Annual Report 2016

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Atradius Reinsurance Limited

Directors' Report and Audited Financial Statements

Year ended 31 December 2016

Registered No: 276690
VAT No: 8276690Q
Reinsurance Licence No: C38084

Atradius Re

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Directors

Executive Directors

Daniel Stausberg
Managing Director
(German)

Niamh Derivan
Finance Director
(Irish)

Non-Executive Directors

David Capdevila
Chairman of the Board
(Spanish)

Marc Henstridge
(British)

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 2016.

Principal activity and review of the business

Atradius Reinsurance DAC ("Atradius Re") is a leading market reinsurer providing capacity to primary insurance companies in credit and bonding insurance.

Atradius Re currently assumes business from over 60 countries, on all continents, maintaining a balanced diversity within the portfolio. The underlying business consists of around 58% credit insurance and 42% bonding, based on premium volume. The business is underwritten by a multilingual, highly trained and experienced, international team of underwriters at Atradius Re's offices in Dublin, Ireland.

Atradius Re has created long-standing relationships with its clients and specialist brokers. The quality of these client and broker relationships is underscored by the Company's unique offering: combining the Atradius Group's skills in the primary underwriting of credit insurance and bonding risks with its own distinctive approach and expertise in structuring reinsurance solutions. In this way Atradius Re can anticipate and respond to its clients' specific and changing needs. It continues to evolve and succeed in the face of increasing competition and is one of only very few reinsurers to have the capacity to re-underwrite. Those services create a very distinctive added value to its clients. Moreover, because it can cross-promote and thus provide an evolving portfolio of additional expert services, Atradius Re is widely acknowledged to play an important role in the international development and growth of the credit and bonding insurance industry, particularly in emerging markets. The Company is an active member of and contributor to ICISA, PASA, DIMA and the Aman Union.

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 provisions of the European Union (Insurance and Reinsurance) regulations, 2015. It is authorised to write business as a foreign reinsurer globally and is licensed and/or registered individually in Argentina, Bolivia, Chile, China, Colombia, Ecuador, Guatemala, India, Mexico, Paraguay, the Republic of Panama, Uruguay and Venezuela.

Atradius Reinsurance DAC ("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.

Profit for the year and future developments

In 2016, Atradius Re once more achieved positive results, in an ongoing uncertain environment. The profit and loss account for the year ended December 31, 2016, can be seen on pages 12 and 13.

KEY PERFORMANCE INDICATORS	2016	2015
	€'000	€'000
Group reinsurance revenue	324,602	315,150
Third party reinsurance revenue	132,024	134,744
Total Revenue	456,626	449,894
Gross Claims ratio %	55%	55%
Gross Expenses and commissions ratio %	41%	42%
Gross Combined operating Ratio %	96%	97%
Total Assets	1,384,587	1,267,200
Total Liabilities	725,938	796,547

Reinsurance revenue from the Atradius Group grew by 3.0% (2015: 4.3%). This growth is as a result of increasing levels of new business and of maintaining an excellent customer retention level of 93%. There has been an increase in group claims activity, mainly due to increased claims from the Global unit, particularly from Brazil, and the Special Products unit.

Third party reinsurance revenue for 2016 of €132.0 million has fallen slightly from €134.7 million in 2015, following the decision to take targeted cycle management actions earlier in the year. The success of these measures is reflected in the significant decrease in claims expenses (21.9%) compared to last year. The strategy, for 2017, is to diversify and evolve the portfolio by region, country and business type, with a focus on Asia, the Middle East, Africa and Latin America, and to organically develop the existing book. That said, the low oil price and demand crisis in the commodity markets continue to result in uncertainty of economic conditions, especially in emerging markets that have a higher dependency on commodity trade and oil revenue.

The expenses and commissions ratio combined has decreased by 1%, to 41%. This is due to reductions in commissions costs.

Following the introduction on 1 January 2016 of Solvency II as the new regulatory regime applicable to (re)insurance companies, an equalisation provision is no longer required in accordance with FRS 103 Insurance Contracts. Consequently, the opening equalisation provision, totalling €117 million, has been derecognised and unwound in full in 2016.

The persistent low yield environment continues to have a negative impact on Interest Income. Total Investment Income has decreased as 2015's results included large realised gains, of €13 million, compared to 1 million in financial year 2016. However, movement on unrealised gains/losses during the year is a positive €7.7 million. The Company's investment strategy has remained on course with a focus on preserving capital to avoid large losses on the investment portfolio.

No dividend is expected to be paid, during 2017, to the Company's immediate parent company, Atradius Investments Limited (2016: nil).

The Company's key objective and long term strategy includes secured net profits, sustainable growth and a strong capital position.

Outlook

The outlook for 2017 is that the rate of global economic development will increase but growth figures are still below historical averages. Economic conditions will remain challenging as a result of political uncertainties and insolvency forecasts remain subdued, especially in the context of rising uncertainty surrounding Brexit. Balancing these factors to manage risk will be demanding and at Atradius Re we will use our wealth of expertise to guide our customers toward profitable trade and business growth. As well as guiding our customers we will continue to focus on our own business to ensure we maintain our strong capital position so that we can withstand financial stress, meet our financial obligations and ultimately deliver shareholder value.

Events after the reporting date

There were no events after the reporting date affecting the Company.

Credit Rating

In 2016, the Atradius Group had credit ratings from A.M. Best and Moody's.

A.M. Best rates the key operating entities of the Atradius Group, which includes Atradius Reinsurance DAC, with a financial strength rating of 'A excellent, outlook stable' and Moody's with 'A3, outlook stable', a testament to the group's sound performance, geographic diversification, and strong competitive position within the global trade credit insurance market.

Risk management

As a global reinsurance company, Atradius Re is exposed to many and varied risks linked both to the nature of our business and to the external environment.

The risks to which the Company 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 ensure that all risks assumed are in line with the risk appetite of the Company.

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 arise out of developments in financial markets and with counterparties – including market risk, credit risk and liquidity risk. Operational risk is the risks of direct or indirect losses resulting from human error, inadequate or failed internal processes, systems or external events – and includes fraud risk

We refer, for a description of the Company's main risks and uncertainties, and how these are managed, to note 3, Risk and Capital Management, in the financial statements.

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 Atradius 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 Corporate Governance Requirements for Insurance Undertakings 2015, but does not fall in scope of the additional requirements for major institutions. Atradius Re has established a separate Audit Committee and Risk Committee as required under the 2013 Corporate Governance Code.

Directors' Compliance Statement

The Directors are responsible for securing the company's compliance with its relevant obligations and confirm that the following have been done:

- the drawing up of a compliance policy statement setting out the company's policies that, in the opinion of the Directors, are appropriate for the company regarding compliance by the company with its relevant obligations;
- the putting in place of appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with the company's relevant obligations; and
- the conduct of a review of such arrangements or structures during the relevant financial year.

Capital Management

Atradius Re seeks to maintain a strong capital position, helping us to support the evolution of our business, withstand financial stresses, meet our financial obligations and ultimately deliver shareholder value.

Shareholders' funds at the end of 2016 are €658.7 million, increased from €470.6 million at the end of 2015. This increase is due to results after tax and a subordinated loan, provided by the Atradius Group's shareholders, during the year, of €75 million.

The loan is to be treated as Tier II capital. The rationale for the additional capital contribution in the form of a subordinated loan was to further reinforce the solvency II capital position of Atradius Re.

Solvency II

On 1 January 2016, a full scale revision of the solvency framework and prudential regime applicable to insurance and reinsurance companies in the European Economic Area was implemented. The new regulatory regime, known as "Solvency II", aims to create a harmonised, risk-oriented solvency regime which incorporates capital requirements for (re)insurance companies that are more reflective of the risks they incur.

From 1 January 2016, Atradius Re's capital is quantified using the standard formula established in the Solvency II regulations. Thus, the company's solvency ratio is the result of comparing the equity of the entity at market value (economic capital) to the mandatory solvency capital requirement (SCR). Atradius Re, and its parent and ultimate parent company, reflect a solid solvency ratio.

Atradius Re has been modelling economic capital requirements for many years. Working closely with Atradius Re, the Atradius Group have developed their own model, using the main risk drivers of the credit insurance and bonding business such as exposure volume, buyer quality, correlations and underwriting strategy. Since the results of this model more closely reflect the business and risk profile of both Atradius Re, and the Atradius Group, than does the Solvency II Standard Formula, Atradius Re plans to use its internal model to calculate part of its regulatory requirements.

For that reason, Grupo Catalana Occidente (GCO), as parent company of Atradius Re, has formally submitted the partial internal model for credit and suretyship line of business for approval to the College of Supervisors. Until approval is granted, the Standard Formula will be used for regulatory purposes and the proprietary model will be used for internal decision-making purposes.

Directors, secretary and their interests

The directors who served during the financial period and the present directors of the Company are listed on page 2. The directors and secretary had no interests in the shares of the Company or any other group undertakings at 31 December 2016 and 2015.

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.

Companies Act 2014

Following the enactment of the Companies Act 2014, on 23 December 2014, the main operative provisions of the Act became effective from 1 June 2015. The Act had the effect that Atradius Reinsurance Limited, as an insurance undertaking, was required to convert to a designated activity company ("DAC") before the conclusion of fifteen months from the commencement date of the Act - that is, in advance of 31 August 2016. Atradius Re concluded this conversion process on 22 August 2016 and is now referred to as "Atradius Reinsurance Designated Activity Company".

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 2014, at any time during the financial year ended 31 December 2016.

Accounting Records

In accordance with Section 281 to 285 of the Companies Act, 2014, the measures taken by the directors to secure compliance with the Company's obligation to keep proper accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the registered office of the Company.

Statement of Relevant Audit information

The Directors at the time when the directors' report is approved have confirmed that:

- so far as that the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that the Directors have taken all the steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors Note

In accordance with Section 383 (1) of the Companies Act, 2014, the independent auditors, Deloitte, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office.

Going Concern

The directors continue to adopt the going concern basis of accounting in preparing the annual financial statements, in the reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Political Donation

There were no political donations during the financial year, 2016 (2015: Nil).

On behalf of the Board

Daniel Stausberg
Managing Director

Niamh Derivan
Finance Director

6th April 2017

Directors’ Responsibilities Statement

The directors’ are responsible for preparing the directors’ report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts (“relevant financial reporting framework”). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors’ report comply with the Companies Act 2014 and enable the financial statements to be audited.

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 DAC for the financial year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 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 the 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2016 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

Independent Auditors' Report

To the members of Atradius Reinsurance Limited

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Glenn Gillard
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin
6th April 2017

Profit & Loss Account

Financial Year Ended 31 December 2016

Profit & Loss Account

TECHNICAL ACCOUNT GENERAL REINSURANCE BUSINESS	Note	2016 €'000	2015 €'000
Gross premiums written	4	486,180	459,118
Unearned premiums	7	(29,554)	(9,224)
Gross premiums earned	4	**456,626**	**449,894**
Outward reinsurance premiums		(56,284)	(57,406)
Unearned outward reinsurance premiums	7	8,147	6,091
Outward reinsurance premiums earned		(48,137)	(51,315)
Net earned premiums		**408,489**	**398,579**
Total Technical Income		408,489	**398,579**
Gross claims paid		260,556	212,610
Reinsurers' share		(32,436)	(15,137)
Net claims paid		**228,120**	**197,473**
Gross change in the provision for claims	6	(5,525)	33,803
Reinsurers' share	6	2,512	(13,848)
Net change in the provision for claims		**(3,013)**	**19,955**
Claims incurred, net of reinsurance		**225,107**	**217,428**
Change in equalisation provision	19	(116,983)	(4,237)
Net operating expenses	8	177,135	177,618
Total Technical Charges		**285,259**	**390,809**
Balance on the Technical Account for General Business		**123,230**	**7,770**

Profit & Loss Account

NON-TECHNICAL ACCOUNT	Note	2016 €'000	2015 €'000
Balance on the Technical Account for General Reinsurance Business		**123,230**	**7,770**
Investment income	5		
- income from investments		5,811	5,442
- gain on the realisation of investments		1,172	13,022
- loss on the realisation of investments		(1,496)	(44)
Other charges and expenses			
- exchange (losses)		(3,616)	(2,786)
- interest on subordinated loan		(2,612)	-
- investment administration		(814)	(651)
- impairment of Shares		(218)	(66)
Profit on ordinary activities before tax		**121,457**	**22,687**
Tax on profit on ordinary activities	14	(15,182)	(2,833)
Profit on ordinary activities after tax		**106,275**	**19,854**

All of the above amounts derive from continuing operations.

The accompanying notes form an integral part of the financial statements

Balance Sheet

Financial Year Ended 31 December 2016

Balance Sheet

ASSETS	Note	2016 €'000	2015 €'000
Investments			
Financial investments	15	941,894	836,062
Deposits with ceding undertakings		26,789	28,524
		968,683	864,586
Reinsurers' share of technical provisions			
Provision for unearned premium	7	27,288	18,607
Claims outstanding	6	57,522	56,441
		84,810	75,048
Debtors			
Debtors arising out of reinsurance operations	16	167,469	154,725
Tangible assets	17	138	174
Other assets			
Cash at bank and in hand		81,553	100,899
Other assets	18	72,309	62,126
		153,862	163,025
Prepayments and accrued income			
Accrued interest and commission		9,625	9,642
Total assets		**1,384,587**	**1,267,200**

Balance Sheet

LIABILITIES & SHAREHOLDERS' FUNDS	Note	2016 €'000	2015 €'000
Capital and reserves			
Called up share capital presented as equity	23	635	635
Capital contribution		279,054	279,054
Subordinated loan	25	75,000	-
Revaluation reserve		14,418	7,695
Profit and loss account		289,542	183,269
Shareholders' funds	23	658,649	470,653
Technical provisions			
Provision for unearned premium	7	198,878	166,205
Claims outstanding	6	457,777	455,528
Equalisation Provision	19	-	116,983
		656,655	738,716
Creditors			
Unearned Reinsurance Commission		5,731	5,262
Creditors arising out of reinsurance operations	20	43,541	36,444
Deposits withheld from reinsurers		400	410
Other creditors	21/22	19,611	15,715
		69,283	57,831
Total liabilities and shareholders' funds		**1,384,587**	**1,267,200**

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

On behalf of the Board

Daniel Stausberg
Managing Director

Niamh Derivan
Finance Director

6th April 2017

Statement Of Comprehensive Income

	Note	2016 €'000	2015 €'000
Results for the financial year		106,275	19,854
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Net fair value (losses)/gains on available-for-sale financial investments		7,681	(11,334)
Income tax relating to items that may be reclassified		(960)	1,417
Other comprehensive income for the financial year, net of tax	23	6,721	(9,917)
Total comprehensive income for the financial year attributable to the owners of the company		**112,996**	**9,937**

Statement Of Changes In Equity

	Share Capital €'000	Capital Contribution €'000	Revaluation Reserve €'000	Sub-ordinated Loan	Profit & Loss Account €'000	Total €'000
As at 31 December 2014	**635**	**139,054**	**17,612**	**-**	**186,575**	**343,876**
Profit for the financial year	-	-	-	-	19,854	19,854
OCI	-	-	(9,917)	-	-	(9,917)
Dividends paid	-	-	-	-	(23,160)	(23,160)
Capital contribution	-	140,000	-	-	-	140,000
As at 31 December 2015	**635**	**279,054**	**7,695**	**-**	**183,269**	**470,653**
Profit for the financial year	-	-	-	-	106,275	106,275
OCI	-	-	6,721	-	-	6,721
Subordinated Loan	-	-	-	75,000	-	75,000
As at 31 December 2016	**635**	**279,054**	**14,416**	**75,000**	**289,544**	**658,649**

Notes to the Financial Statements

1 Accounting Policies

General information

Atradius Reinsurance DAC is a company incorporated in the Republic of Ireland authorised by the Central Bank of Ireland to carry out credit and bond reinsurance business. The registered office is 2nd Floor, La Touche House, International Financial Services Centre, Dublin 1. The nature of the company's operations and it principle activities are set out in the directors report on pages 4 to 8.

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The company is also subject to the requirements of the Companies Acts 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

In accordance with FRS 103, the Company has applied existing accounting policies for insurance contracts.
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors ' report.

These financial statements represent the results of the Company only. The Company is consolidated into the Group Accounts of its ultimate parent company, Grupo Catalana Occidente, incorporated in Spain.

Atradius Reinsurance is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view. For this reason the Company qualifies to avail of the exemption under FRS 102 section 1.12, from the obligation to prepare a Statement of Cash flows.

Foreign currencies

The presentation currency of the Company is Euro. The financial statements of the company are presented in the currency of the primary economic environment in which it operates (its functional currency). The financial statements are presented in thousands of Euro (€).

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.

Reinsurance Classification

The Company's contracts are classified at inception, for accounting purposes, as reinsurance contracts. A contract that is classified as a reinsurance contract remains so such until all rights and obligations under the contract are extinguished or expire. Reinsurance contracts are contracts under which certain insurance risks of the primary insurer are agreed to be reinsured by the reinsurer in accordance with the contractual terms of the reinsurance contract.

Revenue Recognition

Premiums

Premiums written relate to business incepted during the financial period, together with any difference between booked premiums for prior financial 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.

Unearned premiums represent the proportion of premiums written in the financial year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportioned basis.

Interest income

Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition would be immaterial.

Dividend income

Dividend income is recognised in the income statement on the date that the Company's right to receive payment is established.

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. The tax expense represents the sum of the tax currently payable and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from total comprehensive income as reported in the financial statements because it excludes items of income or expense that are deductible in other financial years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively 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 it's 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.

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 5 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.

Retirement benefit 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.

Recognition of financial assets and liabilities

Financial assets and liabilities are recognised only when the Company enters into the contractual provisions of the instrument i.e. at the time the Company has contractual rights or obligations.

Initial and subsequent measurement

Available for sale financial investments
Financial investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Realised gains and losses arising from changes in the fair value of these investments are presented in the non-technical account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of financial investments classified as available-for-sale are recognised in other comprehensive income net of tax. When financial investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net gains or losses on financial investments.

Receivables
Receivables (including deposits) are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market. Receivables arising from reinsurance contracts and deposits withheld by ceding companies are also classified in this category. They are initially recognised at fair value plus transaction costs and subsequently at fair value.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Fair Value of financial assets and liabilities

The estimated fair value of the Company's financial assets and liabilities equals their carrying value. The fair values correspond with the price, at our best estimate, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, valuation techniques are used which are based where practicable on market prices of comparable instruments or parameters from comparable active markets (market observable data). For a detailed description of how the Company determines fair value, see Fair Value of Financial Assets and Liabilities under Financial Risk.

Derecognition of financial assets and liabilities

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

Expenses

Net reinsurance claims

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

Net operating expenses

Net operating expenses comprise administrative expenses and commissions. Total administrative expenses are expenses associated with selling and administrative activities (excluding commissions) after reallocation of claims handling expenses to insurance claims.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured as the salary cost payable for the period of absence.

Reinsurance contracts

Claims incurred

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.

Acquisition costs

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

Provisions for outstanding claims

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.

Provisions for unearned premiums

The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries, that is estimated to be earned in subsequent periods. The change in the provision is recorded in the income statement to recognise revenue over the period of the risk.

Liability adequacy

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

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.

Reinsurance contracts (Outwards)

The company enters into reinsurance contracts in the normal course of business in order to limit its potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the company will not be able to collect the amounts due from reinsurers.
Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

Equalisation policy

Following the introduction on 1 January 2016 of Solvency II as the new regulatory regime applicable to (re)insurance companies, subsequent to the enactment by S.I. 485 of the European Insurance and Reinsurance Regulations 2015, an equalisation provision is no longer required in accordance with FRS 103 Insurance Contracts. Consequently, the opening equalisation provision has been derecognised and unwound in full in the financial year (See note 19).

Subordinated Loan

The subordinated loan is recognised initially at fair value, net of transaction costs incurred. The subordinated loan is subsequently stated at amortised cost. The difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the fixed period of the debt during which the interest is fixed using the effective interest method. Interest payable is reported under other liabilities.

2 Critical accounting estimates and judgments in applying accounting policies

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuations of liabilities of reinsurance contracts

For non-group business, premium estimates and reserves are set on a contract to contract basis by the company actuary in consultation with the reinsurance underwriter. 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 incorporating standard actuarial statistical techniques to evaluate the appropriate earned income, reserves setting and costs basis for each reinsurance contract. The performance of each reinsurance contract is regularly reviewed for past underwriting year performance and development and triangulation development to ensure reserves for that contract are maintained or adjusted as appropriate.

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.

Measurement of fair value

The Company measures some of its financial instruments at fair value for financial reporting purposes. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Impairment of available-for-sale equity financial investments

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

3 Risk & Capital Management

Risk management

As a global reinsurance provider, the Company recognises the importance of risk management. The company has introduced a strong governance and associated internal control system within the organisation. As part of the Atradius Group and based on additional regulatory requirements, the company continues to strengthen its risk management capabilities by broadening risk management scope and enhancing the existing risk management tools.

The relationship between risk and capital is fundamental. Understanding how risk-taking consumes capital allows management to steer the company and take strategic decisions based on risk. These decisions are increasingly being driven by the outcome of the economic capital model. In addition, risk management and the relationship between risk and capital play a central role in the regulatory regime, Solvency II, that is in force since 1 January, 2016.

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

Risk Classification
The Company has classified its risks as insurance, financial and operational. Insurance risks are the risks of financial loss as a direct result of providing 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 inadequate or failed internal processes, people, systems or external events.

Insurance risk

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from organisations that are directly subject to underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

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.

Reinsurance products, their sensitivity to insurance risk, mitigations and controls
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 independent actuarial review of reserves is carried out, providing an independent best estimate comparison to the company's reserves to support the business.

Insurance risk management tools

Atradius Re transfers a portion of its insurance risk to external reinsurers/retrocessionaires, through a number of reinsurance arrangements that include quota share and excess of loss treaties. The reinsurance treaties are reviewed annually and it is the Company's policy to select only reinsurers that have a high quality standard of solvency/rating. The normal minimum requirement is an 'A' level rating.

Concentration risk

Total Potential Exposure ("TPE")

The Company is exposed to concentration risk in a number of ways: by ceding company, by country/region or by market. The tables below illustrate the exposures at the end of 2016 and 2015 in terms of the sum of credit limits issued by our clients to their policyholders. This is referred to as total potential exposure or TPE.

TPE is an approximate upper boundary to real exposure, in the sense that limits issued by our clients to their policyholders does not necessarily give rise to a credit risk at a specific point in time. The real outstanding exposure under limits to a policyholder is not known in credit insurance. The 'usage' of limits is, on average, much smaller than the amount of the limit.

Exposures must be managed in order to monitor accumulations of risks across cedents and assess the potential risk of claims occurring from the failure of individual companies (or a group of related companies). The Total Potential Exposure is composed of named risk (i.e. buyers that are clearly identified) and unnamed risk. Accumulation is monitored on the named risks as these are a cedents largest risks.

For Credit reinsurance the amount monitored is the maximum accumulation of credit limits issued by the ceding company to their policyholders on any one buyer, or group depending on the treaty risk definition. For Bonding the amount used is the maximum accumulation of bonds issued by the ceding company to any one client.

By nature the portfolio diversification is high with a well-diversified geographical spread. As can be seen from the tables below, our principal concentrations are in Europe, due mainly to Group business that we assume from Atradius Credit Insurance and also non group third party business. Our exposures in Asia and South America are mainly attributable to our third party Non Group business, which is outside the risk assumed from the primary markets of Atradius Credit Insurance, thus contributing positively to our diversification profile. Within all of these regions, a well-diversified spread by country and cedant is maintained.

	TPE 2016 €'000	%	TPE 2015 €'000	%
Europe	121,698,929	70.28%	112,268,697	68.77%
Asia	20,245,594	11.69%	19,620,726	12.02%
North America	19,430,797	11.22%	17,203,372	10.54%
South America	7,364,497	4.25%	9,975,624	6.11%
Oceania	3,890,694	2.25%	3,548,150	2.17%
Africa	538,350	0.31%	642,010	0.39%
Total	**173,168,861**	**100.00%**	**163,258,579**	**100.00%**

Factors affecting the frequency and severity of claims

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

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

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

Sources and Assumptions

Sources of uncertainty in the estimation of future claims payments

The insurance liabilities that cover claims experience after the reporting period for risks that have been accepted before the end of the reporting period consist of two elements: the provision for unearned premium (UPR) and the claims provisions for claims 'incurred but not reported', the IBNR. UPR relates to the unearned part of premium invoiced in advance and to risks that have not started. IBNR is the company's estimate for future claims payments that will result from risks taken on, but for which no claims notification has been received

Assumptions, change in assumptions and sensitivity

The risks associated with credit reinsurance and bonding are complex, as will be clear from the above and are subject to a number of influences that are not particularly open to quantitative sensitivity analysis. However, this section describes the quantitative sensitivity analysis that is feasible.

Set out below are results of sensitivity testing on the claims ratios, showing the impact on profit before tax & shareholders' equity gross, net of reinsurance and by line of business. This sensitivity analysis is the result of a change in a single factor, with other assumptions unchanged.

2016	Pre-tax profit			Shareholders' equity		
	Credit €'000	Bonding €'000	Total €'000	Credit €'000	Bonding €'000	Total €'000
5% increase in loss ratios						
Gross	(10,697)	(2,055)	(12,752)	(9,360)	(1,798)	(11,158)
Net	(9,050)	(2,205)	(11,255)	(7,919)	(1,929)	(9,848)
5% decrease in loss ratios						
Gross	10,697	2,055	12,752	9,360	1,798	11,158
Net	9,050	2,205	11,255	7,919	1,929	9,848

2015	Pre-tax profit			Shareholders' equity		
	Credit €'000	Bonding €'000	Total €'000	Credit €'000	Bonding €'000	Total €'000
5% increase in loss ratios						
Gross	(10,476)	(1,844)	(12,320)	(9,166)	(1,613)	(10,779)
Net	(9,153)	(1,718)	(10,871)	(8,009)	(1,503)	(9,512)
5% decrease in loss ratios						
Gross	10,476	1,844	12,320	9,166	1,613	10,779
Net	9,153	1,718	10,871	8,009	1,503	9,512

The company's method for sensitivity testing has not changed significantly from the prior financial year.

Claims development tables

The Claims development tables provide an overview of how the Company's recognised claims costs for underwriting years 2009-2016 have changed at successive financial year ends. This overview also provides a breakdown of the claims provisions that are held against each underwriting year as at 31 December 2016. Underwriting year here means the treaty year.

Claims – Gross

Claims development per underwriting year – (EUR million)

Year when risk was taken	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of gross claims incurred:									
at the end of the year when risk was taken	172,017	130,415	175,767	193,145	181,956	204,319	223,079	204,288	
one year later	157,634	123,778	166,538	193,589	174,348	257,978	258,836		
two years later	158,613	122,125	167,874	200,786	182,935	288,825			
three years later	150,243	117,133	168,588	212,574	186,931				
four years later	144,870	119,107	159,652	207,739					
five years later	144,033	111,372	161,319						
six years later	140,353	110,966							
seven years later	138,248								
Current estimate of cumulate claims	138,248	110,966	161,319	207,739	186,931	288,825	258,836	204,288	**1,557,152**
Cumulative payments to date	128,312	101,450	142,571	177,232	154,165	215,648	170,544	52,729	**1,142,651**
Claims provision at 31 Dec 2016 in respect of 2009-2016	9,936	9,516	18,748	30,507	32,766	73,177	88,292	151,559	**414,501**
In respect of prior years (before 2009)									**43,276**
Total									**457,777**

Claims – Ceded

Claims development per underwriting year – (EUR million)

Year when risk was taken	2009	2010	2011	2012	2013	2014	2015	2016	Total
Estimate of gross claims incurred:									
at the end of the year when risk was taken	7,927	13,935	14,647	26,157	6,558	9,875	25,447	16,418	
one year later	9,885	12,657	12,085	25,397	9,196	23,843	34,812		
two years later	10,351	13,493	12,571	26,484	14,811	36,107			
three years later	9,876	12,688	12,335	23,404	15,665				
four years later	9,412	12,831	10,390	21,814					
five years later	9,591	10,611	10,207						
six years later	8,433	10,522							
seven years later	8,336								
Current estimate of cumulate claims	8,336	10,522	10,207	21,814	15,665	36,107	34,812	16,418	**153,881**
Cumulative payments to date	8,333	10,264	9,822	18,878	9,379	26,225	19,899	919	**103,719**
Claims provision at 31 Dec 2016 in respect of 2009-2016	3	258	385	2,936	6,286	9,882	14,913	15,499	**50,162**
In respect of prior years (before 2009)									**7,358**
Total									**57,520**

Financial risk

Atradius Re is exposed to financial risk mainly through its financial assets, financial liabilities and reinsurance contracts. The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Fair value of financial assets and liabilities

The estimated fair values of the Company's financial assets and liabilities equal their carrying value.

The fair values correspond with the price, at our best estimate, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, we use valuation techniques which are based on market prices of comparable instruments or parameters from comparable active markets (market observable data). If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors. Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.
The fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk taker. To this end, the Company establishes the accounting policies and processes governing valuation and is responsible for ensuring that these comply with all relevant accounting pronouncements. Within this governance structure, non-quoted investments in which the Company invests are valued by an external independent valuation company.

The Company has minimal exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

Debt and equity securities available-for-sale

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

Other financial assets

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

Other financial liabilities and deposits received from reinsurers

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

The following tables present the fair values of the financial instruments carried at fair value. They conform to the hierarchy disclosures in Financial Reporting Exposure Draft (FRED) 62 *Draft Amendments to FRS 102 - Fair Value hierarchy disclosures*, which was approved in March 2016 by the Financial Reporting Council (FRC).

2016	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Available-for-sale:				
Equity securities	75,959			75,959
Debt securities:				
Government Bonds	323,784			323,784
Corporate Bonds	518,151			518,151
Short term investments	24,000			24,000
Total	**941,894**			**941,894**

2015	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Available-for-sale:				
Equity securities	66,630			66,630
Debt securities:				
Government Bonds	287,763			287,763
Corporate Bonds	398,373			398,373
Short term investments	83,296			83,296
Total	**836,062**			**836,062**

Level 1 - Quoted prices in active markets
This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis;.

Level 2 - Valuation techniques based on observable market data
This category includes financial instruments whose fair value is determined using a valuation technique (a valuation model), where inputs in the valuation model are taken from an active market or are market observable. If certain inputs in the model are not market observable, but all significant inputs are, the instrument is still classified in this category, provided that the impact of those elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are (more than insignificantly) modified based on other market observable external data;

Level 3 - Valuation techniques incorporating information other than observable market data
This category includes financial investments whose fair value is determined using a valuation technique for which a significant level of the input is not supported by a current observable market transaction. This category also includes the financial investments for which the fair value is based on brokers quotes or pricing services. These valuations are for 100% of the fair value verified with an external independent valuation company.

Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Company in managing its market risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage market risk and methods to measure it. Market risk comprises three types of risk: currency risk, interest rate risk, and equity price risk. There were no changes in the Company's market risk exposure in the financial year nor to the objectives, policies and processes for managing market risk.

(i) Equity price risk

Equity price risk is the risk that the fair value of the assets that are sensitive to movements in equity prices decreases due to adverse movements in equity prices. The company is exposed to equity price risk by its investments in equity instruments, either issued by corporations or by investment funds. These risks are measured and analysed by using value at risk techniques and capital models from the external credit assessment institutions. The value at risk measures the potential maximum loss on the Company's equity instruments due to adverse movements in equity prices in the short term while the capital models measure the potential maximum loss in the long-term. The Company maintains a well-diversified portfolio of equity instruments to manage these risks.

Investment Funds

The investment funds in which the Company invests are exposed to the general investment fund risks of market risk, counterparty risk, liquidity risk and currency risk. The risks of an investment fund are driven by the nature of the assets in which the fund invests. The Company only invests in investment funds, the investment restrictions of which in their prospectus are consistent with the Atradius Group Investment Policy.

Equity and money market instruments issued by Investment funds

The portfolio of equity and money market instruments issued by investment funds are as follows:

	2016 €'000	Weight in %	2015 €'000	Weight in %
Passive equities exchange traded funds	38,204	100%	37,797	44%
Active money market funds	-	0%	47,296	56%
Total	**38,204**	**100%**	**85,093**	**100%**

Passive equities exchange traded funds

The portfolio of passive equities exchange traded funds consists principally of exchange traded funds that passively track the Dow Jones Euro Stoxx 50 Index.

Active Money Market Funds

The portfolio of active money market funds invests in money market instruments that are denominated in Euro, US Dollar and British Pounds. The funds aim to maintain a weighted average maturity of a maximum 90 days.

(ii) Foreign currency risk management

Due to the global nature of its reinsurance business, the company incurs foreign exchange risk due to exchange rate fluctuations. This risk is managed by hedging, on a monthly basis, of its foreign currency exposures when natural hedges between the Companys financial assets and financial liabilities, which are primarily reinsurance liabilities, are not already present.

The Company's exposure to foreign currency exchange rate risk, arising from financial assets and liabilities denominated in non-functional both major and less traded currencies as at 31 December 2016, is presented in the following table:

	Financial Assets 2016 €'000	Financial Liabilities 2016 €'000	Position 2016 €'000	Financial Assets 2015 €'000	Financial Liabilities 2015 €'000	Position 2015 €'000
EUR	1,056,824	399,496	657,328	914,237	406,572	507,665
GBP	16,869	20,641	(3,772)	20,667	21,181	(514)
USD	174,013	193,062	(19,049)	179,077	178,301	776
AUD	7,994	7,224	770	10,803	13,104	(2,301)
Other	124,166	175,552	(51,386)	141,824	176,797	(34,973)
Total	**1,379,866**	**795,975**	**583,891**	**1,266,608**	**795,955**	**470,653**

The following table details the Company's sensitivity to a 10% increase and decrease in the above foreign currencies against the Euro. A 10% sensitivity rate is used as a reasonably possible change in foreign exchange rates. For each sensitivity the impact of a change in a single factor is shown, with other assumptions unchanged.

2016	GBP €'000	USD €'000	AUD €'000	BRL €'000	COP €'000
10% increase					
Pre-tax profit	(377)	(1,905)	77	(810)	(435)
Shareholders' equity	(330)	(1,667)	67	(709)	(381)
10% decrease					
Pre-tax profit	377	1,905	(77)	810	435
Shareholders' equity	330	1,667	(67)	709	381

2015	GBP €'000	USD €'000	AUD €'000	BRL €'000	COP €'000
10% increase					
Pre-tax profit	(51)	78	(230)	(634)	(573)
Shareholders' equity	(45)	68	(201)	(554)	(501)
10% decrease					
Pre-tax profit	51	(78)	230	634	573
Shareholders' equity	45	(68)	201	554	501

(iii) Interest rate risk management

Interest rate risk is the risk that the fair value of assets and liabilities, that are sensitive to movements in interest rates, decreases or increases due to adverse movements in interest rates. The Company exposes itself to this risk by investing in debt instruments and equity instruments issued by investment funds that invest in debt instruments.

The Company manages this risk by monitoring the duration of its debt instruments. Duration demonstrates the dependability of a bond's market value to a change in the underlying discount rate of that bond. The duration figure depicts the percentage change of the market value of a bond investment if the underlying discount rate is parallel shifted by 1%. The higher the duration figure, the more a bond is sensitive to movements in the underlying discount rate.

The Company uses the duration to assess its interest rate exposure and monitors whether the duration remains between the minimum and maximum duration limit (between one to five years for government bonds and one to three years for corporate bonds) as established by the Atradius Group Investment Policy. As the duration can be described as the percentage change of the bond's value when the underlying discount rate is parallel shifted by 1%, so the average maturity is the weighted average of the time until a bond has paid its final interest and principal redemption. The duration for 2016 is 2.8 years (2015: 2.4 Years); representing the years it will take for the price of the company's debt instruments to be repaid by its internal cash flows. The average maturity for 2016 is also 2.8 years (2015: 2.4 years).

Value-at-Risk

The Company measures equity price and interest rate risk by analysing the Value-at-Risk (VaR) of its financial instruments. This risk metric measures the potential maximum loss on those financial instruments due to adverse movements in equity prices and interest rates within a specified timeframe and probability (confidence level). The VaR is based on variance-covariance methodology that uses the historical volatility of the fair values of the financial instruments and the correlation between them as main inputs. These volatilities and correlations are provided by financial information providers or financial institutions.

The risk of using variance-covariance methodology or any other historical methodology is that it may underestimate the riskiness of the financial instruments. This is because these methodologies assume that the historical volatility of and correlation between the financial instruments will be repeated in the future. Therefore, it is not intended to represent or guarantee any future price movements but rather is to be used as guidance for information purposes and comparison for historical developments only.

The VaR provides insight into the maximum expected loss per asset category and on portfolio level. The fair values and percentages presented are calculated with a confidence level of 99% for a period of 12 months. This implies that there is a 1% probability of underestimating the potential maximum loss for the coming 12 months.

The following table shows the VaR of the Company's equity and debt securities:

	2016 €millions	% of the market value	2015 €millions	% of the market value
Equity securities:				
Shares (Including equity funds)	36.6	48.20%	40.2	60.30%
Debt securities:				
Government bonds (including government bonds funds)	4.1	1.30%	3.8	1.30%
Corporate Bonds (including corporate bond funds)	8.8	1.70%	10.2	2.50%
Total portfolio	40.1	4.20%	67.1	7.70%

The VaR of the individual portfolio components is based on the volatility of the investments to which they are ultimately exposed. The volatility of each asset class as a whole serves as input for the VaR calculation of that asset class. In case of an investment fund, the volatility of the fund (driven by the characteristics of its underlying securities) serves as input for the calculation of the VaR of that specific investment fund and is subsequently included in the VaR of the asset class. Total portfolio VaR may not be equal to the sum of the VaR of the individual portfolio components because the correlation between these components may be less than one. The VaR percentage decreased from 7.7% at the end of 2015 to 4.2% at the end of 2016 and the VaR value decreased from €67.1m to €40.1m at the end of 2016. The decrease in the VaR percentage and the VaR value is due to a lower allocation of the investment portfolio to equities in 2016.

Credit risk

Credit risk is the risk that counterparties will not meet their contractual obligations to the Company. The key area in which the Company exposes itself to credit risk is the possibility that a reinsurer fails to pay a claim.

If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The Company policy is to select only reinsurers that have a well-established investment grade credit rating. The normal minimum requirement is an 'A' level rating, although there are some minor exceptions. In the event that the reinsurer's rating is found to be below this threshold, the Company has the right to either terminate the reinsurance relationship during the course of the reinsurance year or else seek collateral if the relationship is to continue.

With regard to managing the credit risks of the financial investments, the investment policy of the Company is to hold a principally Euro-centric, internationally diversified portfolio and to avoid large risk concentrations. From a Standard & Poor's rating scale or comparable perspective, the overall fixed income portfolio is almost completely invested in investment grade debt securities which are rated 'A-' or higher. If a corporate bond in which the Company has indirectly invested (through an investment fund) falls below the minimum credit rating or is not rated, it is reviewed by the Group Investment Committee to decide whether the investment fund is still a suitable investment. The maximum concentration limit per issuer is 5% of the market value of the financial investments of the company. The Group Investment Committee on which the Company sits monitors this limit and action is taken if a concentration limit is breached. The counterparty ratings of reinsurance assets, debt and equity securities and short-term investments as at 31 December 2016 are presented in the following table:

At 31 December 2016 €'000	AAA	AA	A	BBB	Other and Non-Rated	Total
Reinsurance Assets						
Reinsurers share of technical provisions		16,459	60,376	241	7,734	**84,810**
Debt securities:						
Government bonds	118,582	171,770	23,056		10,376	**323,784**
Corporate bonds	4,391	54,934	418,226	40,600		**518,151**
Equity shares		6,468	41,181	19,493	8,817	**75,959**
Short-term investments:						
Deposits withheld by ceding companies	12	4,792	15,486	778	5,721	**26,789**
Short term deposits and money market funds				24,000		**24,000**
Cash & Cash equivalents		14,022	67,531			**81,553**
Total	**122,985**	**268,445**	**625,856**	**85,112**	**32,648**	**1,135,046**

At 31 December 2015 €'000	AAA	AA	A	BBB	Other and Non-Rated	Total
Reinsurance Assets						
Reinsurers share of technical provisions		17,743	47,177	10,128		**75,048**
Debt securities:						
Government bonds	104,376	156,013			27,374	**287,763**
Corporate bonds	3,921	31,803	317,744	44,905		**398,373**
Equity shares		9,078	32,766	13,693	11,093	**66,630**
Short-term investments:						
Deposits withheld by ceding companies		3,385	15,745	3,914	5,480	**28,524**
Short term deposits and money market funds	47,296			36,000		**83,296**
Cash & Cash equivalents		16,082	84,817			**100,899**
Total	**155,593**	**234,104**	**498,249**	**108,640**	**43,947**	**1,040,533**

The following class of financial assets includes the carrying value of financial assets that are past due but not impaired. All other classes of financial assets do not include any carrying values that are past due.

2016	Neither past due nor impaired €'000	Past due 3-6 months €'000	Past due 6-12 months €'000	Past due 12 months + €'000	Past due and impaired €'000	Carrying amount €'000
Debtors arising out of reinsurance operations	167,474	(4)	0	(1)	0	167,469

2015	Neither past due nor impaired €'000	Past due 3-6 months €'000	Past due 6-12 months €'000	Past due 12 months + €'000	Past due and impaired €'000	Carrying amount €'000
Debtors arising out of reinsurance operations	152,750	708	729	538	0	154,725

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. The Atradius Group Investment policy states that investments should only be in financial instruments that can be liquidated in less than 4 business days. In practice, most of the Company's assets are marketable securities which can be readily converted into cash when required. The Company is liquid with cash reserves of €82 million (2015: €101 million).

The Company's liquidity risk exposure and policy in respect of liquidity risk management has remained unchanged.
The following tables are an estimate of the amount and timing of the undiscounted main cash flows at the end of the reporting period and includes both principal and interest cash flows.

As at 31 December 2016 €'000	Less than 1 year	1 to 5 years	More than 5 years	Total
Insurance Contracts	405,395	251,260		**656,655**
Payables	43,541			**43,541**
	448,936	**251,260**		**700,196**

As at 31 December 2016 €'000	Less than 1 year	1 to 5 years	More than 5 years	Total
Debt securities	42,749	790,268	8,918	**841,935**
Short term investments	24,000			**24,000**
Other Financial investments	102,748			**102,748**
Cash and bank deposits	81,553			**81,553**
Receivables	167,470	(1)		**167,469**
Reinsurance Contracts	69,075	15,735		**84,810**
Total	**487,595**	**806,002**	**8,918**	**1,302,515**

As at 31 December 2015 €'000	Less than 1 year	1 to 5 years	More than 5 years	Total
Insurance Contracts	432,171	189,562		**621,733**
Payables	36,444			**36,444**
	468,615	**189,562**		**658,177**

As at 31 December 2015 €'000	Less than 1 year	1 to 5 years	More than 5 years	Total
Debt securities	104,268	581,868		**686,136**
Short term investments	59,296	24,000		**83,296**
Other Financial investments	95,154			**95,154**
Cash and bank deposits	100,899			**100,899**
Receivables	154,187	538		**154,725**
Reinsurance Contracts	59,804	15,244		**75,048**
Total	**573,608**	**621,650**		**1,195,258**

Operational risk

Operational risks are the risks of direct or indirect loss 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 European Union Solvency II Framework Directive. Within the Atradius Group, the Operational Risk Management (ORM) unit is responsible for developing methods for the identification, assessment and response to risks, and for monitoring and further enhancing the overall risk management and control framework. The ORM unit works closely with both Internal audit and Legal and Compliance. Operational risk management activities such as financial reporting controls, business continuity management and reporting to management all ensure that operational risks within the organisation are identified, and maintained within risk policy guidelines.

Compliance

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 Atradius 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 Corporate Governance Requirements for Insurance Undertakings 2015, but does not fall in scope of the additional requirements for major institutions. Atradius Re has established a separate Audit Committee and Risk Committee as required under the 2015 Corporate Governance Code.

Capital management

Ojectives, policies and processes with regard to capital

The objective of the Company in managing its capital is to ensure that it is sufficiently capitalised to be able to continue as a going concern after meeting all its financial obligations and to meet its externally imposed regulatory capital requirements, while maximising the return to its shareholders.

In order to ensure capital adequacy, a capital buffer above the regulatory solvency capital required is maintained, such that large loss events would not impair the ability of Atradius Re to carry on its normal course of business. The capital structure of the Company consists of shareholders' funds, consisting of issued capital, subordinated loan, reserves and retained earnings as disclosed in note 23.

As an authorised reinsurer regulated by the Central Bank of Ireland, the Company is subject to regulatory capital requirements, which for the year ended 31st December 2016 are based on the EU Directive requirements in respect of Solvency II, which became effective from 1 January 2016.

Solvency II

Solvency II applies to all EU (re)insurance companies and establishes a new set of capital requirements, risk management and disclosure standards. The capital requirements can be calculated by reference to a standard formula as defined in the Solvency II regulations, or by an internal model that most accurately reflects a company's risk profile. Together with the Atradius Group, the Company has developed an internal model to calculate its capital requirements in respect of insurance risk, since the results of this model most accurately reflect its unique business and risk profile. Consequently, the company's ultimate parent company Grupo Catalana Occidente has applied for regulatory approval of a partial internal model for insurance risk. Pending approval of the partial internal model, which is expected in 2017, the Company will apply the standard formula for calculating its insurance risk for regulatory purposes and will use the internal model for internal decision making. The Company was in compliance with its regulatory capital requirements throughout the year.

4 Segmental information

Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses (including release of equalisation provision) and outwards reinsurance by class of business.

	Gross premiums written 2016 €'000	Gross premiums earned 2016 €'000	Gross claims incurred 2016 €'000	Gross operating expenses 2016 €'000	Outward reinsurance 2016 €'000	Technical result 2016 €'000
Credit Reinsurance	399,475	374,374	(213,931)	(36,659)	(2,219)	(121,565)
Bond Reinsurance	86,705	82,252	(41,100)	(35,210)	(4,277)	(1,665)
Total	**486,180**	**456,626**	**(255,031)**	**(71,869)**	**(6,496)**	**(123,230)**

	Gross premiums written 2015 €'000	Gross premiums earned 2015 €'000	Gross claims incurred 2015 €'000	Gross operating expenses 2015 €'000	Outward reinsurance 2015 €'000	Technical result 2015 €'000
Credit Reinsurance	377,848	371,147	(209,531)	(152,099)	(9,517)	-
Bond Reinsurance	81,270	78,747	(36,882)	(34,083)	(12)	7,770
Total	**459,118**	**449,894**	**(246,413)**	**(186,182)**	**(9,529)**	**7,770**

Gross premiums written resulting from contracts concluded in:

	2016 €'000	2015 €'000
EU Countries	294,938	286,441
Asia	70,189	69,333
South America	46,484	45,191
North America	49,243	40,356
Oceania	15,071	10,489
Africa	10,255	7,308
Total	**486,180**	**459,118**

5 Net investment return

2016	Net investment income financial year ended €'000	Net realised gains Financial year ended €'000	Net realised losses Financial year ended €'000	Impairment Financial Year ended €'000	Net investment expense Financial year ended €'000	Net investment results Financial Year ended €'000
Equities	2,444	38	(1,488)	(218)		**776**
Bonds	3,126	1,134	(8)			**4,252**
Receivables						
Cash and Cash equivalents	241					**241**
Other investment expenses					(814)	**(814)**
Total	**5,811**	**1,172**	**(1,496)**	**(218)**	**(814)**	**4,455**

2015	Net investment income financial year ended €'000	Net realised gains Financial year ended €'000	Net realised losses Financial year ended €'000	Impairment Financial Year ended €'000	Net investment expense Financial year ended €'000	Net investment results Financial Year ended €'000
Equities	1,842	6,398	(42)	(66)		**8,132**
Bonds	3,095	6,624	(2)			**9,717**
Receivables						
Cash and Cash equivalents	505					**505**
Other investment expenses					(651)	**(651)**
Total	**5,442**	**13,022**	**(44)**	**(66)**	**(651)**	**17,703**

6 Claims incurred net of reinsurance

2016	Gross €'000	Reinsurance €'000	Net €'000
Outstanding claims brought forward	**(455,528)**	**56,441**	**(399,087)**
Movement on provision	5,525	(2,512)	3,013
Foreign exchange movement on opening provisions	(7,774)	3,593	(4,181)
Outstanding claims carried forward	**(457,777)**	**57,522**	**(400,255)**

2015	Gross €'000	Reinsurance €'000	Net €'000
Outstanding claims brought forward	(402,142)	39,699	(362,443)
Movement on provision	(33,803)	13,848	(19,955)
Foreign exchange movement on opening provisions	(19,583)	2,894	(16,689)
Outstanding claims carried forward	**(455,528)**	**56,441**	**(399,087)**

7 Unearned Premiums

2016	Gross €'000	Reinsurance €'000	Net €'000
Provision for unearned premium brought forward	(166,205)	18,607	(147,598)
Movement on unearned premium	(29,554)	8,147	(21,407)
Foreign Exchange movement on opening provisions	(3,119)	534	(2,585)
Provisions for unearned premium carried forward	**(198,878)**	**27,288**	**(171,590)**

2015	Gross €'000	Reinsurance €'000	Net €'000
Provision for unearned premium brought forward	(159,084)	12,546	(146,538)
Movement on unearned premium	(9,224)	6,091	(3,133)
Foreign Exchange movement on opening provisions	2,103	(30)	2,073
Provisions for unearned premium carried forward	**(166,205)**	**18,607**	**(147,598)**

8 Net Operating Expenses

	2016 €'000	2015 €'000
Net acquisition costs	177,469	170,455
Change in deferred acquisition costs	(9,640)	(1,821)
Administrative costs	9,306	8,984
Net operating	**177,135**	**177,618**

9 Profit on ordinary activities

Profit on ordinary activities is stated after charging:

	2016 €'000	2015 €'000
Investment return	4,673	17,769
Impairment of shares	(218)	(66)
Net foreign exchange (losses)	(3,616)	(2,786)
Auditors Remuneration	164	83
Rentals under operating leases:		
- Land & buildings	421	322
- Other	5	4
Depreciation	42	45
Staff Costs	3,134	2,711
Taxation on profits	(15,182)	(2,833)

10 Staff Costs

	2016 €'000	2015 €'000
Wages & salaries	2,460	2,166
Social Security costs	271	244
Pensions cost	158	155
Other Costs	245	146
Total	**3,134**	**2,711**

The average monthly number of employees, including executive directors, during the financial year 2016 was comprised as follows:

	2016	2015
Reinsurance activities	11	10
Support	15	14
Total	**26**	**24**

11 Auditors' remuneration

Auditors' remuneration for work carried out for the Company in respect of the financial year ended 31 December 2016 is as follows:

	2016 €'000	2015 €'000
Audit of individual company accounts (incl VAT)	73	79
Other Assurance Services	91	4
	164	**83**

12 Directors' remuneration

	Number of Directors	2016	Number of Directors	2015
Aggregate emoluments paid to or receivable by directors in respect of qualifying services	6	524	6	542
Aggregate Contributions paid to a retirement benefit scheme in respect of qualifying services of directors - Defined contribution schemes	6	38	6	38
Total	**6**	**562**	**6**	**580**

13 Employee pension scheme

Eligible staff are members of the defined contribution scheme operated by the Company. The pension cost charges to the profit and loss account for the financial year was €158,195 and was fully paid in 2016 (2015: €154,908).

14 Taxation on profit on ordinary activities

Corporation tax:

	2016 €'000	2015 €'000
Irish tax	(15,180)	(2,831)
Deferred tax movement	(2)	(2)
Total	**(15,182)**	**(2,833)**

There are total deferred tax liabilities as at 31 December 2016 of (2k) (2015: (2k)). These arise in respect of timing differences between the tax allowances for the cost of fixed assets for tax purposes and depreciation for accounting purposes. There are no deferred tax assets in respect of timing differences as at 31 December 2016 (2015: Nil). There are no unused tax losses or tax credits at the end of the reporting period (2015: Nil).

The current tax charge for the year is different 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:

	2016 €'000	2015 €'000
Profit on ordinary activities before tax (as restated for prior financial year)	121,457	22,687
Profit on ordinary activities multiplied by the standard rate of Irish corporation tax for the year of 12.5%	(15,182)	(2,836)
Effects of:		
Adjustment as a result of FRS 102/103	-	1
Disallowable expenses and other items	(2)	(4)
Depreciation in excess of capital allowances	(1)	(2)
Over/ (under) provision in respect of previous years	5	10
	(15,180)	**(2,831)**

15 Investments

The carrying value of the Company's available for sale financial investments are summarised below:

Available-for-sale	Market Value 2016 €'000	Purchase Value 2016 €'000	Market Value 2015 €'000	Purchase Value 2015 €'000
Equities – listed	75,959	67,179	66,630	59,934
Debt securities and other fixed income securities -listed	865,935	856,080	769,432	764,723
Total	**941,894**	**923,259**	**836,062**	**824,657**

For debt securities and other fixed income securities the amount repayable at maturity totals €822,983 (2015: €737,335)

16 Debtors arising out of reinsurance operations

Measured at undiscounted amounts receivable

	2016 €'000	2015 €'000
Amounts owed by holding and fellow subsidiary undertakings	58,593	51,896
Amounts owed by third parties	108,876	102,829
Total	**167,469**	**154,725**

17 Tangible fixed assets

Measured at undiscounted amounts receivable

2016	**Furniture & Equipment €'000**	**Total €'000**
Costs		
As at 1 January 2016	815	815
Additions	5	5
Disposals	-	-
As at 31 December 2016	820	820
Depreciation		
As at 1 January 2016	640	640
Provided in the financial year	42	42
Disposals	-	-
As at 31 December 2016	682	682
Net book amount at 31 December 2016	**138**	**138**
Net book amount at 31 December 2015	**174**	**174**

18 Other Assets

Measured at undiscounted amounts receivable

	2016 €'000	2015 €'000
Current tax asset	1,188	607
Deferred acquisition costs	70,498	60,857
Other assets	623	662
Total	**72,309**	**62,126**

19 Equalisation Provision

Measured at undiscounted amounts receivable

	2016 €'000	2015 €'000
Opening balance	116,983	121,220
(Decrease)/Increase in provision	(116,983)	(4,237)
Closing Balance	-	**116,983**

From 1 January 2016, Solvency II is the new regulatory framework applicable to (re)insurance companies, following the implementation of the European Union (Insurance and Reinsurance) Regulations 2015 through S.I No .485 of 2015. As an equalisation reserve is not required by the new regulatory framework, it is not recognised in the financial statements in 2016 in accordance with Financial Reporting Standard FRS 103 Insurance Contracts, and has consequently been unwound in full.

20 Creditors arising out of reinsurance operations

Measured at undiscounted amounts payable

	2016 €'000	2015 €'000
Amounts owed to holding and fellow subsidiary undertakings	21,814	16,697
Amounts owed to third parties	21,727	19,747
Total	**43,541**	**36,444**

21 Other creditors

	2016 €'000	2015 €'000
Other Creditors	19,579	15,695
Total	**19,579**	**15,695**

22 Provisions for liabilities

Unused annual leave provision

	2016 €'000	2015 €'000
As at 1 January	20	17
Increase in provision	12	3
As at 31 December	**32**	**20**

The leave pay provision represents the holiday balance accrued as a result of services rendered in the current financial period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

23 Capital & Reserves

	Called up Share Capital €'000	Capital Contribution €'000	Subordinated Loan €'000	Revaluation Reserve €'000	Profit & Loss €'000	Total €'000
As at 1 January 2015	**635**	**139,054**	**-**	**17,612**	**186,575**	**343,876**
Profit for the financial year	-	-	-	-	19,854	19,854
Dividends paid	-	-	-	-	(23,160)	(23,160)
Other comprehensive income	-	-	-	(9,917)	-	(9,917)
Capital contribution	-	140,000	-	-	-	140,000
As at 31 December 2015	**635**	**279,054**		**7,695**	**183,269**	**470,653**
As at 1 January 2016	**635**	**279,054**	-	**7,695**	**183,269**	**470,653**
Profit for the financial year	-	-	-	-	106,275	106,275
Dividends paid	-	-	-	-	-	-
Other comprehensive income	-	-	-	6,721	-	6,721
Capital contribution	-	-	75,000	-	-	75,000
As at 31 December 2015	**635**	**279,054**	**75,000**	**14,416**	**289,544**	**658,649**

The **Called up share capital** represents the nominal value of shares that have been issued. The authorised share capital of Atradius Re amounts to €635,000, all of which relates to called up share capital, presented as equity, and is divided into 635,000 ordinary shares with a nominal value of €1 each (2015: the same)

The **capital contribution** represents capital received from our shareholders.

The **Subordinated Loan** represents a loan received from our shareholders.

The **profit and loss** reserve represents all current and prior financial period retained profits and losses.

24 Operating lease commitments

At 31 December 2016 the Company's total future minimum lease payments under non-cancellable leases were as follows.

	2016 €'000	2015 €'000
Within 1 year	292	199
Between 1 & 5 years	1,158	989
After 5 years	-	98

During the financial year an amount of €287,968 (2015: €194,246) has been recognised as expense.

25 Subordinated Loan

On 20 April 2016 the shareholders of Atradius N.V. provided a subordinated loan to Atradius Re with a principal amount of €75 million. The subordinated loan bears interest at a fixed rate of 5.0% per annum, payable annually in arrears on 20 April each year until and including the maturity date: 20 April 2026. Atradius Re may redeem the loan on the first call date, 20 April 2021, or thereafter on each interest payment date. The subordinated loan qualifies as Tier 2 basic own funds item as set out in article 73 of the European Commission's Solvency II Delegated Regulation (2015/35).

The fair value estimate of the subordinated loan issued by Atradius Re is €77 million. The fair value of the subordinated loan is classified as Level 2 under the fair value hierarchy and as Tier 2 basic own funds for Solvency II. The fair value of the subordinated loan is based on a valuation model using observable market data.

The fair value estimate of the subordinated loan is provided by an external independent valuation company, which uses its own proprietary valuation systems to value securities supported by economic and market assumptions from financial information providers. The model calculates the present value of the subordinated loan's cash flows discounted using the Euro government bond yield curve as a benchmark and applying an appropriate risk spread. The risk spread applied is estimated using the credit spreads of market quoted subordinated bond issues from similar issuers and with similar rating and maturity profiles.

26 Commitments

As at 31 December 2016, there were collaterised letters of credit and reinsurance trusts issued in the amount of €44,023,232 (2015: €46,886,914). These letters of credit and reinsurance trusts are issued in relation to our clients' regulatory requirements.

There were no capital commitments outstanding at the 31 December 2016 (2015: Nil)

27 Reclassifications of comparatives

Comparative figures have been reclassified where necessary to conform to the current year's presentation.

28 Immediate and ultimate parent company

Atradius Investments Limited, a company incorporated in Ireland, is the Company's parent company. Financial statements for Atradius Investments Limited are available from the 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 DAC are consolidated is Grupo Catalana Occidente , S.A.

The consolidated financial statements are publicly available on its website www.grupocatalanaoccidente.com.

The financial statements of Atradius Reinsurance DAC can be found on its website www.atradius.com.

29 Events after the reporting date

There were no events after the reporting date affecting the Company.

30 Related party transaction

The total remuneration for key management personnel for the financial period totalled €562k (2015: €580k), being remuneration disclosed in Note 12 of €562k (2015: €580k).

Intercompany balances with Atradius N.V. are unsecured and free from guarantees. They are settled periodically, typically on a monthly basis.

31 Approval of the Financial Statements

The directors approved the financial statements on 6th April 2017

Directors and Other Information

Executive Directors

Daniel Stausberg (German)
Niamh Derivan (Irish)

Non-Executive Directors

David Capdevila (Spanish)
Marc Henstridge (British) appointed April 3, 2017
Dominique Charpentier (French) retired on December 31, 2016

Independent Non-Executive Directors

Conor Molloy (Irish)
Mary Brennan (Irish)

Secretary

Rachel McCormac
2nd Floor,
La Touche House,
International Financial Services Centre,
Dublin 1.

Independent Auditor

Deloitte
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.

BNP Paribas Fortis SA/NV
Herengracht 595
1017CE
Amsterdam
The Netherlands

Solicitors

William Fry Solicitors
Fitzwilton House,
Wilton Place,
Dublin 2.

Registered Office

2nd Floor,
La Touche House,
International Financial Services Centre,
D01 R5P3,
Dublin 1.

Registered No: 276690
VAT No: 8276690Q

Reinsurance Licence No: C38084

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