

2021

SFCR - Solvency and Financial Condition Report



SUMMARY

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Summary

The Company

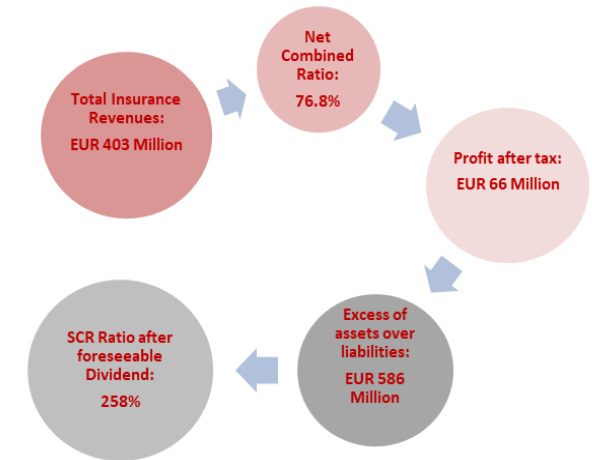
Atradius Reinsurance DAC (hereinafter referred to as Atradius Re, or 'the Company'), with its offices at Suite 404, Block C, Sir John Rogerson's Quay, Dublin, D02 VK60, Republic of Ireland, is a leading market reinsurer providing capacity to primary insurance companies in credit and bonding insurance. The Company currently assumes business from 73 countries, on all continents, maintaining a balanced diversity within the portfolio. The underlying third party business consists of approximately 59% credit insurance and 41% bonding, based on premium volume. The business is underwritten by a multilingual, highly trained and experienced, international team of underwriters at the Company's offices in Dublin.

Atradius Re calculates its capital requirements under Solvency II in respect of underwriting risk, in accordance with its own regulatory approved proprietary model, which more closely reflects its

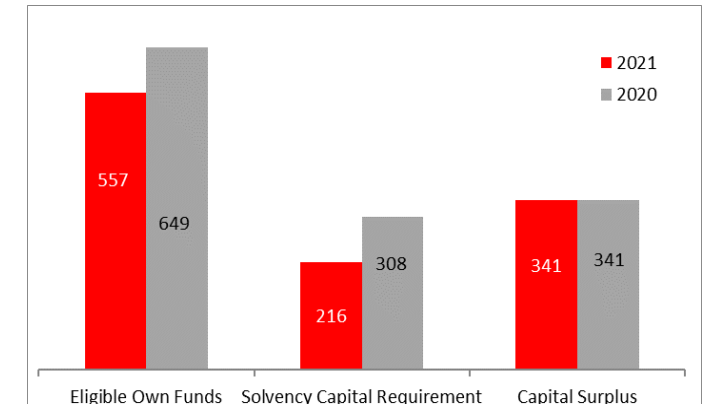
business and risk profile than does the standard formula (SF). Regulatory approval for the Company's partial internal model (PIM) was received in 2017 in accordance with Article 231 of Directive 2009/138/EC.

Atradius Re is a subsidiary of Atradius Insurance Holding N.V., based in Amsterdam, 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.

Key Figures 2021



Strong Capital Position (EUR million)



Regulations

For the preparation of the Solvency II reporting as at 31 December 2021, the Company has applied the following rules:

- Solvency II laws and regulations (Directive 2009/138/EC, Delegated Acts (EU) 2015/35, Delegated Acts (EU) 2019/981);
- Statutory Instrument No. 485 of 2015 “European Union (Insurance and Reinsurance) Regulations 2015”;
- The Implementing Technical Standards and EIOPA Guidelines such as Guideline BoS 15/113 "Recognition and valuation of assets and liabilities other than technical provisions";
- Guidelines on reporting and public disclosure EIOPA – BoS-15/109
- The guidelines issued in the form of policy notices, Solvency II Information Notes and Q&A’s by EIOPA and the Central Bank of Ireland (CBI)

Solvency Position

The following table summarises the Solvency II position of Atradius Re as at 31 December 2021:

Solvency position (EUR millions)	2021	2020
Own funds Solvency II	586	649
Foreseeable dividends	(29)	-
Eligible own funds Solvency II	557	649
Solvency capital requirement (SCR)	216	308
Minimum capital requirement (MCR)	97	117
SCR Coverage	258%	211%

Solvency II requires that the own funds are classified into three tiers, based on whether they are basic or ancillary own fund items and to the extent to which they possess the following characteristics:

- a) Loss absorbency capacity;
- b) Subordination;
- c) Sufficient duration;
- d) Freedom from requirements and incentives to redeem;
- e) Freedom from mandatory costs;
- f) Absence of encumbrances.

The following table illustrates Own Funds by tier for the Company as at 31 December 2021:

	Tier 1	Tier 2	Tier 3	Total
Basic Own Fund Items (EUR millions)				
Ordinary paid up share capital	0.6	-	-	0.6
Capital contributions	279.1	-	-	279.1
Other reserves from accounting balance sheet	275.9	-	-	275.9
Adjustments to assets	(234.0)	-	-	(234.0)
Adjustments to technical provisions	276.0	-	-	276.0
Adjustments to other liabilities	(40.6)	-	-	(40.6)
Total basic own funds	557.0	0.0	0.0	557.0

A. Business and Performance

A-1 Business

A-1 a) Name and legal form of the Undertaking

A-1 b) Supervisory authority & group supervisor

A-1 c) External auditor

A-1 d) Holders of qualifying holdings in the undertaking

A-1 e) Where the undertaking belongs to a group, details of the undertaking's position within the legal structure of the group

A-1 f) Material lines of business and material geographical areas of business

A-1 g) Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

A-2 Underwriting performance

A-3 Investment performance

A-4 Performance of other activities

A-5 Any other information

A-1 Business

A-1 a) Name and legal form of the undertaking

Atradius Reinsurance DAC (Designated Activity Company),
Suite 404, Block C,
77 Sir John Rogerson's Quay,
Dublin 2,
D02 VK60,
Ireland.

A-1 b) Supervisory authority & group supervisor

The Central Bank of Ireland,
New Wapping Street,
North Wall Quay,
Dublin 1,
D01 F7X3,
Ireland.

The Company is authorised pursuant to the European Union (Insurance and Reinsurance) Regulations 2015 to carry on the business on Non-Life reinsurance in Ireland and in other jurisdictions, subject

to complying with any requirements in those other jurisdictions.

The supervisor of the Group to which the Company belongs, Grupo Catalana Occidente S.A., is Dirección General de Seguros y Fondos de Pensiones, with an address at Paseo de la Castellana, 44 CP 28046, Madrid, Spain.

A-1 c) External auditor

External auditing services are performed by PricewaterhouseCoopers with an address at One Spencer Dock, North Wall Quay, Dublin 1, D01 X9R7, Ireland.

A-1 d) Holders of qualifying holdings in the undertaking

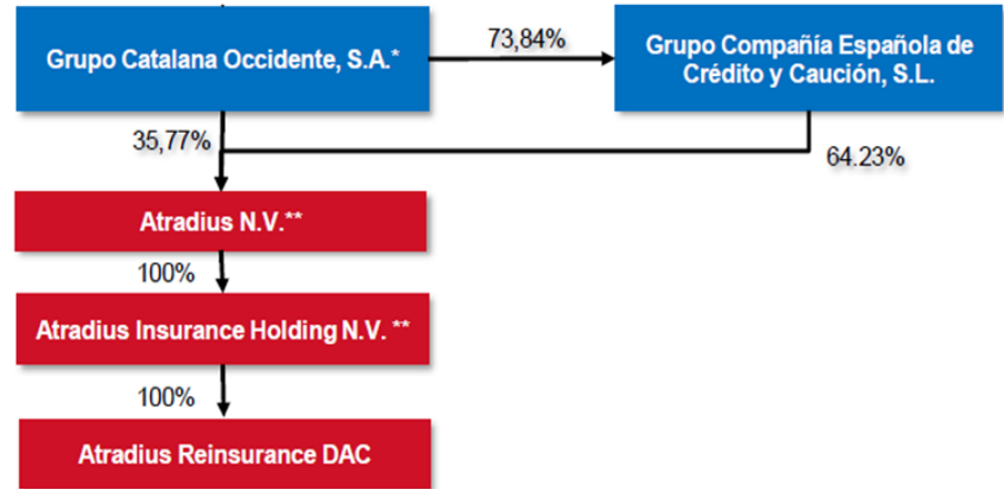
Atradius Insurance Holding N.V., a company incorporated in the Netherlands, is the Company's holding and parent company. Atradius Insurance Holding N.V., is a subsidiary of Atradius N.V., a company also incorporated in the Netherlands.

A-1 e) Where the undertaking belongs to a group, details of the undertaking's position within the legal structure of the group

Atradius Reinsurance DAC is the 100% owned subsidiary of its parent company, Atradius Insurance Holding N.V., which is itself a 100% owned subsidiary of Atradius N.V., a company incorporated in the Netherlands, and which is the majority shareholder of Atradius Credito y Cauccion S.A. Seguros y Reaseguros (ACyC) These three companies (Atradius Re, Atradius N.V. and ACyC) form part of the wider Atradius Group (the Atradius Group).

Atradius N.V., with its office at David Ricardostraat 1, 1066 JS, Amsterdam, the Netherlands, and its subsidiaries (together referred to as 'Atradius') is a global credit insurer which aims to support its customers' growth by strengthening their credit and cash management through a wide range of credit insurance management products and services. These services include credit insurance, bonding, reinsurance, information services, collection services and instalment credit protection. Atradius operates through 160 offices in more than 50 countries around the world, with a commitment to simplifying and improving our customers' credit management.

Shareholder Structure



Grupo Catalana Occidente

The ultimate parent of Atradius N.V. is Grupo Catalana Occidente, S.A. (GCO), with an economic stake of 83.2% (35.77% directly and 47.43% indirectly through the holding Company Grupo Compañía Española de Crédito y Caución, S.L.).

The shares of GCO are listed on the Continuous Market of the Barcelona and Madrid stock exchanges. As of 31 December 2021, the main shareholder is INOC, S.A, controlling approximately 61.95% of the capital of Grupo Catalana Occidente. 32.43% of the capital is floating, 1.68% of its shares are treasury stock and 3.94% of its shares are owned by members of the board of directors of Grupo Catalana Occidente (not considered floating).

Thanks to the stability of its results and a prudent investment policy, GCO has a solid solvency position as can be seen from the below:

Key Figures (EUR million)	2021	2020	% change 2020/2021
Long-term capital market value	5,191.5	4,663.4	11.3%
Equity	4,667.7	4,138.2	12.8%
Subordinated debt	194.9	200.7	-2.9%
Return on long-term capital	10.5%	7.3%	
Funds under management	15,712.2	14,758.9	6.5%
Total revenue	4,882.5	4,559.5	7.1%
Consolidated result	468.3	270.1	73.4%


GCO is one of the leaders in the Spanish insurance sector and in global credit insurance. Founded more than 150 years ago, it has experienced constant growth, thanks to its capacity to adapt to change and remain loyal to its principles, which are truly insurance oriented. GCO is committed to the professional development of its employees and insurance agents, its personalised customer service and the trust its shareholders have in the organisation.

Strategic goal


To be leaders in the field of risk protection and long-term savings of families and SMEs, and to be international leaders in commercial risk coverage.
 Thanks to the stability of the results and the prudent investment policy, GCO has a solid solvency position.


Key financial figures

Turnover and distribution of the business  €4,882.5 M +7.1% 57.4% Traditional business
42.6% Credit insurance business

Combined ratio  88.9% +0.3 p.p. Traditional business
64.2% -29.9 p.p. Credit insurance business

Consolidated result €468.3 M	Shareholder remuneration €113.57 M	Permanent resources at market value €5,191.5 M
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Solid financial structure
 Listed on the stock exchange.
 Stable, committed shareholders.
 Rating A (AM Best) and A2 (Moody's).

Technical rigour
 Excellent non-life combined ratio
 Strict cost control
 Prudent and diversified investment portfolio.



Fundación Jesús Serra

Fundación Jesús Serra (the 'Foundation') was established in 2006 with the goal of channelling philanthropic action and promoting the human and professional values that characterized the founder of Grupo Catalana Occidente, Jesús Serra Santamans, from whom it receives its name. It is currently involved in projects in the fields of research, business, education, social action, sport, and promotion of the arts. In this way, we aim to contribute to the construction of a fairer, more united, and developed society in which values such as initiative, effort, and continuous improvement prevail.

The Foundation acts as a link between the different companies that make up the GCO Group. For this reason, one of its goals is to support the development of a common culture, by facilitating gatherings for the employees, agents and brokers of the group.



Multi-risk

Family-home, stores, communities, offices and SMEs.



Other

Industrial Products, engineering, accidents and civil liability.



Life

Life risk, life savings, pension plans and investment funds as well as funeral and health.



Motor

Coverage for vehicles or transport fleets

The brands of the Group in the traditional business are:



Credit insurance

Protects against financial losses due to the inability of a buyer to pay for goods purchased on credit.



Surety insurance

Protects the beneficiary if a supplier does not comply with its contractual obligations.



Reinsurance

Wide range of reinsurance options for insurance companies of the main insurers in the world.



Global

Solutions adapted in a Global manner for multinational companies.

The brands of the Group for credit insurance business are:



A-1 f) Material lines of business and material geographical areas of business

LINES OF BUSINESS - Credit and Bonding Reinsurance

The Company is the leading specialised credit and bonding reinsurer in the market, providing reinsurance solutions for the credit insurance and bonding business of primary insurers throughout the world, through a dedicated team of multilingual, highly trained and experienced international underwriters.

The Company currently assumes business from 73 countries, on all continents, maintaining a balanced diversity within the portfolio. The underlying third party business consists of approximately 59% credit insurance and 41% bonding, based on premium volume.

The Company 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, the Company 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, the Company 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.

GEOGRAPHICAL AREAS OF BUSINESS

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 carry on the business of non-life reinsurance in Ireland and in other jurisdictions, subject to complying with any requirements in those other jurisdictions. It is licensed and/or registered individually in a number of foreign jurisdictions including Argentina, Bolivia, Brazil, Chile, China, Colombia, Ecuador, Guatemala, India, Mexico, Paraguay, the Republic of Panama, and Venezuela.

The full list of geographical areas from which the Company assumes business is as follows:

Europe:

Austria, Belgium, Croatia, Cyprus, Czech Republic, Estonia, France, Georgia, Greece, Hungary, Ireland, Italy, Kosovo, Latvia, Lithuania, Macedonia, Malta, The Netherlands, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Turkey, The United Kingdom, Germany, Ukraine, Bosnia-Herzegovina.

Middle East:

Bahrain, Israel, Jordan, Lebanon, Oman, Saudi Arabia, United Arab Emirates.

Americas:

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guatemala, Jamaica, Mexico, Paraguay, Peru, United States, Uruguay, Panama.

Asia:

Bangladesh, Cambodia, China, India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Singapore, South Korea, Thailand.

Africa:

Algeria, Egypt, Kenya, Mauritius, Morocco, South Africa, Tunisia.

Oceania:

Australia, New Zealand.

A-1 g) Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

Reference is made to C-1 Underwriting Risk for COVID-19 and C-7.2 for Brexit.

A-2 Underwriting performance

The following financial numbers are stated in accordance with the basis of preparation of the financial statements, which is FRS 102 “The Financial Reporting Standard applicable in the UK and the Republic of Ireland” and FRS 103 “Insurance Contracts” (“UK and Irish GAAP”) issued by the UK Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The financial numbers presented are therefore in accordance with UK and Irish GAAP and are as per the financial statements.

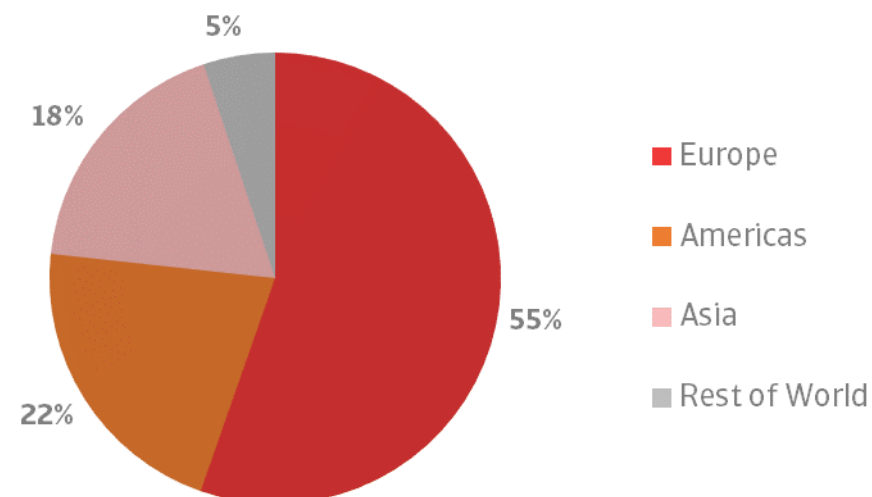
(EUR thousands)	2021	2020
Gross Insurance revenue	402,620	425,048
Gross insurance claims and loss adjustment expenses	(124,557)	(291,480)
Gross insurance operating expenses	(175,514)	(194,824)
Reinsurance result	(27,487)	(7,940)
Technical result	75,062	(69,196)
Net Investment result	2,929	(1,484)
Operating result before finance costs	77,991	(70,680)
Finance (expenses)/income	(2,325)	5,297
Result before tax	75,666	(65,383)
Tax on result	(9,491)	8,160
Result after tax	66,175	(57,223)
Em ployees (FTE)	27	28

	GROSS		NET	
	2021	2020	2021	2020
Claims Ratio	31.0%	69.0%	32.0%	70.0%
Expense Ratio	42.0%	44.0%	45.0%	48.0%
Combined Ratio	73.0%	113.0%	77.0%	118.0%

The following table provides a breakdown of the Company's **Gross Earned Premium** by region:

	2021		2020	
	€'000	%	€'000	%
Europe	222,843	55%	240,903	57%
Americas	86,043	22%	81,521	19%
Asia	73,000	18%	76,865	18%
Middle East	7,902	2%	8,318	2%
Africa	6,993	2%	7,521	2%
Oceania	5,839	1%	9,920	2%
Total	402,620	100%	425,048	100%

Geographical Area information:



During 2021, the Company's total revenue, or premium earned during the year, decreased from EUR 425.0 million to EUR 402.6 million. The claims ratio has reduced from 69% to 31% and the commissions and direct operating expenses ratio has fallen from 44% to 42%, resulting in a combined ratio of 73%.

Reinsurance revenue from the Atradius Group fell by 11%, following a reduction in the cession from the Atradius Group (from 22% to 11% for 2021).

Third party reinsurance revenue for 2021, of EUR 155.0 million, has increased from EUR 146.9 million in 2020.

The Company's claims ratio has decreased from 69% to 31%. This is mainly as a result of lower than anticipated claims activity on Group business on UWY 2020 and UWY 2019, with releases of claims provisions for these underwriting years taken place during 2021.

The Company's prudent investment strategy continues to be challenged, in a difficult environment with low or negative interest rates and volatile equity markets. The Company's investment strategy remains on course with a focus on preserving capital to avoid large losses on the investment portfolio.

A dividend of EUR 136 million was paid in December 2021 to the Company's immediate parent company, Atradius Insurance Holding N.V. (2020: nil). A further dividend of €29.3 million is proposed to be paid in March 2022.

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

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

A-3 Investment Performance

Investments recorded a profit of (EUR 2.9 million) in 2021 (2020: EUR loss of EUR 1.5 million). This is due mainly to dividends received of EUR 3.8 million during 2021.

The revaluation reserve on financial investments increased by EUR 7.8 million in 2021. This is due to an increase in the value of equity securities of EUR 13.2 million, with a reduction in the value of debt securities of (EUR 5.4 million).

The Company's investment strategy has remained on course with a focus on preserving capital to avoid large losses on the investment portfolio.

Breakdown of investment income

(EUR thousands)	2021	2020
Net interest income	559	1,915
Dividends	3,849	1,930
Net Realised gains	483	499
Impairments	(664)	(4,555)
Investment handling expenses	(1,298)	(1,273)
Investment result	2,929	(1,484)

Gains and losses in the revaluation reserve

(EUR thousands)	2021	2020
Equity securities	13,232	(2,622)
Debt securities	(5,445)	3,925
Total gains and losses recognised in revaluation reserve	7,787	1,303

The table below shows the asset allocation by investment class:

Investments Split

(EUR thousands)	2021	2020	YoY (%)
Government Bonds	269,974	308,239	(12.4%)
Corporate Bonds	557,009	675,679	(17.6%)
Equity Shares	102,830	88,089	16.7%
Short Term Investments	7,787	761	923.3%
Total	937,600	1,072,768	(12.6%)

A-4 Performance of other activities

n/a

A-5 Any other information

Atradius N.V.'s Insurance Financial Strength Rating was reaffirmed at 'A2' with the outlook unchanged at "stable" by Moody's in February 2022.

In July 2021, A.M. Best affirmed the Financial Strength Rating of A (excellent), outlook stable of parent Company Atradius N.V. and affirmed the Long-Term Issuer of Credit Ratings (Long-Term ICRs) of the Atradius rated entities at "A+" with a stable outlook.

These ratings are a reflection of the Atradius Group being financially strong and geographically well diversified, with a solid growth and risk profile, and a strong competitive position within the global trade credit insurance market.

It is proposed, subject to receipt of the necessary court, board, shareholder and regulatory approvals, that Atradius Re will enter into a cross-border merger with Atradius Crédito y Caución S.A. de Seguros y Reaseguros (ACyC), sometime in 2022.

Once the merger is effective, Atradius Re will be merged into ACyC, with the transfer of Atradius Re's assets and liabilities, including all of its reinsurance obligations, as a whole, to ACyC's Irish branch. Atradius Re will be dissolved without going into liquidation.

The ACyC Irish Branch will conduct Atradius Re's business as the legal successor to Atradius Re from the date of the merger.

In the meantime, Atradius Re intends to conduct its activities in the usual way, having regard for its obligations under the Solvency II Regulations and applicable law.

We are closely monitoring the situation between Russia and Ukraine and taking actions where needed. We are engaging with our cedants, to assess the current exposure profile and to identify areas of attention. In addition we are communicating with other stakeholders such as our group colleagues, brokers, and regulatory bodies. Given the rapid developments with respect to sanctions, we are especially diligent in this area to ensure compliance. We do not expect a significant impact on the going concern for the Company.

B. System of governance

B-1 General information on the system of governance

B-1.1 Corporate governance framework

B-1.2 Board of Directors (“BOD”)

B-1.3 Audit Committee (“AC”)

B-1.4 Risk Committee (“RC”)

B-1.5 Key functions

B-1.6 Remuneration policy

B-1.7 Corporate governance framework - Atradius N.V

B-2 Fit and proper requirements

B-3 Risk management system including the own risk and solvency assessment

B-4 Internal control system

B-5 Outsourcing

B-6 Any other information

B-1 General information on the system of governance

B-1.1 Corporate governance framework – Atradius Reinsurance DAC

Atradius Reinsurance DAC (“the Company”) endorses the importance of sound corporate governance. Key elements of independence, accountability and transparency create a relationship of trust between the Company and all of its stakeholders: employees, customers, suppliers, shareholders, regulators and the general public.

The Company is a designated activity company (DAC) organised under the laws of the Republic of Ireland. The Company is a subsidiary of Atradius Insurance Holding N.V. (based in the Netherlands) which is itself a subsidiary of Atradius N.V. a company incorporated in the Netherlands.

The ultimate parent of Atradius N.V. is Grupo Catalana Occidente, S.A. (GCO), a company incorporated and listed in Spain, with an economic stake of 83.2% (35.77% directly and 47.43% indirectly through the

holding company Grupo Compañía Española de Crédito y Caucción, S.L.).

The Company is authorised by the Central Bank of Ireland (“CBI”) to carry on the business of Reinsurance and is subject to the minimum requirements as set out in the Corporate Governance Requirements for Insurance Undertakings (as amended from time to time).

Primary responsibility for corporate governance within the Company rests with the Board of Directors (“BOD”). The BOD supervises the general affairs of the Company, taking into account the interests of the Company and its stakeholders.

The BOD is supported in its role by:

- the establishment of two board sub-committees – Audit and Risk – which make recommendations to the BOD within the remit of their terms of reference; and
- A number of Atradius Group Committees – on which the Company has voting rights and whose activities are reported

directly into the BOD and/or its sub-committees as necessary.

The Executive Directors (“ED”) are responsible for proposing strategies, for executing agreed strategies and for achieving the Company’s objectives, policy and results. The ED are responsible for management and oversight of the general affairs of the Company and are supported in their roles by the establishment of:

- Four key functions – Compliance, Risk Management, Actuarial and Internal Audit – which report directly to the BOD and/or its sub committees as necessary; and
- One management committee – Senior Management which reports directly to the ED; and
- Other ad-hoc committees as deemed appropriate from time to time.

The Non-Executive Directors (“NEDs”) are responsible for challenging, agreeing and overseeing the execution of strategies and must participate fully in the decision making process.

The Board of Directors of Atradius Reinsurance DAC as at 31st December 2021 consists of seven members:

- Daniel Stausberg – Managing Director (executive director)
- Niamh Derivan – Finance Director (executive director)
- Marc Henstridge – non-executive director
- Antonio Rubio – non-executive director
- Jörg Stensinski – non-executive director
- Alan Holmes – independent non-executive director
- Barbara Cotter – independent non-executive director

B-1.2 Board of Directors (“BOD”)

The BOD is represented by a balanced proportion of executive and non-executive directors. The majority of the BOD must be NEDs. There must be a minimum of five directors appointed to the BOD and there must be at least two independent non-executive directors appointed to the BOD at all times.

The BOD receives its powers and duties from the Company's shareholders by virtue of the Company's Articles of Association. These powers are then limited

by legal and regulatory restrictions. These powers are subject to oversight by various bodies but most particularly by the Central Bank of Ireland.

The BOD meets at least four times in any calendar year. The BOD chairperson, following appropriate consultation with the ED, sets an agenda in advance of each meeting. To enable proper discussion of the items on the agenda for each meeting, the BOD is provided with all relevant information and documentation in advance of those meetings.

The BOD sets the Company strategy and oversees the implementation of this strategy by reviewing periodic and ad-hoc reports prepared by the ED, the Compliance function, the Risk Management function, the Internal Audit function, the Actuarial function, External Actuarial Consultants, External Audit and other individuals/third parties as appropriate.

The BOD ensures the proper organisation of the Company, the implementation of a strong internal control system, the implementation of a strong enterprise risk management system and the definition

and formalisation of suitable policies and procedures. The BOD provides direction concerning the running of the business in line with the Company strategy and is responsible for ensuring that these directions are executed by the Company.

All BOD members are required to attend all BOD meetings unless they are unable to attend due to circumstances beyond their control. The minimum quorum for decision making requires that there is a balanced representation of NEDs to EDs, ensuring a majority of non-executive directors is maintained with at least one INED present at all meetings. Decisions will be made on a simple majority basis. The Chair of the BOD retains the casting vote. The Secretary will formally record all minutes and decisions taken.

In accordance with the Articles of Association, the BOD formulates the Company's operational and financial objectives and the Company strategy designed to achieve these objectives. The annual budget and long term plan of the

Company is prepared by the ED and is submitted to the BOD and Group stakeholders for their review and approval.

Board diversity policy

The BOD must satisfy itself as to the suitability of all BOD appointees. It is the policy of the BOD to consider all BOD appointments on merit. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including professional background, geographical location and gender. All appointments to the BOD must be documented in accordance with the ongoing requirements of the Corporate Governance Requirements and Fitness & Probity standards.

Conflict of Interest Policy

A member of the BOD with a conflict of interest with the Company will immediately report this to the Chair of the BOD. A member of the BOD who has a conflict of interest with the Company will not participate in discussions and/or decision-making processes on any issues or transactions affected by the conflict of

interest. A register of any and all conflicts of interest reported is maintained as part of the Company's records. Upon appointment to the BOD, and annually thereafter, all members are required to sign a Conflict of Interest and Fitness & Probity statement acknowledging their obligations under the CBI Corporate Governance Requirements and Fitness & Probity Standards.

B-1.3 Audit Committee ("AC")

The BOD must satisfy itself as to the suitability of all AC appointees. The AC supports the BOD in fulfilling its supervisory and monitoring duties with respect to the assurance of the integrity of the Company's financial statements, the external auditor's qualifications, and the performance of internal and external auditors. The AC monitors, independently and objectively, the financial reporting process within the Company and the system of internal controls. The AC also supports the ongoing communication between the External Auditor, the Internal Audit function and the BOD on issues concerning the Company's financial position and financial affairs.

Internal Audit function - Internal Audit fulfils an important role in assessing and testing the internal risk management and control system. The Director of Atradius Group Internal Audit reports to the Chair of the AC.

Composition of the Audit Committee

The AC shall consist of at least three members.

All members must have relevant expertise in financial administration and accounting for listed companies or other large companies and at least one member shall have an appropriate qualification.

All members must be non-executive directors, the majority of directors being independent.

The AC Chair shall be an independent non-executive director.

At least one member of the AC must also be a member of the Risk Committee (RC). Neither the Chair of the BOD, nor the Managing Director, shall be a member of the Audit Committee.

The BOD shall appoint one of the AC members as AC Chair. The AC Chair shall be primarily responsible for the proper functioning of the AC. He/She shall act as the spokesperson of the AC and shall be the main contact for the BOD. In particular, he/she will take care of good communication with the BOD and consultants appointed by the AC. The AC Chair will maintain regular contact with the chair of the BOD.

B-1.4 Risk Committee (“RC”)

The BOD must satisfy itself as to the suitability of all RC appointees. Enterprise risk management is a priority for the Company (at an entity level and as part of the Group) and helps steer its financial, operating and other risks. The RC supports the BOD in fulfilling its supervisory and monitoring duties with respect to the risk strategy of the Company. The RC is supported by the Atradius Re Chief Risk Officer (CRO) who reports into the RC on a regular basis.

The RC forms part of the Company’s Approved Corporate Governance Framework and is responsible for

overseeing and advising the Board in relation to the current risk exposures and future risk strategies of the Company.

The RC and its individual members must operate in the context of, and must remain compliant with, the Corporate Governance Requirements for Insurance Undertakings.

Unless otherwise defined hereinafter, the terms used in this Risk Committee governance shall have the meaning as defined in the Governance Framework.

Composition of the Risk Committee

The RC shall consist of all current members of the BOD. A quorum will exist if three members are in attendance provided there is a majority of NEDs in attendance (one of which must also be a member of the AC).

All members must have relevant expertise in the management of risks.

Voting rights apply to each member of the Committee with the chairperson of the meeting having a casting vote to reach a majority decision.

The proportionality of appropriate representation between executive and

non-executive directors must be maintained.

The Chair of the Committee shall be a NED.

The Chair may invite other employees or advisors to attend all or part of any RC meeting.

The BOD shall appoint one of the RC members as RC Chair. The RC Chair shall be primarily responsible for the proper functioning of the RC. RC Chair shall act as the spokesperson of the RC and shall be the main contact for the BOD. In particular, the RC Chair will take care of good communication with the BOD and consultants appointed by the RC. The RC Chair will maintain regular contact with the chairman of the BOD.

B-1.5 Key functions

Four key functions have been established at the Company, all of which support the BOD in discharging its obligations. Article 13 of the Solvency II Directive defines a function, within a system of governance, as “an internal capacity to undertake practical tasks”. These four key functions

are **Compliance, Risk Management, Actuarial and Internal Audit.**

Compliance function

The Company’s Compliance function is an independent function and as such will not be placed in a position where possible conflicts of interest may occur between Compliance responsibilities and any other responsibilities. The Head of Compliance (“HoC”) must be formally appointed to the role by the BOD. The role of the HoC is a Pre-Approved Control Function (PCF) under the applicable CBI regulations and any appointment to this role must be pre-approved by the CBI. The Compliance function supports the BOD in meeting its objective of complying with all applicable laws and regulations.

The HoC’s responsibilities include, among other things:

- ensuring the regulatory and operational compliance obligations of the organisation are duly implemented, monitored and reported in a timely manner;

- ensuring that all legal and company secretarial administration is monitored and controlled with timely record keeping and reporting;
- monitoring changes in applicable law or regulations and assessing the impact thereof as well as assessing that internal processes are compliant;
- working on a preventive basis, by providing assistance and advice on all compliance matters;
- reporting directly to the BOD;
- acting as liaison between the Company and its regulators, responsible for coordinating and maintaining a strong and transparent relationship with its regulators;
- Independence is enhanced by the provision of an independent dotted reporting line to the Head of Compliance of Atradius N.V. This reporting line is specifically aimed at allowing adverse reporting to

take place if such reports become necessary.

Risk Management function

The Company's Risk Management ("RM") function is independent and as such will not be placed in a position where possible conflicts of interest may occur between Risk Management responsibilities and any other responsibilities. The Chief Risk Officer ("CRO") must be formally appointed to the role by the BOD. The role of the CRO is a PCF under the applicable CBI regulations and any appointment to this role must be pre-approved by the CBI. The Risk Management function supports the BOD in meeting its objective of effectively managing its risk profile relative to its risk appetite and draws support from the Atradius Group Risk Management Function as necessary.

The CRO's responsibilities include, among other things:

- distinct responsibility for the RM function and for maintaining, and

monitoring the effectiveness of, the risk management system;

- ensuring that effective processes are in place to identify, measure, manage, monitor and report on the risks to which the Company is, or might be, exposed to;
- responsibility for facilitating setting of the risk appetite by the BOD;
- reporting directly to the BOD via the Risk Committee;
- reporting directly to the BOD on outcomes arising from the internal model governance committees (ie. QMC), as appropriate. Furthermore, the CRO ensures communication of feedback that the BOD has on the internal model, such as use of expert judgements, model changes and validation results;
- The CRO has a designated functional reporting line into Atradius Group Risk Management to ensure that the Risk Management function is aligned

with, and embedded within, the Atradius Group.

Actuarial function

The Actuarial function is outsourced to Grupo Catalana Occidente S.A. via an intra-group outsourcing agreement. The Company Actuarial function consists of a Head of Actuarial Function (HoAF), who is formally appointed to the role by the BOD and who is supported in his role by a team of actuaries within the Company. The role of the HoAF is a pre-approved control function under the applicable CBI regulations and any appointment to this role must be pre-approved by the CBI.

Deliveries of the Actuarial Function will comply with all relevant regulations and guidelines both at a European level and at the domestic (Irish) level.

The responsibilities of the Head of Actuarial Function include, among other things, the following:

- Co-ordination of the technical provision calculation;

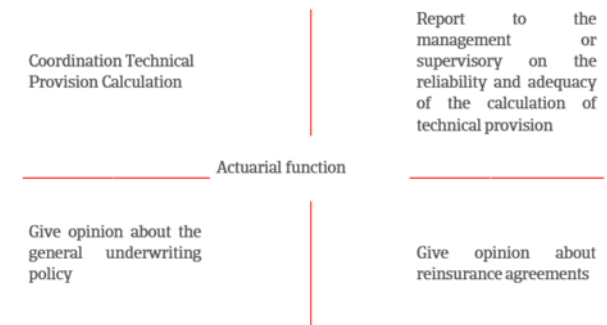
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- Comparing best estimates against experience;
- Informing the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- Overseeing the calculation of technical provisions in the cases set out in Article 82 of the Directive;
- Expressing an opinion on the overall underwriting policy;
- Expressing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the risk-management system referred to in Article 44 of the Directive, in

particular with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5, and to the assessment referred to in Article 45 of the Directive.

The Actuarial Function will at least annually provide for a Report of Actuarial Function which will describe the following activities:

- (a) Technical provisions;
- (b) Underwriting
- (c) Reinsurance

- The Actuarial Function will provide an opinion about the Own Risk and Solvency Assessment (ORSA). This opinion will be provided in relation with the ORSA process at the same time as the results of the ORSA will be provided to the Board.



Internal audit function

The Internal Audit (IA) function has been outsourced to Atradius CyC. The IA function is an independent function and all audit work undertaken is carried out freely, objectively and independent of the activity being audited/reviewed.

The IA function has developed an Internal Audit charter, approved by the Audit Committee (AC), which outlines the authority, responsibility and governance over Internal Audit. The IA function is responsible for advising the BOD, through its AC on the Company's system of internal control and provides regular reporting to the BOD via the AC.

The IA function has independent access to the Chair of the AC.

B-1.6 Remuneration Policy

The Atradius Group remuneration policy, which is applicable to Atradius Re, lays down the principles and key elements of sound and controlled remuneration of all Atradius' employees, including those of Atradius Re. The Remuneration Policy supports the Group's business strategy, objectives, values and long-term interest and is aligned with the size, organisational set-up, nature and complexity of the business activities of the Group. The Remuneration Policy is designed to improve the performance and the value of the Group, to motivate, retain and attract qualified employees and to contribute to sound and efficient risk management within the Group and not to encourage taking more risk taking than is acceptable to Atradius.

The principles underlying the remuneration policy consist of, amongst other things:

- Remuneration shall contribute to sound and efficient risk management, shall not encourage taking more risk than acceptable to Atradius or restrict the company's

ability to maintain an adequate capital base;

- Remuneration shall comprise measures that should avoid conflicts of interest;
- Fixed and variable remuneration shall be used to align individual performance with both short and long-term corporate strategy and objectives;
- Remuneration shall reward according to performance at group, entity and individual level as appropriate. In so far as required by SII regulations Individual objectives shall include a combination of financial and non-financial targets as appropriate to the role, taking into account ethical behaviour and corporate responsibility;
- Remuneration shall be set at levels appropriate to local market conditions to attract and retain talented employees, while observing these design principles and applicable laws, rules and regulations;

- Performance criteria for employees will be objective, measurable and linked to individual, department and group performance as appropriate.
- Non-financial rewards (other benefits) may also be used to further improve motivation and nurture employee commitment.
- Remuneration shall be practical and easy to understand and shall be supported by clear and timely communication;
- Remuneration shall be designed to encourage behaviour that promotes Atradius' values.

B-1.7 Corporate governance framework – Atradius NV

Atradius endorses the importance of sound corporate governance. Key elements of independence, accountability and transparency create a relationship of trust between Atradius and all of its stakeholders.

Atradius N.V. is a limited liability company organised under the laws of the Netherlands with a two tier board: a

Management Board and a Supervisory Board.

Management board

The Management Board is responsible for achieving Atradius N.V.s' objectives, strategy, policy and results and is guided by its interests and the business connected with it. The Management Board as a whole is responsible for the management and the general affairs of Atradius and is supervised by the Supervisory Board. The Management Board determines Atradius' operational and financial objectives, and the strategy designed to achieve these objectives, and ensures that Atradius has in place an effective risk management system, internal control system and internal audit function. The annual business plan and budget of Atradius are submitted to the Supervisory Board for approval. The Management Board rules describe the (allocation of) duties and the decision making process of the Management Board.

The Management Board of Atradius N.V. consists of:

- David Capdevila - Chairman and Chief Executive Officer
- Andreas Tesch - Chief Market Officer
- Christian van Lint - Chief Risk Officer
- Claus Gramlich-Eicher - Chief Financial Officer
- Marc Henstridge - Chief Insurance Operations Officer

CVs of each of the Management Board members, showing their roles, background and experience are available on the website.

The Supervisory Board supervises ANV's general affairs and the policy pursued by the Management Board. The responsibilities of the Supervisory Board include, among others, supervising, monitoring and advising the Management Board on the Company's strategy, performance and risks inherent to its business activities; the design and effectiveness of the internal risk management and control systems and the financial reporting process. The Supervisory Board rules describe the decision-making process and the

composition and committees of the Supervisory Board.

The Supervisory Board of Atradius N.V. consists of:

- Xavier Freixes - Chairman (effective as per 1 January 2022)
- Ignacio Álvarez (Chairman and member until 31 December 2021)
- Francisco Arregui, Vice-Chairman
- Désirée van Gorp
- Juan Ignacio Guerrero (effective as per 1 January 2022)
- Carlos Halpern
- John Hourican
- Bernd Hinrich Meyer
- Hugo Serra
- José María Sunyer

B-2 Fit and proper requirements

The Company is authorised by the Central Bank of Ireland ("CBI") and, as such, is required to comply at all times with the Fitness & Probity (F&P) regime which came into effect on 1 December 2012.

The domestic F&P regime was reviewed in 2015 in order to determine compatibility

with Solvency II. The CBI deems that individuals subject to SII F&P notification requirements in Articles 42(2) and 42(3) align to the domestic F&P regime.

Under this regime, an individual that is appointed to a “controlled function” (“CF”) must comply with the F&P standards as prescribed under the regulations. A CF is defined as a role that exercises a significant influence on the conduct of the affairs of the Company, monitors compliance or performs functions in a customer-facing role. Certain of these CF roles are referred to in the regulations as “Pre approved controlled functions” (PCFs) and these require the approval of the CBI before appointment.

Taking the nature of the roles into consideration, it is the policy of the Company to ensure that all employees, directors and officers are:

- competent and capable;
- honest, ethical and act with integrity at all times; and
- financially sound.

The Atradius Policy on Employee Background Screening sets out when

background screening must take place and the manner in which it must be conducted.

In the case of those critical or important functions that are outsourced, the fit and proper requirements will be verified in accordance with the outsourcing policy.

Fitness requirements

The Company is well placed to determine the particular demands of a CF/PCF, i.e. what qualifications, experience, knowledge and other relevant factors will make a person fit for the performance of that function.

The person must be able to demonstrate that he or she:

- Has professional or other qualifications relevant to the function;
- Has obtained skills and the competence to the relevant function through training or experience gained through employment;
- Has a sound knowledge of the business;

- Has comprehensive understanding of the regulatory and legal environment connected to the relevant function;
- Shall not allow personal conflicts of interest to arise in carrying out his or her CFs/PCFs;
- Will be compliant with the CBI Fitness & Probity Standards (which includes the CBI’s Minimum Competency Code as applicable).

Probity requirements

Individuals proposed for CFs or PCFs must be honest, diligent and independent-minded and must act ethically and with integrity. Probity is a matter of character illuminated by a person’s past behaviour. In general, where a person is found not to be a person of probity due to a lack of honesty, integrity or ethical judgement, that person may not be suitable for any CF or PCF.

Probity may also include individuals ensuring that they act without conflicts of interest.

The person must be able to demonstrate that his or her ability to perform the relevant function is not adversely affected by any of the following;

- has been refused, prohibited, restricted or suspended from the right to carry on any trade, business or profession for which a licence, registration or other authorisation is required by the law or had any such licence or membership revoked;
- has been the subject of any complaint made to the Central Bank, the Financial Services Ombudsman or any equivalent body, reasonably and in good faith, relating to activities regulated by the Central Bank or regulated by an equivalent authority in any jurisdiction;
- is or has been, in any jurisdiction, subject to any disciplinary proceedings or has been issued a warning, reprimand or other administrative sanction or its

equivalent by the CBI or an equivalent measure;

- has in any jurisdiction, been a director, of a company that was struck off the register of companies (or its equivalent) by the Registrar of Companies (or its equivalent) on an involuntary basis;
- has, in any jurisdiction:
 - i) been convicted of an offence either of money laundering or terrorist financing (or their equivalents);
 - ii) been convicted of an offence which could be relevant to that person's ability to perform the relevant function; or
 - iii) had a finding, judgment or order made against him/her involving fraud, misrepresentation,

dishonesty or breach of trust or where the person is subject to any current proceedings for fraud, misrepresentation, dishonesty or breach of trust.

- has been the subject of any civil penalty enforcement action taken by a regulatory authority under any law in any jurisdiction;
- has been untruthful or provided false or misleading information to the Central Bank or been uncooperative in any dealings with the CBI ;
- the person, or any business with which the person held a position of responsibility or influence has been or is being, in any jurisdiction, investigated, disciplined, censured, suspended or criticised by a regulatory or professional body, a court or tribunal or any similar

body, whether publicly or privately;

- has in any jurisdiction, been found by the CBI or any other regulatory authority to have perpetrated or participated in any negligent, deceitful or otherwise discreditable business or professional practice.

Professional propriety means that the person has throughout his or her life upheld the law and adhered to good commercial practices as outlined above and also adhered to good financial practices.

Approval process

For those roles designated as CF roles or PCF roles under the regulations, the Company's Head of Compliance is responsible for coordinating the screening of potential employees and, in the case of PCFs, for securing the approval of the Board to propose the appointment to the regulator and for securing the approval of the regulator before PCF appointment. The Head of Compliance must be satisfied, on reasonable grounds that the potential employee complies with the Fitness and

Probity Standards and must obtain written confirmation that the individual agrees to abide by those standards on a continuous basis.

To obtain the CBI's approval requires the submission of an individual questionnaire ("IQ"), available on the Central Bank's website.

An assessment of compliance with the Fitness & Probity standards must take place at least annually but also in the event of promotion or demotion.

B-3 Risk management system including the own risk and solvency assessment

The main components of the risk management system are:

- Risk Strategy
- Risk Governance
- Risk Management Policies and Guidelines
- Risk Boundaries
- Measurement / Monitoring / Reporting
- Risk Management Function

- Own Risk and Solvency Assessment

Risk strategy

The risk strategy is the Company's risk appetite framework. It is aligned with the risk strategy of the ultimate parent, GCO, and consists of the following main components:

- **Risk appetite** is the aggregate amount of risk that the Company is willing to assume within a predetermined period;
- **Risk tolerance** is the maximum amount of risk that the Company is willing to assume for a specific type of risk;
- **Risk limits** are operational limits established to facilitate control of risk-taking.

Next to capital-related risk appetite, tolerances and limits, the Company (in alignment with other companies of Atradius) has also established various operational tolerances and limits for different types of risk which are used in the day-to-day operations and embedded in the Company through the its risk

governance structure (see below). These tolerances include, among others:

- Strategic asset allocation for investments;
- Limitations on exposure or cover terms for countries and industry sectors;
- Group and individual buyer exposure limits;
- Credit risk limits (e.g. for reinsurance, deposits); and
- Policy and Risk Underwriting Authority levels.

Risk governance

The Group has established several risk governance committees to make decisions involving material risks, including the following:

- The Reinsurance Inwards Committee;
- The Operational Risk Committee;
- The Group Investment Committee decides on the tactical allocation of assets within the investment portfolio;
- The Quantitative Model Committee approves quantitative models used

within the Company. This includes both internally developed and those externally purchased;

- The Outward Reinsurance Committee recommends on appropriate reinsurance arrangements;
- The Group Credit Committee and five Local Credit Committees underwrite the most material credit limits;
- The Country Committee rates the credit risk of a country and outlines the associated risk underwriting strategy regarding those countries.

These committees are overseen by the Risk Strategy Management Board (RSMB). Its members consist of the Management Board of Atradius N.V., as well as the Atradius Head of Group Finance, the Director of Strategy and Corporate Development and the Director of Group Risk Management.

In addition to the committees that report to the RSMB, the Provisioning Committee assesses and decides on the appropriate

amount of claims provisions on both a Solvency II and IFRS basis.

As well as the committee structure, the Company operates within a framework of authority matrices. For treaty and risk underwriting, staff members are assigned well-defined authorities specifying the levels of risk they can take within the framework of the Company's risk governance. Authority levels reflect individual underwriting expertise. Also, the authority matrices specify 2-eyes, 4-eyes and 6-eyes requirements based on the levels of risk involved.

Risk management policies and guidelines

A framework of risk management policies and guidelines ensure alignment with the Company's objectives and (risk) strategy. Policies and guidelines cover areas such as Risk and Policy Underwriting, Reinsurance, FX, Investments, Operational Risk, Business Continuity, Information Security, Compliance, etc.

The risk management policies of the Company are aligned with the policies of GCO. As the ultimate parent, GCO has established a common framework of

policies for all the companies within the Group.

Risk boundaries

Risk boundaries give a clear and company-wide aligned understanding of what business the Company wants to underwrite and the lines that it does not want to cross. Risk boundaries are used to govern the business and to enable communication with stakeholders.

Measurement/Monitoring/Reporting

To support the operation of the governance structure, the Company applies a system of measurement and monitoring of risks, as well as reporting, which enables the communication of relevant information to the appropriate decision-makers. Examples of the focus areas in this system are:

- Buyer underwriting performance reporting, e.g. provisions, underwriting targets, notifications of non-payment, claims paid and received, recovery success rate,

premium earned, acceptance rates, market developments;

- Exposure distribution information, e. g. distributions of buyer ratings, concentrations in industry sectors, buyer countries, and buyer groups; and
- Economic capital consumption on different levels of granularity.

For measurement of economic capital-related aspects of underwriting risk, the Company employs a proprietary internal model, for measurement of economic capital-related aspects of other risk types, the Company uses the Standard Formula under Solvency II. This “Partial Internal Model” has been assessed and approved for use by the College of Supervisors.

Risk Management Function

The Risk Management Function assists the senior management of the Company with the effective operation of the Risk Management System, including the use of the (partial) internal model.

The Risk Management Function identifies, measures, monitors, reports and takes an

aggregated view of risks with the purpose of:

- Monitoring and reporting the risk profile relative to risk strategies in place;
- Monitoring and reporting risk profiles for different risk types and their contributions to the overall risk profile;
- Analysing the performance with regard to the risk strategies in place.

The Risk Management Function cooperates closely with other central functions such as Underwriting, Finance, Compliance, Internal Audit, Actuarial and with other organizational units within the Group where deemed appropriate.

One of the main tasks of the Risk Management Function is to obtain an independent validation of the Company’s (partial) internal model. The independent validation is outsourced to the independent validation team within the Risk Management Department of Grupo Catalana Occidente. This department provides a comprehensive and independent technical opinion regarding

the proper development and operation of the model and the appropriateness of its results, considering the different uses in the management of the Company and the quantification of the solvency capital requirement under Solvency II. The independent validation team operates according to an approved Validation Policy, which describes the methodology and criteria applied. The validation team shares its findings with the Quantitative Model Committee. The Quantitative Model Committee ensures that model owners take appropriate actions to remediate the findings. This ensures the ongoing quality and appropriateness of the model.

Own Risk and Solvency Assessment (“ORSA”)

The Company has been producing an ORSA Report since 2013. It has an established policy, governance, methodology and team of resources dedicated to execution of its ORSA process.

The Company executes a full ORSA process on an annual basis, but also runs all or part of the process in the event of a significant change in risk profile, retention rates/ceding percentages, Business Plan,

internal model parameters or at the request of management of a governance committee of the Company or the ultimate parent.

The ORSA is an integral part of the business, risk management and decision-making processes within the Company. The execution of the ORSA is linked to the preparation of the Company’s Long-Term Plan and includes an evaluation of risk and solvency positions, assuming both normal and adverse market conditions.

The ORSA includes analyses and reports the main risks to which the Company is exposed, their resulting capital requirements and an evaluation of the feasibility of the business plan over the normal planning horizon.

To determine and assess solvency positions, the various risks to which the Company is exposed are quantified and aggregated using the partial internal model. The results are taken into consideration for management decisions regarding capital management.

Additional information per risk category

In sections C1 to C7 below (Risk Profile), we provide more information on how risks are identified, measured, monitored, managed and reported for each risk category.

B-4 Internal control system

The Company has established a framework of internal controls to assist in following the Company’s strategy and objectives. The framework consists of numerous components that together comprise:

- **Control environment** - this consists of the employees of Atradius and the environment in which they operate. Aspects to consider include integrity, competence, and shared principles as elaborated in the Atradius Code of Conduct, plus reporting lines, authorities, responsibilities and accountability established and implemented by management. It also includes the way that Atradius attracts, retains and develops

competent individuals in order to meet the objectives of the business.

- **Risk Assessment** – Atradius must be aware of the risks that pose a threat to the achievement of its objectives. As part of the ICF, risks must be identified, assessed, responded to and monitored. Specific details on the assessment and management of risks can be found in, amongst others, the Risk Management System; Operational Risk Management policy, plus associated guidelines.
- **Control activities** – Policies and procedures, including controls, must be in place and executed to ensure that risks are managed in order to safeguard the achievement of objectives. These control activities include elaboration on ‘how’ specific environmental control aspects are implemented.
- **Information and communication** – Information and communication systems operate across the

aforementioned internal control components to enable Atradius to capture and disseminate the information necessary to conduct, manage and control the business; and

- **Monitoring** – The entire internal control framework, including the objectives and components must be monitored to ensure that it is operating as intended and reflects the current goals and vision of Atradius, together with the overall environment in which it operates.

The Internal Audit and Compliance functions are important parts of the internal control system and they are addressed below.

Control environment

The control environment is based upon organizational values and expected standards of conduct. To facilitate adherence to expected standards, senior management has established structures, standard practices and policies.

Employment practices establish the professional competencies and professional practices expected of the Company’s employees. These competencies are outlined in the Company’s policies regarding conduct, recruitment, remuneration, appraisal and development of employees. Moreover, the most important employment practices are outlined in specific codes, charters and policies, such as:

- Code of conduct
- Speak up procedure – Policy on whistle-blowing
- Policy on fraud management;
- Policy on customer due diligence;
- Policy on trading in securities;
- Policy on employee background screening;
- Policy on complaint management;
- Policy on auditor independence;
- Policy on anti-trust and fair competition;
- Policy on business in accordance with licenses;
- Policy on external representation;
- Policy on Insurance Distribution
- Policy on incident reporting;
- Policy on Fitness & Probity;

- Policy on Outsourcing;
- Policy on Anti-Bribery and Corruption;
- Policy on Sanctions;
- Policy on personnel data retention;
- Policy on Anti-Money Laundering and Counter Terrorism Financing.

The Company has established various control mechanisms, implemented through policies and procedures related to organizational structures, organisational values and employment practices.

Organisational structures define roles, responsibilities, authorities and reporting lines. Within the Company, two main organisational structures exist: the managerial structure and the risk governance structure. Both structures outline the levels of authority delegated to the Company's employees when underwriting or transacting. This authority typically depends on an employee's function and competency.

Risk assessment

Key mechanisms to ensure that the Company has identified and understands

and responds to the risks it faces include (but are not limited to):

- Strategy setting and long-term business planning;
- Periodic business review meetings between the Management Board and business units; and
- Risk Management System (see Section B-3 for further detail). This includes items such as the ORSA process, risk strategy setting and review, risk governance, and the risk management function).

Control activities

The Company implements various control mechanisms. These are established through policies and procedures embedding segregation of duties, approvals, verifications, management reviews, and reconciliations.

Segregation of duties is embedded in the Company's underwriting process and in its financial transactions. A financial transaction is commonly segregated by splitting the roles into an initiator, an approver, a verifier, a recorder and a

reconciler. Each role is in principle held by a different employee. This reduces the risk of erroneous or inappropriate payments. Approvals are embedded in the Company's underwriting and financial transactions processes and are formalised in a Board of Directors' approved authority matrix. Verifications are also embedded in the Company's underwriting and financial transactions processes.

Underwriters must disclose their identity when accessing the underwriting system. The same principle applies for access to the financial systems. Moreover, as part of a financial transaction, the written signature of an approver is confirmed by an employee acting as the verifier.

Management regularly reviews, including at monthly management meetings, management reports (financial and other key performance indicators) to monitor performance against budget, forecast, prior period, etc., to assess the extent to which the Company's objectives are being achieved and to identify adverse developments.

Examples are:

- monthly management accounts detailing the financial performance and position of the Company;
- monthly management reports detailing the financial performance of the third party business;
- development by underwriting year;
- client profitability reports detailing performance by cedant;
- investment reports which details the investment performance and investment position of the Company in terms of returns and allocation.
- risk reports - management information giving an overview of the Company's risk profile for different risk categories.
- Presentations and/or updates the Company makes to Atradius Group Committees of which it is a member e.g Group Investment

Committee (GIC), Reinsurance
Inwards Committee (RIC)

Information and Communication

The Company communicates internally through policies and procedures, but also through channels such as intranet, emails and newsletters.

To ensure that negative information can also be communicated upward, the Company has established a code on whistleblowing. This code establishes an alternative communication channel to the Director of Internal Audit, which employees can use to communicate negative information.

For the purposes of this document, the key mechanisms in place within Atradius for the component 'Information and Communication' include:

Mechanisms	Description
Annual report	Annual report of the Company.
Atradius intranet	Internal intranet site hosting key information and news for all units.
Risk report	Management information compiled for the board of directors which gives an overview of the Company's risk profile – an overview of exposure from different risk types.
Monthly management report	Monthly analysis, review and reporting of financial and non-financial KPI's for the Company's business.
ORSA	Own risk and solvency assessment - process to identify, assess, monitor, manage, and report the short and long term risks and to determine the own funds necessary to ensure that overall solvency needs are met at all times, taking into account the risk profile, approved risk tolerance and business strategy.
Investment report	A report detailing the investment performance and investment position of the Company in terms of returns and allocation. In addition, it details the credit rating of the debt instruments, the investment position split per currency and its value-at-risk

Monitoring

The entire internal control framework must be monitored to ensure that it is operating as intended and reflects the current objectives and environment. The Company has implemented various mechanisms, such as control self-assessments, incident reporting and internal audit exercises’.

Control-self assessments are performed to monitor the effectiveness and efficiency of the Company’s financial reporting controls (“FRC’s”) and non-financial reporting controls.

Financial reporting control self-assessments are performed on a quarterly basis to ensure that the Company’s financial

statements exclude material errors by preventing errors occurring or detecting errors that have occurred.

To facilitate monitoring, controls are stored in an online portal that details:

- what controls are in place;
- why the control is performed;
- which functions and employees perform the control;
- when and how often; and
- who is responsible for the control.

In addition, evidence of performance of controls is stored for review, if necessary.

For the purposes of this document, the key mechanisms in place within the Company for the component 'Monitoring' include:

Mechanisms	Description
Business review meetings	Periodic review between the management board of the Atradius Group and the Company.
Internal audit reviews	Five-year review cycle by internal audit focused on perceived areas of greatest risk.
Control self-assessments	Periodic assessments of key controls across the business in order to gain assurance over their design and operation.
Financial reporting controls	Quarterly assessments of key controls over the accuracy of the financial statements, in terms of their design and operation.
IT general controls	Quarterly assessments of IT General controls in terms of their design and operation.
ORSA	Own risk and solvency assessment process plays a central role in monitoring risk profile and solvency needs.
Code on incident reporting	Sets the requirements relating to the reporting and resolution of significant incidents.
Operational losses	Recording and analysis of operational risk event losses.

B-5 Outsourcing

Introduction

The Outsourcing Policy describes, in general terms, the approach and process for outsourcing from the inception to the end of the contract, including:

- the Solvency II criteria that are relevant to consider when outsourcing critical or important functions or activities;
- how a Provider of outsourced services (“The Provider”) of suitable quality is selected;
- the details to be included in the Outsourcing Contract with the Provider; and
- business contingency plans.

The Company can outsource critical functions or activities, but must retain overall responsibility for discharging all of its obligations under applicable laws, rules and regulations and must ensure that appropriate management controls and procedures operate to protect the Company and to ensure compliance with applicable laws, rules and regulations.

Key Functions are the following functions: risk management, compliance, internal audit and the actuarial function. A PCF individual within the Company must be identified as having responsibility for the outsourced function and must be notified to the CBI.

Approvals

The Board of Directors of the company approves all outsourced services of critical or material functions/activities and such approvals must be notified to the CBI in accordance with the notification process for (re)insurance undertakings when outsourcing critical or important functions or activities under Solvency II.

Critical or material functions/activities

Critical or material functions/activities relate to the core business of Atradius Re, that would otherwise be performed by the Company itself and that are essential to its operation as it would be unable to deliver its services to policyholders without the function or activity.

The following are examples of functions/activities that can be considered critical or important functions/activities:

Key Function;

- The design and pricing of reinsurance products;
- The investment of assets or portfolio management;
- The provision of information systems management and maintenance in relation to the core activities of the Company.

The following are examples of functions/activities that should not be considered as critical or important functions/activities:

- advisory & other services which do not form part of AtRe's reinsurance activities (e.g. legal advice, trainings, billing services and the security of premises and personnel)
- the provision of logistical support (e.g. cleaning or catering);
- the provision of data storage;
- the provision of elements of human resources support (e.g., payroll processing).

For any new Outsourcing Contract or for the renewal of an existing Outsourcing Contract, the preparation, relevant assessments, due diligence and selection must be performed by the relevant business area/unit (under responsibility of the Managing Director). The due diligence and selection process involves understanding the main risks that may arise from the Outsourcing, identifying the most suitable strategies for the mitigation or management of these risks and ensuring that the Provider has the ability, capacity and authorization required by law (if applicable) to perform the Outsourcing reliably and professionally. The conclusions are to be documented by the relevant business unit under the responsibility of the Managing Director.

Outsourcing Key Functions

If the company intends to outsource a Key Function, the following subjects must be addressed:

- it applies fit and proper procedures in assessing persons employed by the Provider that will perform an outsourced Key Function for the Company, which means it ensures that

the Provider checks the fitness and propriety of all persons working on the Key Function;

- it ensures that the person(s) within the Company designated with overall responsibility for overseeing the outsourced Key Function possesses sufficient knowledge and experience regarding the outsourced Key Function as to be able to challenge the performance and results of the Provider. This person is to be notified to the Regulator.

Outsourcing of Critical or Important Operational functions

- **Actuarial Function (Key Function)**

The Actuarial Function is outsourced via an intra-group outsourcing arrangement. The jurisdiction of the service provider of this function is Spain.

- **Internal Audit (Key Function)**

The Internal Audit Function is outsourced via an intra-group outsourcing arrangement. The jurisdiction of the service provider of this function is Spain.

- **Investment Activities** are outsourced via an intra-group outsourcing arrangement. The jurisdiction of the service provider of this function is Spain.

- **IT Activities and Telecoms support** services are outsourced via an intra-group outsourcing arrangement. The jurisdiction of the service provider of this function is Spain.
- **Reinsurance Accounting Database System support** services are outsourced to a service provider located in Bermuda.

The Outsourcing Contract:

An Outsourcing Contract must, where applicable, address the following issues (not exhaustive) and be drafted in consultation with the Head of Compliance, and Group Legal and Compliance as necessary:

- outline the responsibility of each party to the contract;
- be for a specified period, i.e. have a commencement and end date;
- allow for periodic reviews;
- include performance benchmarks or standards and process for advising AtRe of a potential or actual inability to provide services;
- include dispute resolution processes plus termination clauses;
- include appropriate confidentiality clauses;
- include liability provisions;
- specifically outline any sub-contracting of outsourcing by the Provider (so that the same standards apply equally in all aspects to the Provider and the sub-contractor);

- cost, invoicing and payment details;
- disclosure obligations for the Provider of developments that may materially impact the Outsourcing;
- availability of an adequate business continuity plan and process at the Provider in the event of any inability to provide the service by the Provider;
- include obligations for the Provider to comply with applicable laws and regulatory requirements relevant to the Atradius Re (such as obligations to cooperate with the Regulator in connection with the Outsourced function or activity);
- include the right of access for Internal Audit, the external audit firm and the Regulator to relevant documentation related to the Outsourcing (including documentation on fit and proper testing of Key Functions) and the right to conduct on-site visits at the Provider;
- provide for the way in which the Outsourcing Contract can be terminated, to allow the Company to be able to perform the outsourced activities itself, or outsource the activities to another provider.

Internal (intragroup outsourcing):

When Outsourcing to a Provider within the GCO group, the following applies:

- in relation to outsourcing of a Key Function, the group entity that performs the Outsourcing must (a) document which

function/activity relates to which legal entity in the group, and (b) ensure that the performance of the function/activity at the level of the outsourcing entity is not impaired.

- the due diligence and selection process of the Provider may be less detailed if Atradius Re has greater familiarity with the Provider and if the Company has sufficient control over, or can influence the actions of, the Provider.
- A written agreement must exist, stipulating the duties and responsibilities of both parties. This can take the form of a less detailed agreement than the contract required for external outsourcing.

B-6 Any other information

n/a

C. Risk Profile

C-0 Introduction

C-1 Underwriting risk

C-2 Market risk

C-3 Credit risk

C-4 Liquidity risk

C-5 Operational risk

C-6 Other material risks

C-7 Any other information

C-0 Introduction

The principal risks to which the Company is exposed are underwriting risk, market risk, credit risk, liquidity risk and operational risk, each of which will be described in this section of the report.

In 2017, the Company was granted regulatory approval to use a Partial Internal Model (“PIM”) to calculate regulatory capital requirements. The Company uses its internally developed economic capital model for most of the non-life underwriting risk module and the Standard Formula for the market, counterparty and operational risk modules – hence the “Partial” Internal Model.

The table on the following page illustrates the contribution of the risk types described in this section to the Basic Solvency Capital Requirement (BSCR), calculated using the Partial Internal Model.

	FY21	FY20
Market Risk:		
Interest Rate Risk	8	8
Equity Risk	41	29
Spread Risk	26	31
Currency Risk	29	32
Concentration Risk	9	6
Total undiversified	113	106
Diversification	(35)	(33)
Total diversified	78	73
Non-Life UW Risk:		
Internal Model	169	258
Premium and Reserve Risk	2	2
Catastrophe Risk		
CAT recession scenario	2	2
CAT default scenario	-	-
CAT other scenario	-	-
Total undiversified	2	2
Diversification	-	-
Total diversified	2	2
Lapse Risk	-	-
Total undiversified	173	262
Diversification	(1)	(1)
Total diversified	172	261
Counterparty risk	11	10
BSCR:		
Total undiversified	261	344
Diversification	(49)	(50)
Total diversified	212	294
Operational Risk	12	14
SCR		
Total before tax adjustment:	224	308
Tax adjustment	(8)	-
Solvency Capital Requirement	216	308
MCR	97	117
Eligible own funds	557	649
SCR Coverage ratio	258%	211%
MCR Coverage ratio	573%	494%

C-1 Underwriting risk

In terms of the basic solvency capital requirement (BSCR) calculated under the partial internal model, underwriting risk is by far the largest driver of the Company's SCR with a charge of EUR 172 million (2020: EUR 261 million), representing 66% (2020: 76%) of the BSCR of EUR 261 million (2020: EUR 344 million) before diversification.

in EUR million

	FY21	FY20
Non-Life UW Risk		
Internal Model	169	258
Premium and Reserve risk	2	2
Catastrophe Risk	2	2
Lapse Risk	0	0
Total undiversified	173	262
Diversification	(1)	(1)
Total diversified	172	261

Identification

Non-life underwriting risk is defined as the risk arising from non-life insurance obligations in relation to the liability covered and the process used in the conduct of the business. The Company incurs underwriting risk through its reinsurance contracts, whereby it assumes the risk of loss from organisations that are directly subject to underlying loss. It takes account of uncertainty in the results of these organisations related to existing insurance and reinsurance obligations, and to new business to be written over the following 12

months. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts, in addition to unexpected premium developments.

Non- life underwriting 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.

COVID-19

In 2021 as in 2020, the most significant developments in the risk landscape are related to the worldwide effects of the COVID-19 pandemic. The pandemic has affected all risk areas – from underwriting risk (impact on buyers (credit insurance) and customers (bonding)) and consequently on the reinsurance of these risks, to financial risk and operational risk (impact on the Company's ability to maintain its standard of service and to ensure that the needs of employees are adequately addressed). The Atradius Group has taken steps to manage its exposure to the effects of the pandemic.

A key part of the Atradius Group's underwriting strategy during the COVID-19 crisis has been supporting customers in insuring their receivables, and, at the same time, protecting them against losses in a heightened risk environment in an explainable and comprehensible way. While COVID-19 risks were spread broadly, the risks were not uniform across all countries, sectors and portfolios. Atradius analysed the nature and sources of the risks and

how they constantly shifted, e.g. from supply chain to liquidity-related. The Group has continually analysed all trade sectors for relevant risk factors, such as how they might be influenced by governmental response and readiness, and changing infection rates in different countries and regions. Using segmentation tools, extensive data and analytics, dedicated COVID-19 response teams coordinated the Atradius Group's worldwide risk and commercial organisations to rigorously review and take action on portfolios. Most underwriting algorithms were consequently re-parameterised in the COVID-19 environment. These continuous underwriting actions were performed in alignment with commercial strategies on (re)pricing, policy restructuring and prudent sales, underpinned by a deliberate and transparent communication with the market.

Similarly, drawing on its long experience of previous crises affecting the global economy, Atradius Re has taken proactive measures in response to the crisis, including a thorough review of exposures in conjunction with its clients, leading to cancellations and reduction of exposures on the most affected industries and companies.

There has been a continuous review of named risk exposures, with sectoral reviews, top risk reviews, Covid-19 buyer health checks, market reviews and cedant deep dives all being conducted. Reviews have been conducted and a rebalancing of the portfolio ensured that risks remain sustainable. Top exposures continue to be well diversified and proportionate to the overall portfolio.

Measurement and monitoring

Underwriting risk is measured both on individual treaties and exposures and on the aggregated risk portfolio using several risk metrics and tools, such as:

- internally developed economic capital model;
- total potential exposure (TPE: sum of registered credit limits);
- a list of insurance buyers over certain limits in accordance with reinsurance agreement conditions;
- application of underwriters estimates of premium income, ultimate loss ratios and ultimate commissions ratios to an actuarial risk earnings model to evaluate the appropriate earned income, reserves setting and costs basis for each reinsurance contract;
- measurement of reinsurance contract performance against control limits set by the underwriting guidelines.

Management and mitigation

Underwriting risk is managed both on an individual cedant and aggregated basis by using a variety of tools, such as:

- regular detailed review of all reinsurance business for past underwriting years performance, triangulation development, individual buyer exposure development and aggregate total potential exposure management, market and country exposure;

- monitoring of risk and policy limit setting to ensure credit quality and performance of the underlying insurance products to reinsurance terms agreed with the client;
- reinsurance underwriting guidelines which define and curtail the type of business the Company is authorised to write, with specific guidelines to type of product, capacity limit, types of exposure, term and diversity of the underlying insurance ceded;
- exposure management through monitoring of total potential exposure including the list of insurance buyers over certain limits in accordance with the reinsurance agreement conditions; and
- reinsurance: the Company transfers a portion of its reinsurance 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 in accordance with the Company's policy to select only reinsurers with a high quality standard of solvency/rating. The normal minimum requirement is an 'A' level rating. During these annual reviews, the Company assesses the optimal structure of the treaties for the forthcoming period(s), including the excess of loss treaties (the attachment points, spread of the layer and the number of reinstatements).

Monitoring and reporting

The Company has a number of risk management tools available to monitor the reinsurance portfolio for performance, exposure and financial development. The reinsurance system is used to record the risk profile, and to provide information for each reinsurance treaty. This allows the reporting of performance, total aggregate exposure and accounting reinsurance result.

The reinsurance system provides triangulation reporting, earnings estimates, categorisation of risks and market summary details. It automatically provides a suite of reports which give the underlying performance data for review by our reinsurance accounts, risk management, actuarial and finance areas. In addition to monitoring and recording TPE by treaty assumed on the reinsurance system, the Company also uses a buyer database to monitor individual reported buyer exposure limits issued by the original cedant that are in excess of agreed reporting thresholds. The Company uses the economic capital model as a tool to monitor the economic capital required by the reinsurance portfolio. This is calculated and reviewed quarterly.

2021 Government agreements

The COVID-19 pandemic crisis has strongly affected the world economy.

In view of this situation and, as a support to the national economy, 10 main countries in which the Atradius Group operates have supported the business of credit insurance in the form of specific government reinsurance schemes with high cession rates.

The government schemes are part of an overall package of measures and aim to ensure that sufficient liquidity is available in the market, to counteract the damage inflicted on companies affected by the outbreak and to preserve the continuity of economic activity during and after the outbreak. In particular, they aim to ensure that trade credit insurance services continue to be available to businesses. All contracts apply to direct business (gross reinsurance).

The Atradius Group entered into agreements with Germany, Denmark, Norway, Belgium, France, Luxemburg, the Netherlands, United Kingdom, Italy and Spain. In general terms, all government schemes cover Credit Insurance with policyholders from the country and buyers of everywhere (domestic and export credit).

In Europe, all agreements were approved by the European Union. These agreements apply before private reinsurance in place with the exception of Spain for which the agreement provides an additional cession (works in addition to the current private cession of the Atradius Group to the market). All government schemes are risk attaching and cession rates for premiums and claims depends on the country.

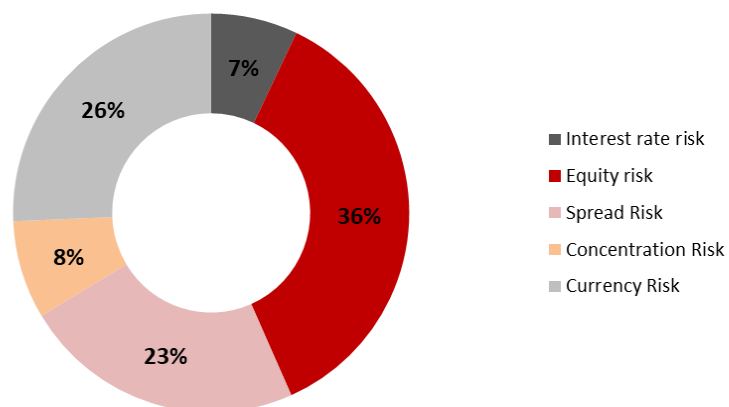
The contents of the programs differ from each other but they were typically in the form of a quota-share agreement with a cession between 50% to 100%. Close to 50% of exposure was/is covered by these programs.

These schemes have reduced claims and exposures, and consequently underwriting risk, in respect of those countries where they have been implemented and from which business is assumed by the Company from the Atradius Group.

C-2 Market risk

Identification

Market risk is the risk that arises from the level of volatility of the market price of the Company's financial assets and liabilities: in particular its investment portfolio.



<i>in EUR million</i>	FY21	FY20
Market Risk		
Interest rate risk	8	8
Equity risk	41	29
Spread Risk	26	31
Concentration Risk	9	6
Currency Risk	29	32
Total undiversified	113	106
Diversification	(35)	(33)
Total diversified	78	73

In terms of the basic solvency capital requirement (BSCR) calculated under the partial internal model, market risk with a charge of EUR 78 million (2020: EUR 73 million) represents 30% (2020: 21%) the BSCR of EUR 261 million (2020: EUR 344 million) before diversification.

The Company is exposed to market risk by obtaining assets and incurring liabilities, values of which are sensitive to movements in market prices and currency exchange rates. This risk is assumed and incurred by:

- investing in debt instruments;
- investing in equity instruments;
- underwriting insurance contracts generating provisions for future claims payments; and

- obtaining assets and incurring liabilities denominated in foreign currency.

Measurement

Market risk is measured by using several risk metrics, including:

- value-at-risk;
- capital models of external credit assessment institutions; and
- interest rate duration.

Value-at-risk and capital models from external credit assessment institutions are both used to determine potential maximum loss for a given confidence level on the Company's financial instruments due to adverse movements in market prices or counterparties creditworthiness. Interest rate duration assists in determining sensitivity of debt instruments and claims provisions to movements in interest rates.

Management

Market risk is managed in several ways, such as:

- restriction on investment types, e.g. widely traded capital market instruments versus derivatives;
- diversification of the investment portfolio; and

- restrictions on the interest rate duration of the debt instruments portfolio and implementation of a strategic asset allocation (SAA).

Mitigation

Market risk is mitigated on several layers in the undertaking. Firstly, constraints are set in the Group Investment Policy that has to be reviewed and approved by the Board of Directors. This policy gives the risk taker limits in which investment risk can be taken. Monitoring of compliance is undertaken by the Atradius Group Investment Committee, of which the Finance Director ("FD") of the Company is a member with full voting rights. This committee is responsible for taking investment decisions by majority vote and monitoring compliance with the Group Investment Policy. The Company's policy is to invest only in investment grade, liquid investments taking into account the short interest rate duration of the claims provisions. Furthermore, the policy regarding financial instruments is to invest only in capital market instruments and refrain from investing in derivative instruments.

Monitoring and reporting

Market risk is monitored by and reported to the Atradius Group Investment Committee, on which the FD of the Company is a member with full voting rights. The Group Investment Committee meets monthly and reviews metrics such as the value-at-risk, the interest rate duration of the investment portfolio and degree of diversification/concentration of the investment portfolio. The Board

of Directors reviews similar management information regarding the Company's investments on a quarterly basis.

Prudent person principle

The Company uses an asset liability management (ALM) approach to analyse the impact of market risk on its assets and liabilities. Additionally, through the use of Solvency II constrains the Company aims to define the strategic asset allocation (SAA), so that the commitments resulting from the exposure to purchased assets and the Company's insurance liabilities can be met while maximizing the expected investment return within given risk and capital constraints.

The investment process complies with the 'prudent person' principles:

- all assets covering technical provisions should be invested in a manner appropriate to the nature and duration of the firm's liabilities.
- investments shall only be made into assets whose risks can be properly identified, understood, measured, monitored, managed, controlled and reported.
- all assets shall be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio as a whole.
- non-traded investments shall be kept to prudent levels.
- exposure to speculative grade assets must be prudent.

C-3 Credit risk

Identification

Credit risk (also referred to as counterparty default risk) is the risk of an adverse change in the Company's profit and changes in the creditworthiness of a counterparty.

In terms of the basic solvency capital requirement (BSCR) calculated under the partial internal model, credit risk with a charge of EUR 11 million (2020: EUR 10 million) represents 4% (2020: 3%) of the BSCR of EUR 261 million (2020: EUR 344 million) before diversification.

The Company is exposed to credit risk by obtaining assets whose face value depends on its counterparties ability to repay their obligations in full when due. This risk is incurred by:

- investing in debt instruments;
- depositing cash at credit institutions; and

- entering into reinsurance agreements.

Measurement

Credit risk is measured using several risk metrics, such as:

- capital models developed by external credit assessment institutions;
- credit ratings issued by external credit assessment institutions;
- payment history of reinsurance contract-holders; and
- days-past-due reports (credit control reports).

Developments in these main risk metrics (as well as other information) are monitored and assessed to ensure that the exposure to credit risk is maintained within acceptable boundaries.

Management and mitigation

A credit rating issued by an external credit assessment institution is used to ensure that the Company invests only in a debt

instrument or enters into a reinsurance contract with an acceptable likelihood of being settled. Currently, the policy is to invest only in debt instruments with a credit rating of 'A-' or higher and to only enter into reinsurance contracts with reinsurers with a credit rating of 'A-' or higher.

In the event that the credit rating of a debt instrument falls below the minimum, the Group Investment Committee must decide whether the Company should divest the instrument. In the event that the credit rating of a reinsurer falls below the minimum, the reinsurance contract allows the Company to terminate the reinsurer's subscription to the reinsurance treaty or to require extra collateral from that reinsurer.

Monitoring and reporting

Credit risk is monitored and reported to the Group Investment Committee, Reinsurance Outwards Committee (ROC) and the Risk and Strategy Management Board, of the Atradius Group. In addition,

credit risk is reported on to the Atradius Re Risk Committee.

The Group Investment Committee meets monthly and reviews the distribution of credit ratings within the investment portfolio, while the Risk and Strategy Management Board performs the same review of the investment portfolio on a quarterly basis. The Reinsurance Outwards Committee, which is an Atradius Group Committee, meets quarterly and reviews the credit ratings of reinsurers subscribing to the Company's reinsurance treaties. Counterparty ratings and counterparty default risk SCR are elements of the Atradius Re Board approved Risk Appetite Statement, which is reported on quarterly to the Company Risk Committee.

C-4 Liquidity risk

Identification

Liquidity risk may arise due to insufficient funds being available to meet cash flow requirements (funding liquidity risk), but also due to illiquidity of the assets held to meet the cash flow requirements (asset liquidity risk).

Measurement

The Company measures its liquidity risk by forecasting its required payments and comparing these to its cash positions.

Management

Liquidity risk is managed by using several tools, such as:

- holding marketable financial instruments that have daily pricing and the ability to be liquidated in a reasonable time period;
- holding of ample cash reserves;
- monitoring of cash reserves to ensure sufficient liquidity.

Mitigation

The primary risk mitigating practice is the monitoring of ongoing cash flow patterns combined with the maintenance of levels of cash and highly marketable securities that reflect expected cash needs.

The management and mitigation of liquidity risk by the above management tools is reinforced by the Group investment policy: that investments should be only in financial instruments that can be liquidated in less than four business days. In practice, most of the Company's assets are marketable securities that can be readily converted into cash when required.

Monitoring and reporting

The cash positions are monitored daily and reported on a weekly basis.

Expected profits in future premiums (EPIFP):

The expected profits in future premiums (EPIFP) figure calculated in accordance with Article 260(2) of the Delegated Regulations at the end of 2021 was EUR 25.7 million (2020:EUR 2.8 million).

C-5 Operational risk

Operational risk is the “risk of loss arising from inadequate or failed internal processes, or from people and systems, or from external events”. The Solvency II Directive also states that operational risk “shall include legal risks, and exclude risks arising from strategic decisions, as well as reputation risks.”

Using the Standard Formula for calculation this risk represents 5% of the Company’s SCR, with a charge of EUR 12 million (2020: EUR 14 million, 3%).

The Company uses a framework for identifying, assessing, responding to and monitoring operational risk, which is based in part on the Committee of Sponsoring Organizations’ Enterprise Risk Management (COSO ERM) Integrated Framework. The framework ensures that operational risks are considered in all parts of the Company and that objectives are more likely to be met with fewer surprises along the way.

Within the Atradius Group, the Operational Risk Committee (ORC) 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.

Identification

Operational risk is inherent in all the Company’s key activities. The Company has developed a number of methods and tools to support not only identification, but also assessment and management of operational risk such as:

- risk registers;
- risk and control self-assessments;
- financial reporting controls;
- training (such as fraud awareness training);
- monitoring of indicators of risk in the various sub-categories of operational risk.

Risks and the related controls are discussed at all levels, across the business.

Measurement

A local risk register is maintained and updated on a quarterly basis. The risk registers contain risks that management identifies as significant risks to achieving objectives and contain primarily operational risks.

Management and Mitigation

To provide oversight and assurance in an auditable and efficient manner, the Company employs a dedicated governance, risk and compliance software platform (the “GRC portal”) that integrates existing risk management activities across the business.

Operational risk is managed through a framework of internal controls that address the different areas where such risk is present. This internal control system includes:

- policies, procedures and standards;
- business continuity plans;
- manual and automated operational controls such as the segregation of duties, the application of signing

authorities and role-based system privileges; and

- board approved authority matrix which must be read and understood by all staff, as evidenced by employee signature, and which outlines approval requirements.

Monitoring and reporting

As noted above, the Company has a number of operational risk management tools, including risk registers, risk and control self-assessments and financial reporting controls, which are also used to monitor and report operational risk.

COVID-19

Following the initial 'lockdowns' in most countries and travel bans, actions were taken to ensure human resource and IT capabilities were sufficient to maintain the expected level of customer service and to manage the risk exposure. Many staff are working remotely and will continue to do so as necessary. IT systems have remained stable and collaboration tools have been enhanced for the whole workforce. Overall

service to customers and all other counterparties is being maintained.

As subsequent lockdowns occur in various geographies, the arrangements established in the first half of the year ensure that the Company is prepared for all eventualities. The Group Incident Management Team (comprised of the Management Board and additional senior management from relevant departments) meets regularly, monitors the situation globally and locally and takes action where required.

C-6 Other material risks

C-6.1 Concentration Risk

Identification

The Company is exposed to concentration risk primarily by accumulation of assets with a debtor and or underwriting exposure credit limits on a cedant, within a country, or within a trade sector.

Management and mitigation

Concentration risk is managed using several management tools, of which the most important is concentration limits. For example, on the asset side, the Company limits investments with a single counterparty to less than 5% of the investment portfolio (this applies to non-government counterparties only). In terms of reinsurance, exposures are closely managed to monitor accumulations of risks across cedants and to assess the potential risk of claims occurring from the failure of individual companies (or a group of related companies).

Monitoring and reporting

Concentration risk is monitored and reported to the Group Investment Committee, the Reinsurance Inwards Committee, and the BOD depending on the type of concentration risk.

The Group Investment Committee meets monthly and reviews adherence to the policy on concentration limits for the investment portfolio while the BOD performs a similar review of the investment portfolio on a quarterly basis.

The Reinsurance Inwards Committee (RIC) reviews quarterly the concentration of credit limits underwritten by country, by trade sector and for the top 20 buyers.

Before each annual renewal of the Company's excess of loss reinsurance treaty, the Reinsurance Outwards Committee (ROC) reviews the proposed reinsurance treaties and adherence to the concentration limits for reinsurance treaties.

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 business assumed from the Atradius Group 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, thus contributing positively to our diversification profile. Within all of

these regions, a well-diversified spread by country and cedant is maintained.

	TPE 2021 €'000	%	TPE 2020 €'000	%
Europe	65,335,607	54.06%	109,548,606	65.92%
Asia	19,102,870	15.81%	26,394,670	15.88%
North America	24,767,551	20.49%	18,564,598	11.17%
South America	7,747,969	6.41%	5,915,302	3.56%
Oceania	2,001,650	1.66%	3,215,542	1.94%
Africa	1,894,885	1.57%	2,537,263	1.53%
Total	120,850,532	100.00%	166,175,981	100.00%

C-6.2 Qualitative Risks

The following is a summary of the principal qualitative risks to which the Company is exposed:

Strategic risk: This is the risk arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It is the risk related to strategic planning, market developments and reputation.

Strategic risk categories are used to structure the process of identifying and assessing strategic risks. The main categories used within the Company are:

- Allocation of resources (risks linked to an inadequate strategic planning and budgeting process).
- Market developments (risks linked to market developments - economic environment, clients, competition).
- Reputation (risks linked to an adverse change in the reputation or image of the Company).

At least annually the company identifies and analyses strategic risks through various internal channels such as: the Strategy Forum (an internal discussion of strategic initiatives), the Strategic Risk Platform (comprised of senior management from various parts of the business to evaluate identified risks), the Economic Research Department's overview of long-term macro-economic risks, megatrends analyses, risk registers of individual business units, and quantifications of required and available capital in the long term planning and ORSA processes.

Information and Communications Technology (ICT) Risk: One type of operational risk is the risk of financial loss, disruption or damage to reputation due to failure of IT systems. The Company considers and addresses various risks, including a disastrous event impacting a data centre, security incidents, network vulnerabilities, unauthorised activity, malicious code changes, and application specific vulnerabilities. A dedicated information security team is in place which actively monitors and takes action

against threats. In addition to investments in defences and expertise, the Company also runs internal exercises to ensure the proper level of awareness among employees. Among the various measures taken, central event monitoring and logging software is in place, code quality tools are used in all projects and maintenance streams and application-specific vulnerabilities are addressed.

C-7 Any other information

Sensitivities of the risk profile are regularly explored by sensitivity tests as well as stress tests/scenario analyses. In the first, individual risk parameters and/or volume measures are shocked while in the second the combined effect of several adverse developments is considered. Scenario analysis and stress testing activities are executed group-wide, embedded in the Company's risk management process, and serve the purpose of examining the business' resilience.

This section describes sensitivity tests for different risk categories and overall scenario analyses, and quantifies the impact on the solvency ratio. The solvency ratio is the key metric for Atradius Reinsurance DAC to measure its ability to meet its obligations.

C-7.1.a Sensitivity Analyses

As at 31 December 2021, the impact of external factors related to various risk types on the Company has been assessed. For each sensitivity analysis the impact on the Solvency Ratio Coverage (as percentage point) is shown below.

Summary of Sensitivity Analyses

Scenario	Risk Type	Solvency Ratio
Default of largest buyer	Underwriting risk	-10%
Decrease of premium volume by 5%	Underwriting risk	-7%
Interest rate +1%	Market risk	-4%
Interest rate -1%	Market risk	4%
Equity prices -10%	Market risk	1%
Equity prices -25%	Market risk	1%
Impairment of corporate bonds according to S&P transition matrix	Market risk	-1%
Increase of credit spread by 1%	Market risk	-6%

1. Underwriting Risk Sensitivity – Default of the Largest Buyer

Underwriting risk represents the most material risk for the Company. Large buyer defaults can happen and, hence, sensitivity tests for this risk are conducted. The assessment focuses on immediate own fund impact.

Effect of largest buyer default	Solvency Ratio
Baseline	258%
Default of Largest Buyer	248%
Impact	-10%

In the event of the default of the largest exposure, the solvency ratio would decrease by approximately 10% pts due to a decrease in own funds.

2. Underwriting Risk Sensitivity – Decrease of Premium Volume by 5%

In this scenario, we assess the sensitivity of the risk profile on a premium volume decrease. A reduction of premium volume by 5% is considered for this purpose. The impact of this sensitivity assessment on the solvency ratio is shown below.

Effect of decrease of premium Volume by 5%	Solvency Ratio
Baseline	258%
Decrease Premium -5%	251%
Impact	-7%

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The solvency ratio would decrease by 7% pts driven by reduced own funds.

3. Market Risk Sensitivity – Increase / Decrease of interest Rates by 1% point

Atradius Re is exposed to market risk – for example including fluctuations in interest rates and their term structure. Interest rates play a role in both, the valuation of assets and of liabilities (technical provisions). This analysis quantifies the impact of $\pm 1\%$ change in interest rates by applying a parallel shift to the interest term structure.

Effect of Increase/Decrease Interest rate by 1% pt	Solvency Ratio
Baseline	258%
Interest Rate +1%	254%
Interest Rate -1%	262%
Impact Interest Rate +1%	-4%
Impact Interest Rate -1%	+4%

Under both scenarios, the own fund impact outweighs the SCR impact. Overall, the impact on the solvency ratio is limited.

4. Market Risk Sensitivity – Decrease Equity by 10% / 25% points

Equity holdings represent exposure to market prices. The sensitivity to reductions in equity valuations are explored by assuming decreases of 10% and 25% points, respectively. Under such assumptions, Eligible Own Funds would reduce in line with the

reduction in equity value. As a result of that, this scenario would imply a slight decrease of the solvency ratio for the Company.

Effect of decrease equity value by 10% / 25%	Solvency Ratio
Baseline	258%
Equity -10%	259%
Equity -25%	259%
Impact Equity -10%	1%
Impact Equity -25%	1%

5. Market Risk Sensitivity – Impairment of Corporate Bonds

The sensitivity of the solvency ratio to credit rating migrations of corporate bonds is tested following Standard & Poors' one year transition probability matrix. The SCR would only slightly increase in this setting due to the application of worse credit rating. The solvency ratio would remain largely intact.

It is noteworthy that the exposure of the Company to an impairment of corporate bonds is limited as most corporate bonds have an A

rating or higher. Those bonds have low transition probability to inferior credit ratings.

Effect of impairment corporate Bonds	Solvency Ratio
Baseline	258%
Impairment Corporate Bonds	257%
Impact	-1%

6. Market Risk Sensitivity – Credit Spread increase by 1%

This scenario assumes that credit spreads on non-government bonds increase by 0.1% pt. As a result, own funds would slightly decrease while leaving the solvency ratio essentially unchanged.

Effect of increase in credit spread	Solvency Ratio
Baseline	258%
Credit Spread +1%	252%
Impact	-6%

C-7.1b Scenario Analyses

Scenario Analysis

The interplay and simultaneous occurrence of adverse developments are considered as part of the annual Own Risk and Solvency Assessment (ORSA) process. These analyses take a holistic approach and consider the impact of scenarios on the balance sheet, profit and loss statements, and ultimately on the solvency needs. Various scenarios are investigated to study the Solvency Ratio development over a multi-year time horizon – including expected (base case) and adverse developments.

The most recent ORSA has considered among others a prolonged global recession scenario with simultaneous adverse developments on revenues, claims, and the value of the investment portfolio. The scenario assumes that insurance exposures are rapidly reduced in year t and increase again in years t+1 and t+2. Here, “year t” refers to the first full year after the scenario materializes.

The following table summarizes the scenario assumptions:

The following table summarizes the scenario assumptions:

Used variables	Shocks	Balance Sheet Impact
Revenues	-44.5% in year t, -8.2% in year t+1 and -2.6% in year t+2 with moderate increase thereafter.	Indirect effect on B/S, mainly through retained profits and foreseeable dividends.
Total Potential Exposure	-15% in year t due to management actions and slow growth thereafter.	Indirect effect on B/S mainly through reinsurance recoverables and best estimates/risk margin (incl. other assets & other liabilities).
Claims ratio	At 83.1% in year t with slow recovery thereafter.	
Equities	-35% in year t.	Reduction in market value.
Property	-15% in year t.	Reduction in market value.
Corporate Bonds, Government Bonds, Structured Notes	+ 200bps credit spread. Interest Rate Curve of October 2020	Reduction in market value

The scenario and its assumptions are based on 2021 information, so that year t represents a hypothetical year 2022 under the assumptions above.

While the scenario does not specifically capture the assumption of conflict between Ukraine and Russia, it is severe enough and includes all the different components that could be affected due to this specific situation: loss rate, reduction of TPE due to mitigating measures and volatility of financial markets.

C-7.2 Brexit

The UK left the European Union ('EU') on 31-January 2020 enabled by the

Withdrawal Agreement agreed between the EU and the UK Government. The Company's activities continued without interruption post-Brexit as it has minimal third party reinsurance business exposure to the United Kingdom, and also as the Atradius Group had prepared itself well for the regulatory changes. Atradius applied to the UK's Prudential Regulatory Authority ('PRA') for authorisation as a Third Country Branch ('TCB') and has been operating 'as if' authorised as a TCB, under the Bank of England's Temporary Permissions Regime which will be in place for up to three years. On 21 December 2021 the Company has received the TCB authorization, with effect from 1 January 2022. In this way, risk associated with the uncertainty around the authorisation was adequately mitigated.

C-7.3 ESG

Environmental, social, and governance (ESG) risks are concerned with the three main factors in measuring the sustainability and societal impact of a company. Considerations include aspects such as climate-change, social pressures and corporate governance.

Among the risks identified in the Group risk map, the following ESG risks are included as principal sustainability risks. The risks are classified as physical, transition and responsibility risks:

- Physical risks: arising from climate change, i.e. a series of specific meteorological events that could have financial implications for the organisation. This could be direct damage to assets, or indirect impacts due to an interruption in supply chains, e.g. the impact of an increase in claims and payments of insured goods due to an increase in natural catastrophes;
- Transition risks: arising while society transitions to a low-carbon economy. There are several factors that influence the adjustment

towards a more sustainable economy, such as the evolution of public policies, regulations, new technologies and business models, changes in personal sensitivities and social preferences, and the evolution of the judicial system and legal interpretations (e.g. the economic impact of new sustainability regulations that could affect investment portfolios, or the economic impact of social pressure on certain investments due to their sustainable or non-sustainable components);

- Responsibility risks: risks due to climate-related claims through civil liability insurance policies and legal complaints against insurance companies for not managing climate risks appropriately.

Since ESG risks could impact the Company directly or indirectly, they are being considered across all risk policies. For this reason a Sustainability Committee that has been created at GCO Group level.

C-7.4 Cyber Risk

Risk of financial loss, disruption or damage to reputation due to failure of IT systems or loss of data. This would typically materialise due to attacks over networks and could result in theft and misuse of information, service outages, changes in operating systems, among events.

The Group has a suite of policies and procedures in place which address, among other things, personal data protection, privacy, and security measures. An Information Security team actively monitors and addresses threats. In addition, training ensures awareness of cyber risk among all employees and internal and external audits take place regularly.

C-7.5 Emerging Risk

Emerging risks are newly developing or changing risks, which may arise due to increased exposure or sensitivity to unknown factors or to an already known threat.

Emerging risks are identified through the surveillance and assessment of the external (regulatory, geopolitical, technological changes, market developments, etc.) and internal (development of new products, entering in new markets, etc.) environment.

Among the risks defined in the Atradius Group risk map, the following emerging risks are identified as principal emerging risks, as these could have a major impact on the strategy of Atradius Re:

- Financial volatility
- Continued low interest rates
- Extended economic recession
- Regulatory developments
- Cyber risks.

Considering the circumstances of the current pandemic crisis, Atradius Re considers the possibility of a continued economic recession as a risk that could impact Atradius Re's future. The first three emerging risks above are included in the scenario analysis in Atradius Re's latest Own Risk and Solvency Assessment. The analysis shows that Atradius Re's strong

solvency ratio ensures satisfaction of the interests of customers and policyholders throughout the period forecasted.

D. Valuation for solvency Purposes

D-0 Introduction

D-1 Assets

D-2 Technical provisions

D-3 Other liabilities

D-4 Alternative methods for valuation

D-5 Other Information

D-0 Introduction

Valuation for solvency Purposes

The Solvency II valuation principles are in accordance with articles 75-86 of the Solvency II Directive, articles 7-16 of the Delegated Acts and the secondary Solvency II laws and regulations.

The financial statements are prepared in accordance with accounting standards issued by the UK Financial Reporting Council FRS 102 “The Financial Reporting Standard applicable in the UK and the Republic of Ireland” and FRS 103 “Insurance Contracts” (“UK and Irish GAAP”).

For a full description of the applicable Solvency II valuation principles, please refer to Annex F-3 of this document.

Both the Solvency II balance sheet and the financial statements of Atradius Re are presented in the currency of the primary economic environment in which it operates (its functional currency). Both the Solvency II balance sheet and the financial statements are presented in thousands of Euro (EUR).

On the following page are overviews and descriptions of the principal differences between the Solvency II economic balance sheet and the financial statements. When analysing valuation differences between the two different bases, it is necessary to consider the criteria for reclassifications e.g accrued interest which is included in other assets in the financial statements, is part of the financial investments in the Solvency II balance sheet. Such reclassifications have no economic impact. For full details of the different valuations and re-classifications, please refer to Annex F-2 of this document.

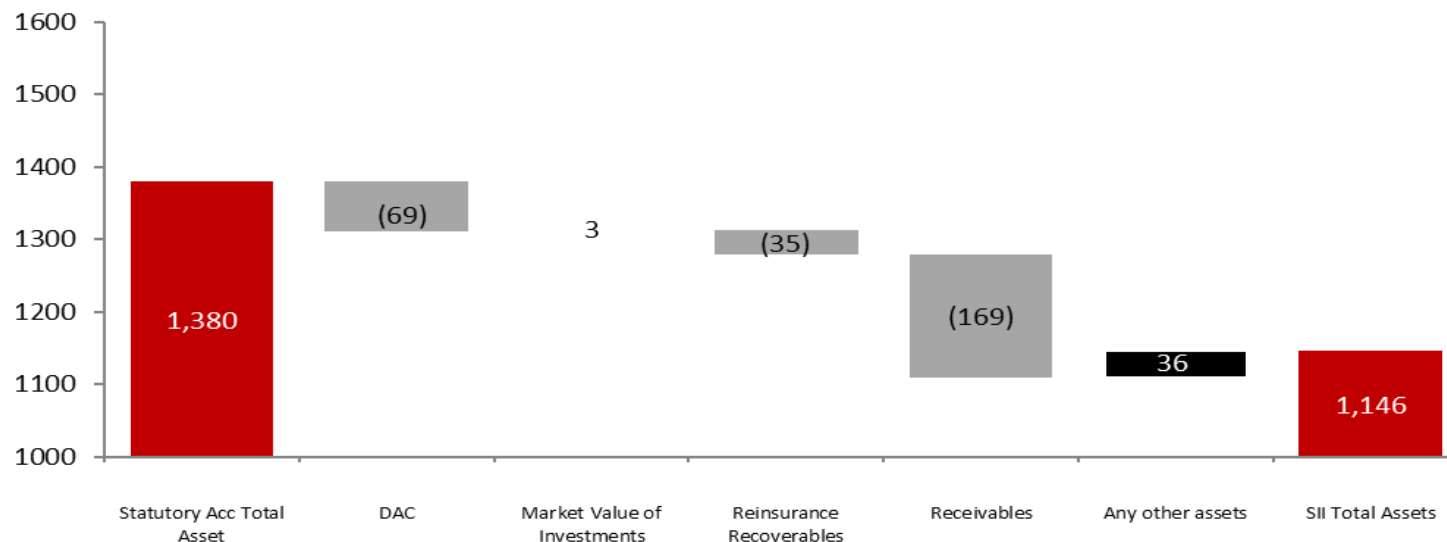
D-1 Assets

At the end of 2021, Atradius Re had assets with a total value of EUR 1,146 million under Solvency II (EUR 1,380 million under Irish GAAP).

The following shows the differences by asset category:

All amounts in thousands of Euro, unless otherwise stated			
Assets	FY21 Solvency II	FY21 Stat. Acc. (Irish GAAP)	Difference
Property, plant and equipment for own use	14	14	0
Financial investments	940,232	937,600	2,632
Reinsurance recoverables technical provisions	48,845	83,379	(34,534)
Deposits to cedants	33,840	33,840	0
Receivables (insurance, intermediaries and trade)	14,622	183,340	(168,718)
Deferred acquisition costs	0	69,284	(69,284)
Deferred income tax assets	0	439	(439)
Cash and cash equivalents	68,580	66,973	1,607
Any other assets (miscellaneous, accruals, current tax)	39,726	5,295	34,431
Total	1,145,859	1,380,164	(234,305)

The following graph shows the assets bridge between statutory accounts and SII.



- Financial investments:** In the Solvency II balance sheet and in the financial statements, all financial investments are valued at fair value. However, in the Solvency II balance sheet, accrued interest is also included as part of the financial investments, whereas in the financial statements it is part of the

accruals in other assets i.e. a reclassification difference only.

- Reinsurance recoverables:** in the Solvency II economic balance sheet, these are valued in accordance with the valuation criteria of the Solvency II provisions (see section D.2) and taking into account the probability of default of the reinsurers.

- Deferred acquisition costs:** The Solvency II economic value of deferred acquisition costs is Nil. (EUR 69.0 million under Irish GAAP).
- Deferred taxes:** Due to the various differences in the accounting policies applied in the Solvency II balance sheet and the financial statements of the Company, differences also arise in the

deferred income tax positions (e.g. due to the risk margin in Solvency II and the different bases of valuations of the best estimate liabilities).

- **Cash and cash equivalents:** There are no differences between the Solvency II valuation and the valuation of cash in the financial statements, with any differences being reclassifications only.
- **Receivables:** In the financial statements, receivables in respect of future (pipeline) premium (incl. excess of loss) are included here. For Solvency II purposes, these amounts are considered as part of the best estimate liabilities.
- **Any other assets:** In the financial statements, the advance (unearned) reinsurance premium for future periods that has been received for short-term credit (re)insurance is recorded as part of the technical provisions. In the

Solvency II balance sheet, the ceded part of the short term credit (re)insurance forms part of the any other assets balance.

D-2 Technical provisions

Valuation Principles

As prescribed by the Solvency II Directive (DIR), the technical provisions are made up of three components:

- **Provisions for claims outstanding (PCO):** The PCO is the best estimate of cash flows relating to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not.
- **Premium provisions (PP):** The PP is the best estimate relating to future claim events covered by insurance and reinsurance obligations falling within the contract boundary. Cash flow projections for the calculation

of the PP include claims, expenses and premiums.

- **Risk margin (RM):** The RM is intended to be the amount of capital that another (re)insurer taking on the liabilities at the valuation date would require over and above the best estimate. It is calculated using a cost-of-capital approach as prescribed within the Solvency II Directive.

For the purposes of this report, the best estimate, unless otherwise specified is gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles.

The calculation of the technical provisions includes cash flows associated with existing contracts, for obligations up to the contract boundary.

For all products the best estimate is determined by relevant actuarial and statistical methods in combination with realistic assumptions.

The methods used and the choice of loss occurrence definition determines the split between PCO and PP. This methodology is specific to the different products within the Company's business.

Choice of contract boundary

The Company has chosen the following contract boundaries, which are specified by product.

Product	Contract Boundary
Credit Insurance	Risk insured before balance sheet date.
Special Products	All policies issued before balance sheet date that have not expired.
Bonding	Bonds issues before balance sheet date including extensions.
Instalment Credit Protection	End of the underlying credit obligation for all policies issued before the balance sheet date.
Inward Reinsurance	All treaties considered bound before the balance sheet date.

Valuation methodologies

The Solvency II best estimate is valued using methodologies consistent with principles and bases used for financial reporting.

A short description of the methodologies used to determine provisions by product is provided below.

- Traditional credit insurance: provisions are calculated based on statistical methods. These are used to project claim counts for each month of risk taken on and an average claim severity to estimate ultimate claim cost. For large cases, individual assessments of provisions are made. In addition, reserves are carried for future large losses and losses resulting from reporting on specific events.
- Special Products: provisions for reported claims are calculated on a case by case basis. Provisions for future claims are based on an expected premium / expected loss ratio approach
- Bonding: provisions for reported claims are calculated on a case-by-case basis. Provisions for future claims are based on an expected premium / expected loss ratio approach.
- ICP: claims reserves for reported but not settled claims are determined on a case by case basis. Salvage and subrogation dominate the ICP provisions due to the nature of the product: claims paid are in the order of three times premium. Claims paid are typically recovered in full over a period of over ten

years. Provisions for salvage and subrogation for ICP are estimated using a chain ladder method.

- Inward Reinsurance: provisions are calculated based on statistical methods projecting estimated loss ratios and premium estimates.

Future premiums are estimated based on methods that project premiums to be received in the future at a policy or treaty level.

For all products the best estimate is determined by relevant actuarial methods in combination with realistic assumptions.

There are no future management actions assumed in the calculation of the Company's gross of reinsurance best estimate liabilities. The valuation of reinsurance recoverables assumes that future reinsurance contracts will be in line with the most recent outward reinsurance treaties in place.

Reinsurance recoverables

Atradius Re business' reinsurance protection derives from its reinsurance programme. The main programme consists an Excess of Loss (XOL) programme. There are also a number of quota share retrocession agreements on individual treaties.

The amounts recoverable from reinsurance contracts are estimated consistently within the boundaries of the underlying contracts to which they relate. The reinsurance recoverables are calculated directly, treaty by treaty, without approximation.

An adjustment for expected losses due to counterparty default is included in the estimate of reinsurance recoverables. The reinsurance panel predominantly has an S&P rating of A- or better.

Risk margin

The Risk margin is defined as the cost needed to cover all future capital requirements until the final settlement of existing business.

The Solvency Capital Requirement (SCR) is the risk capital required for one year only. Hence the SCR for individual points of time in the future needs to be estimated.

The Company follows the general guidance given under Method 1 within the EIOPA Solvency II Guideline 62 (EIOPA-BoS-14/166 EN). This assumes that the risk margin is based on a cost of capital approach for business that is considered "existing". For the cost of capital, a rate of 6% is used according to the Delegated Regulation (Article 39).

The overall approach used to calculate the risk margin is to perform a full calculation of the SCR at each future point in time using the standard formula with certain simplifications. The simplifications are used for the counterparty default and operational risk modules.

The method used to calculate the risk margin is based on the formula below which is prescribed in DR: Article 37(1).

$$RM = CoC \cdot \sum_{t \geq 0} \frac{SCR(t)}{(1 + r(t+1))^{t+1}}$$

where the cost -of capital (CoC) rate used is 6% as is prescribed in DR: Article 39.

SCR(t) denotes the Solvency Capital Requirement referred to in DR: Article 38(2) at year (t). It is a formula similar to that used to calculate the actual SF SCR as outlined in DIR: Article 103.

Overview of technical provisions

The following table shows the Solvency II gross and ceded technical provisions split by line of business and the risk margin as at 31 December 2021:

EUR million	Accepted proportional credit and suretyship reinsurance	Accepted non proportional credit and suretyship reinsurance	Total
Gross best estimate	391.9	0.6	392.5
Reinsurance recoveries	48.3	0.5	48.8
Net best estimate (including adjustments for CDR risk)	343.6	0.1	343.7
Risk Margin	55.3	0.8	56.1

Comparison with the financial statements

SII calculations are based on Irish GAAP figures. The most material differences between the SII and Irish GAAP valuations of TP are:

- Change in bases of moving from Irish GAAP to SII, as profit is recognised on Irish GAAP UPR; and
- Change in assumptions, for the short term credit insurance product ceded by the Atradius Group, that determines the Solvency II best estimate. In principle, underlying methodologies to arrive at a best estimate do not differ from current financial statements but calibrated parameters and assumptions reflect a probability weighted average.

EUR million	Irish GAAP (*)	SII (**)
Gross Technical Provisions	725	449
Net Technical Provisions	642	400

(*) includes UPR and AURR

(**) includes Risk Margin

Comparison with the previous year

The Solvency II Best Estimate liabilities (net of reinsurance and discounted) have decreased by EUR 71 million relative to the prior

year, which is mainly driven by the decrease in claims due to lower claims activity relative to the prior year.

The Risk Margin has decreased by €13 million as a consequence of the decrease in the technical provisions.

No other material assumption changes were made compared to the previous reporting period

Level of Uncertainty

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 incurs irrecoverable losses only 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.

Atradius Re does not apply:

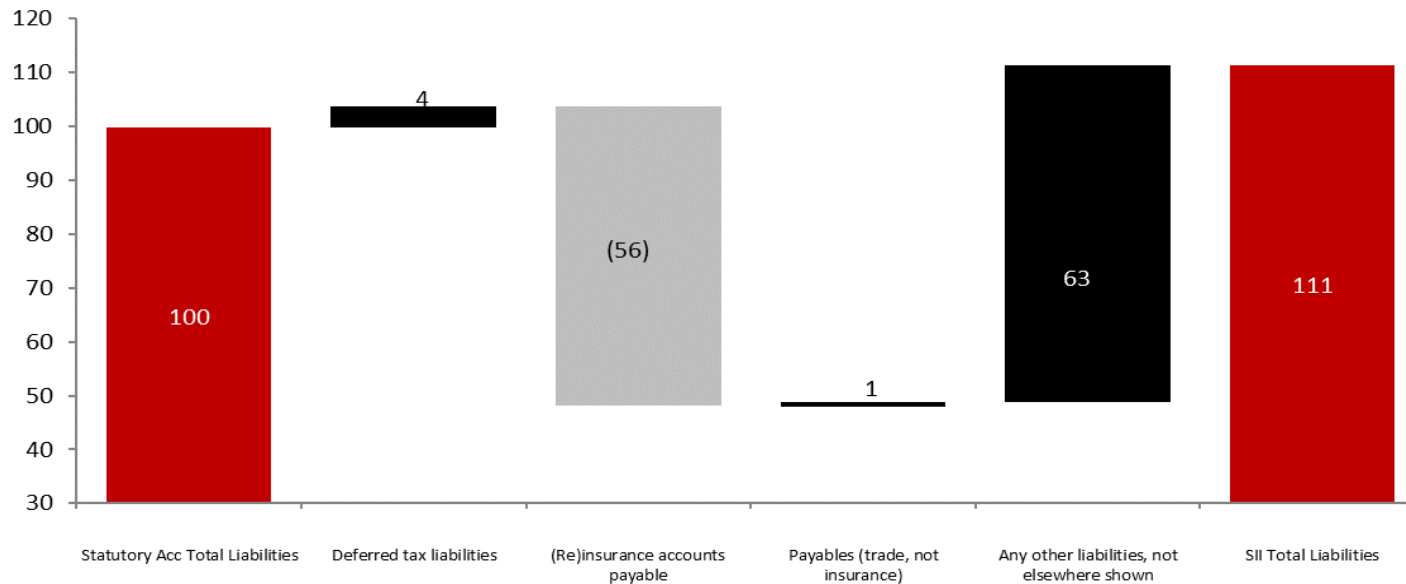
- Matching adjustment referred to in Article 77b of Directive 2009/138/EC
- Volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC
- Transitional deduction referred to in Article 308d of Directive 2009/138/EC

D-3 Other Liabilities

In Annex F-2, reclassification and valuation differences are shown separately. The table on the following page shows the total difference per liability category (excluding technical provisions). For explanations on these differences, please see below and for technical provisions please see D-2.

All amounts in thousands of Euro, unless otherwise stated			
Liabilities	FY21 Solvency 2	FY21 Stat. Acc. (Irish GAAP)	Difference
(Re)insurance accounts payable	19,019	75,162 *	56,143
Payables (trade, not insurance)	5,904	5,087	(817)
Deferred tax liabilities	5,933	2,029	(3,904)
Any other liabilities	80,392	17,421 *	(62,971)
Total	111,248	99,699	(11,549)

The following graph shows the liabilities bridge between statutory accounts and SII



- Reinsurance accounts payable:** In the Solvency II balance sheet, accruals for future premium and reinsurance commission that relate to periods for which the Company is at risk but has not yet written the premium are part of the technical provisions (best estimate liabilities). In the statutory balance sheet in the financial statements, these items are presented separately as reinsurance accounts payable under creditors.
- Any other liabilities:** The advance reinsurance premium (UPR) and the related ceded balances for future periods that have been received for short-term credit (re) insurance are recorded as part of the accruals in the Solvency II balance sheet. In the statutory balance sheet in the financial statements, these are part of the technical provisions.
- Deferred tax liabilities:** arise from the difference between valuation bases in the Solvency II balance sheet and those in the statutory balance sheet in the financial statements.

D-4 Alternative methods for valuation

There are no alternative methods for valuation.

There are no valuation techniques used on the basis of the model approach.

D-5 Other Information

The financial statements and the Solvency II Balance Sheet have been prepared on a going concern basis, in the reasonable expectation by the directors of the Company that it has adequate resources to continue in operational existence for the foreseeable future. The directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are approved ("the period of assessment").

In making this assessment the directors have considered the proposed merger, under which the company's reinsurance business will continue in its present form

post the transfer, and to which we refer to Section A-1 e), and also following:

- the Company's capital position and the surplus over its required solvency capital ratio and minimum capital ratio reflect the fact that the Company will have sufficient Own Funds to meet its Solvency Requirements;
- forecasts, for the period of assessment, which are based on the Company's historic performance and its business plan;
- the outcome of the stress and sensitivity tests carried out by the Company for their ORSA process;
- the impact of Covid-19 on the Company's business to date and the assessments of the potential future impact of Covid-19 on the Company's business including solvency position;
- the Company's liquidity position;

- the Company's level of reinsurance, and the credit rating of those reinsurers; and
- the Company's credit rating and that of its ultimate parent.
- the plans for the business after the proposed merger which will result in the continuation of the trade.

On that basis, the directors consider it appropriate to prepare the financial statements and the Solvency II Balance Sheet on a going concern basis. As such, and as noted above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

E. Capital Management

E-0 Introduction

E-0.1 Capital management - principles

E-0.2 Capital management - processes

E-1 Own funds

E-2 Solvency capital requirement and minimum capital requirement

E-3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

E-4 Differences between the standard formula and any internal model used

E-5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

E-6 Any other information

E-0 Capital Management – Introduction

Atradius Re seeks to maintain a strong capital position, to support the evolution of the business, withstand financial stresses, meet all financial obligations and maximise returns to our shareholders, Grupo Catalana Occidente S.A. (GCO), while protecting its customers.

E-0.1 Capital management – principles

The Company has the following guiding principles and objectives in respect of its capital management:

- Sufficient capitalisation to be able to continue as a going concern after meeting all of its financial obligations.
- To meet the externally imposed regulatory requirements based on the EU Directive requirements of Solvency II, as an authorised reinsurer

regulated by the Central Bank of Ireland (“CBI”).

- To maximise the return to our shareholders Grupo Catalana Occidente S.A. (GCO), while protecting our customers.

Available capital is managed from both an accounting and an economic perspective.

Atradius Re calculates its Solvency Capital Requirements in accordance with the solvency calculation requirements of Solvency II.

In order to ensure meeting the objective of sufficient capitalisation as described above, the Company’s policy is to maintain a capital amount above the regulatory solvency capital requirement, to ensure that large loss events would not impair the ability of the Company to carry on its normal course of business.

E-0.2 Capital management – processes

The Company has embedded processes and procedures for:

- Capital planning;
- Capital monitoring; and
- Capital management.

These processes and procedures have the objective of ensuring compliance with externally imposed regulations and internally imposed requirements for capital adequacy.

Such compliance is ensured as follows:

- regular assessment of solvency needs, taking into account the business strategy, resulting risk profile and applied risk limits.
- calculation of the capital consumption of new and existing business.

E-1 Own funds

The structure of available capital follows the regulatory requirements for quality of capital in terms of (capital) tiering and coverage limits. Under Solvency II, own funds are classified into three categories ranked Tier 1, Tier 2 and Tier 3, with Tier 1 being the highest quality. The eligible amount of basic own funds sufficiently covers the Minimum Capital Requirement.

The following table illustrates the own funds by tier for the Company as at 31 December 2021:

	Tier 1	Tier 2	Tier 3	Total
Basic Own Fund Items (EUR millions)				
Ordinary paid up share capital	0.6	-	-	0.6
Capital contributions	279.1	-	-	279.1
Other reserves from accounting balance sheet	275.9	-	-	275.9
Adjustments to assets	(234.0)	-	-	(234.0)
Adjustments to technical provisions	276.0	-	-	276.0
Adjustments to other liabilities	(40.6)	-	-	(40.6)
Total basic own funds	557.0	0.0	0.0	557.0

The following table illustrates the own funds by tier for the Company as at 31 December 2020:

	Tier 1	Tier 2	Tier 3	Total
Basic Own Fund Items (EUR millions)				
Ordinary paid up share capital	0.6	-	-	0.6
Capital contributions	279.1	-	-	279.1
Other reserves from accounting balance sheet	338.9	-	-	338.9
Net deferred tax assets			15.2	15.2
Adjustments to assets	(207.0)	-	-	(207.0)
Adjustments to technical provisions	184.0	-	-	184.0
Adjustments to other liabilities	(39.7)	-	-	(39.7)
Subordinated liabilities dated	-	77.9	-	77.9
Total basic own funds	555.9	77.9	15.2	649.0

Tier 1:

The called up share capital represents the nominal value of shares that have been issued.

The authorised share capital of the Company amounts to EUR 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 EUR 1 each.

The capital contribution represents capital received from our shareholders and

approved as eligible Tier 1 capital by the Central Bank of Ireland.

Tier 2:

There was no Tier 2 capital in 2021.

A subordinated loan, which had been provided to the company by the shareholders of Atradius N.V., on 20 April 2016, was repaid in September 2021. The subordinated loan had a principal amount of EUR 75 million, and bore interest at a fixed rate of 5.0% per annum.

The value of the subordinated loan for 2020 was EUR 77.9 million.

The subordinated loan qualified as a Tier 2 basic own funds item as set out in article 73 of the European Commission's Solvency II Delegated Regulation (2015/35).

Tier 3:

There was no Tier 3 capital in 2021.

E-2 Solvency capital requirement and minimum capital requirement

The table shows the Solvency Capital Requirement (SCR), calculated under the approved Partial Internal Model (PIM). The calculation uses no simplified calculation, undertaking-specific parameters, or the duration-based equity risk sub-module.

See also SCR QRT “S.25.01” in “F-1 Annexes all relevant QRTs”.

The solvency coverage ratio (ratio of eligible own funds to the SCR) at 31 December 2021 was 258% (2020: 211%).

The ratio of eligible own funds to the Minimum Capital Requirement (MCR) at 31 December 2021 was 573% (2020: 494%).

	FY21	FY20
Market Risk:		
Interest Rate Risk	8	8
Equity Risk	41	29
Spread Risk	26	31
Currency Risk	29	32
Concentration Risk	9	6
Total undiversified	113	106
Diversification	(35)	(33)
Total diversified	78	73
Non-Life UW Risk:		
Internal Model	169	258
Premium and Reserve Risk	2	2
Catastrophe Risk		
CAT recession scenario	2	2
CAT default scenario	-	-
CAT other scenario	-	-
Total undiversified	2	2
Diversification	-	-
Total diversified	2	2
Lapse Risk	-	-
Total undiversified	173	262
Diversification	(1)	(1)
Total diversified	172	261
Counterparty risk	11	10
BSCR:		
Total undiversified	261	344
Diversification	(49)	(50)
Total diversified	212	294
Operational Risk	12	14
SCR		
Total before tax adjustment:	224	308
Tax adjustment	(8)	-
Solvency Capital Requirement	216	308
MCR	97	117
Eligible own funds	557	649
SCR Coverage ratio	258%	211%
MCR Coverage ratio	573%	494%

E-3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

n/a

E-4 Differences between the standard formula and any internal model used

In order to align regulatory capital requirements with economic capital and with the risk profile of each insurance undertaking, the Solvency II regulation allows (re)insurers to calculate solvency capital requirements with internal models. This provides the opportunity to model an undertaking's specific risks more accurately than using the Standard Formula.

GCO uses an internal model to calculate the solvency capital requirement for the entities within its C&S line of business, which includes Atradius Re. In 2017, GCO was granted regulatory approval to use its internal model to calculate regulatory capital requirements; however, GCO has been using the internal model, (formerly called the ECAP model), since 2004. GCO

has not created an internal model to calculate the solvency capital requirement of Atradius Re due to the entry into force of Solvency II, but has adapted its formerly existing ECAP model to make it Solvency II compliant with the aim of aligning capital management, risk management and overall solvency needs with the strategy of the business.

The Standard Formula, as defined in the Solvency II regulation, is a one-size-fits-all methodology, which is applied in the same way to all lines of business of the non-life segment, by means of the following risk sub-models:

- premium and reserve risk
- lapse risk
- catastrophe risk

The solvency capital requirement (SCR) is derived from the capital charges linked to each of the three modules above. This is done by aggregating these charges using a correlation matrix stipulated in the regulation, in a similar way for all companies and lines of business in non-life insurance.

The specific features of the C&S line of business prevents it from being able to be managed or measured by the Standard Formula. Risk within C&S is adequately quantified using drivers such as probability of default (PD) and loss given default (LGD) from counterparties along with exposure amounts.

The internal model is a sophisticated mathematical and statistical model used to derive a loss distribution that fits the risk profile of the Company. Following the Solvency II regulation, the internal model is used to derive the 99.5 percentile of the losses stemming from Atradius Re's risk exposures on a one-year time horizon.

The main inputs of the internal model are the total potential exposure (TPE), the probabilities of default (PD), default correlations, and the losses given default (LGD).

To obtain the aforementioned distribution of losses the internal model makes use of a Monte Carlo simulation. Up to one million scenarios are simulated in order to reach a result based on the respective convergence criterion.

E-5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

Solvency positions are monitored continuously and in case of an increase of the risk of a capital shortfall, management will take appropriate action. There is no unforeseeable risk of non-compliance with Atradius Re's Minimum Capital Requirement or Solvency Capital Requirement.

E-6 Any other information

n/a.

F. Annexes

F-1 All relevant QRTs

F-2 Detailed reconciliation of the balance sheet in accordance with the financial statements and Solvency II

F-3 Solvency II valuation principles

F-1 All relevant QRTs

- SE.02.01 Balance sheet
- S.05.01 Premiums, claims and expenses by line of business
- S.05.02 Premiums, claims and expenses by country
- S.17.01 Non-life technical provisions
- S.25.02 Solvency capital requirement for undertakings using the standard formula and the partial internal model
- S.28.01 Minimum capital requirement – only life or only non-life insurance or reinsurance activity
- S.23.01 Own funds
- S.19.01 Non-life insurance claims

SE.02.01.02.01

Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	13,801.99
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	940,232,168.33
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	74,366,852.85
Equities - listed	R0110	74,366,852.85
Equities - unlisted	R0120	
Bonds	R0130	831,219,207.99
Government Bonds	R0140	271,245,037.78
Corporate Bonds	R0150	559,974,170.20
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	28,463,243.48
Derivatives	R0190	
Deposits other than cash equivalents	R0200	6,182,864.01
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	48,844,690.30
Non-life and health similar to non-life	R0280	48,844,690.30
Non-life excluding health	R0290	48,844,690.30
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	33,839,494.31
Insurance and intermediaries receivables	R0360	10,663,817.32
Reinsurance receivables	R0370	3,559,040.70
Receivables (trade, not insurance)	R0380	399,234.65
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	68,579,920.76
Any other assets, not elsewhere shown	R0420	39,726,807.21
Total assets	R0500	1,145,858,975.57

Liabilities		
Technical provisions – non-life	R0510	448,631,666.67
Technical provisions – non-life (excluding health)	R0520	448,631,666.67
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	392,514,327.67
Risk margin	R0550	56,117,339.00
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	5,932,952.05
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Debts owed to credit institutions resident domestically	ER0801	
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	
Debts owed to credit institutions resident in rest of the world	ER0803	
Financial liabilities other than debts owed to credit institutions	R0810	
Debts owed to non-credit institutions	ER0811	
Debts owed to non-credit institutions resident domestically	ER0812	
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	
Debts owed to non-credit institutions resident in rest of the world	ER0814	
Other financial liabilities (debt securities issued)	ER0815	
Insurance & intermediaries payables	R0820	15,212,314.96
Reinsurance payables	R0830	3,806,339.71
Payables (trade, not insurance)	R0840	5,904,463.61
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	80,392,103.24
Total liabilities	R0900	559,879,840.24
Excess of assets over liabilities	R1000	585,979,135.33

S.05.01.02

Premiums, claims and expenses by line of business: Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Credit and suretyship insurance	Line of Business for: accepted non-proportional reinsurance	
		C0090	Property C0160	
		C0090	C0160	C0200
Premiums written				
Gross - Direct Business	R0110			
Gross - Proportional reinsurance accepted	R0120	378,277,307.63		378,277,307.63
Gross - Non-proportional reinsurance accepted	R0130		6,675,227.51	6,675,227.51
Reinsurers' share	R0140	51,705,789.12	978,319.08	52,684,108.20
Net	R0200	326,571,518.51	5,696,908.43	332,268,426.94
Premiums earned				
Gross - Direct Business	R0210			
Gross - Proportional reinsurance accepted	R0220	395,957,746.82		395,957,746.82
Gross - Non-proportional reinsurance accepted	R0230		6,661,428.63	6,661,428.63
Reinsurers' share	R0240	58,160,358.59	978,455.96	59,138,814.55
Net	R0300	337,797,388.23	5,682,972.67	343,480,360.90
Claims incurred				
Gross - Direct Business	R0310			
Gross - Proportional reinsurance accepted	R0320	114,231,057.70		114,231,057.70
Gross - Non-proportional reinsurance accepted	R0330		9,703,384.51	9,703,384.51
Reinsurers' share	R0340	14,245,287.72	1,756,388.69	16,001,676.41
Net	R0400	99,985,769.98	7,946,995.82	107,932,765.80
Changes in other technical provisions				
Gross - Direct Business	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non-proportional reinsurance accepted	R0430			
Reinsurers' share	R0440			
Net	R0500			
Expenses incurred	R0550	161,143,128.65	638,958.25	161,782,086.90
Administrative expenses				
Gross - Direct Business	R0610			
Gross - Proportional reinsurance accepted	R0620	9,676,983.04		9,676,983.04
Gross - Non-proportional reinsurance accepted	R0630		304,156.95	304,156.95
Reinsurers' share	R0640			
Net	R0700	9,676,983.04	304,156.95	9,981,139.99
Investment management expenses				
Gross - Direct Business	R0710			
Gross - Proportional reinsurance accepted	R0720	1,275,962.02		1,275,962.02
Gross - Non-proportional reinsurance accepted	R0730		22,516.00	22,516.00
Reinsurers' share	R0740			
Net	R0800	1,275,962.02	22,516.00	1,298,478.02
Claims management expenses				
Gross - Direct Business	R0810			
Gross - Proportional reinsurance accepted	R0820	594,153.40		594,153.40
Gross - Non-proportional reinsurance accepted	R0830		26,728.27	26,728.27
Reinsurers' share	R0840			
Net	R0900	594,153.40	26,728.27	620,881.67
Acquisition expenses				
Gross - Direct Business	R0910			
Gross - Proportional reinsurance accepted	R0920	165,186,979.95		165,186,979.95
Gross - Non-proportional reinsurance accepted	R0930		345,499.28	345,499.28
Reinsurers' share	R0940	15,590,949.76	59,942.25	15,650,892.01
Net	R1000	149,596,030.19	285,557.03	149,881,587.22
Overhead expenses				
Gross - Direct Business	R1010			
Gross - Proportional reinsurance accepted	R1020			
Gross - Non-proportional reinsurance accepted	R1030			
Reinsurers' share	R1040			
Net	R1100			
Other expenses	R1200			
Total expenses	R1300			161,782,086.90

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		C0010	Spain	China	Russian Federation	United States	Brazil	C0070
		C0080	C0090	C0100	C0120	C0110	C0130	C0140
Premiums written								
Gross - Direct Business	R0110							
Gross - Proportional reinsurance accepted	R0120	480,276.31	141,414,500.20	42,698,699.42	30,648,233.32	29,852,155.04	26,284,398.68	271,378,262.97
Gross - Non-proportional reinsurance accepted	R0130	0.00	64,513.00	2,483,827.76	466,458.93	0.00	747,652.50	3,762,452.19
Reinsurers' share	R0140	0.00	3,329,707.06	14,575,072.76	12,046,397.63	6,131,623.25	6,417,044.86	42,499,845.56
Net	R0200	480,276.31	138,149,306.14	30,607,454.42	19,068,294.62	23,720,531.79	20,615,006.32	232,640,869.60
Premiums earned								
Gross - Direct Business	R0210							
Gross - Proportional reinsurance accepted	R0220	428,228.58	160,842,452.70	44,666,770.42	30,657,797.33	28,208,266.62	24,533,682.48	289,337,198.13
Gross - Non-proportional reinsurance accepted	R0230	0.00	83,278.67	2,483,827.76	466,458.93	0.00	708,089.91	3,741,655.27
Reinsurers' share	R0240	0.00	3,701,881.78	20,154,315.64	13,196,675.27	5,884,495.29	5,946,895.95	48,884,263.93
Net	R0300	428,228.58	157,223,849.59	26,996,282.54	17,927,580.99	22,323,771.33	19,294,876.44	244,194,589.47
Claims incurred								
Gross - Direct Business	R0310							
Gross - Proportional reinsurance accepted	R0320	214,114.30	13,330,507.58	32,471,265.01	12,876,335.47	3,526,326.58	4,404,764.30	66,823,313.24
Gross - Non-proportional reinsurance accepted	R0330	0.00	1,020.75	5,128,461.30	2,956,049.87	0.00	1,094,924.42	9,180,456.34
Reinsurers' share	R0340	0.00	(1,228,608.29)	16,323,872.06	5,610,326.18	427,558.30	(14,742.48)	21,118,405.77
Net	R0400	214,114.30	14,560,136.62	21,275,854.25	10,222,059.16	3,098,768.28	5,514,431.20	54,885,363.81
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	186,979.76	76,520,145.83	5,755,673.14	7,198,159.61	11,571,737.31	9,854,237.82	111,086,933.47
Other expenses	R1200							
Total expenses	R1300							111,086,933.47

S.17.01.02.01

Non-Life Technical Provisions

		Direct business and accepted		Accepted non-proportional	Total Non-Life obligation
		Credit and suretyship insurance		Non-proportional property reinsurance	
		C0100		C0170	
Technical provisions calculated as a whole	R0010				
Direct business	R0020				
Accepted proportional reinsurance business	R0030				
Accepted non-proportional reinsurance	R0040				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050				
Technical provisions calculated as a sum of BE and RM					
Best estimate					
Premium provisions					
Gross - Total	R0060	30,622,564.26	(6,687,058.27)		23,935,506.00
Gross - direct business	R0070				
Gross - accepted proportional reinsurance business	R0080	30,622,564.26			30,622,564.26
Gross - accepted non-proportional reinsurance business	R0090		(6,687,058.27)		(6,687,058.27)
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	(2,437,587.15)	(125,345.92)		(2,562,933.07)
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	(2,437,587.15)	(125,345.92)		(2,562,933.07)
Recoverables from SPV before adjustment for expected losses	R0120				
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(2,442,429.85)	(124,136.80)		(2,566,566.65)
Net Best Estimate of Premium Provisions	R0150	33,064,994.11	(6,562,921.47)		26,502,072.64
Claims provisions					
Gross - Total	R0160	361,242,825.36	7,335,996.68		368,578,822.04
Gross - direct business	R0170				
Gross - accepted proportional reinsurance business	R0180	361,242,825.36			361,242,825.36
Gross - accepted non-proportional reinsurance business	R0190		7,335,996.68		7,335,996.68
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	51,112,567.30	638,070.19		51,750,637.48
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	51,112,567.30	638,070.19		51,750,637.48
Recoverables from SPV before adjustment for expected losses	R0220				
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	50,790,656.19	620,600.76		51,411,256.95
Net Best Estimate of Claims Provisions	R0250	310,452,169.17	6,715,395.92		317,167,565.10
Total Best estimate - gross	R0260	391,865,389.62	648,938.42		392,514,328.04
Total Best estimate - net	R0270	343,517,163.28	152,474.46		343,669,637.74
Risk margin	R0280	55,300,491.32	816,847.32		56,117,338.63
Amount of the transitional on Technical Provisions					
TP as a whole	R0290				
Best estimate	R0300				
Risk margin	R0310				
Technical provisions - total					
Technical provisions - total	R0320	447,165,880.94	1,465,785.73		448,631,666.67
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	48,348,226.34	496,463.96		48,844,690.30
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	398,817,654.60	969,321.77		399,786,976.37
Line of Business: further segmentation (Homogeneous Risk Groups)					
Premium provisions - Total number of homogeneous risk groups	R0350	27.00	3.00		
Claims provisions - Total number of homogeneous risk groups	R0360	29.00	4.00		
Cash-flows of the Best estimate of Premium Provisions (Gross)					
Cash out-flows					
Future benefits and claims	R0370	228,577,292.24	958,731.34		229,536,023.58
Future expenses and other cash-out flows	R0380	49,141,582.54	613,116.20		49,754,698.74
Cash in-flows					
Future premiums	R0390	223,748,312.83	7,876,184.48		231,624,497.31
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400	23,347,997.69	382,721.32		23,730,719.01
Cash-flows of the Best estimate of Claims Provisions (Gross)					
Cash out-flows					
Future benefits and claims	R0410	428,459,127.32	8,405,943.78		436,865,071.10
Future expenses and other cash-out flows	R0420	9,620,263.06	49,034.19		9,669,297.25
Cash in-flows					
Future premiums	R0430	655,063.78			655,063.78
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440	76,181,501.24	1,118,981.29		77,300,482.53
Percentage of gross Best Estimate calculated using approximations	R0450				
Best estimate subject to transitional of the interest rate	R0460				
Technical provisions without transitional on interest rate	R0470				
Best estimate subject to volatility adjustment	R0480				
Technical provisions without volatility adjustment and without others transitional measures	R0490				

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

S.25.02.21.01

Component-specific information

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	Consideration of the future management actions regarding technical provisions and/or deferred taxes	Amount modelled
C0010	C0020	C0030	C0050	C0060	C0070
1	Market Risk	77,790,619.00	0.00	No embedded consideration of future management actions	0.00
2	Counterparty default risk	10,673,564.00	0.00	No embedded consideration of future management actions	0.00
3	Life underwriting risk	0.00	0.00	No embedded consideration of future management actions	0.00
4	Health Underwriting risk	0.00	0.00	No embedded consideration of future management actions	0.00
5	Non-life underwriting risk	172,348,669.00	0.00	No embedded consideration of future management actions	169,282,882.00
7	Operational risk	11,956,441.00	0.00	No embedded consideration of future management actions	0.00
8	LAC Technical Provisions	0.00	0.00	No embedded consideration of future management actions	0.00
9	LAC Deffered Taxes	(7,737,912.71)	0.00	No embedded consideration of future management actions	0.00

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

S.25.02.21.02

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	265,031,380.29
Diversification	R0060	(49,087,440.32)
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	215,943,939.97
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	215,943,939.97
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	(7,737,912.71)
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	

S.25.02.21.03

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	Approach not based on average tax rate

S.25.02.21.05

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
Amount/estimate of LAC DT	R0640	(7,737,912.71)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	(6,476,782.64)
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	(1,261,130.07)
Amount/estimate of AC LDT justified by carry back, current year	R0670	
Amount/estimate of LAC DT justified by carry back, future years	R0680	
Amount/estimate of Maximum LAC DT	R0690	(18,219,627.45)

S.28.01.01.01

Linear formula component for non-life insurance and reinsurance obligations

		MCR components
		C0010
MCRNL Result	R0010	100,002,488.36

S.28.01.01.02

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100	343,517,163.28	338,847,650.25
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170	152,474.46	5,545,948.02

S.28.01.01.05

Overall MCR calculation

		C0070
Linear MCR	R0300	100,002,488.36
SCR	R0310	215,943,939.97
MCR cap	R0320	97,174,772.99
MCR floor	R0330	53,985,984.99
Combined MCR	R0340	97,174,772.99
Absolute floor of the MCR	R0350	3,600,000.00
Minimum Capital Requirement	R0400	97,174,772.99

S.23.01.01.01

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	635,000.00	635,000.00			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	277,014,932.00	277,014,932.00			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	279,054,010.79	279,054,010.79			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	556,703,942.79	556,703,942.79			
Ancillary own funds						
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	556,703,942.79	556,703,942.79			
Total available own funds to meet the MCR	R0510	556,703,942.79	556,703,942.79			
Total eligible own funds to meet the SCR	R0540	556,703,942.79	556,703,942.79			
Total eligible own funds to meet the MCR	R0550	556,703,942.79	556,703,942.79			
SCR	R0580	215,943,939.97				
MCR	R0600	97,174,772.99				
Ratio of Eligible own funds to SCR	R0620	257.80%				
Ratio of Eligible own funds to MCR	R0640	572.89%				

S.23.01.02**Reconciliation reserve**

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	585,979,135.33
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	29,275,192.54
Other basic own fund items	R0730	279,689,010.79
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	277,014,932.00
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	25,672,879.85
Total Expected profits included in future premiums (EPIFP)	R0790	25,672,879.85

S.19.01.21.01

Non life insurance claims

S.19.01.21.01

Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

COLUMN_AXIS	ORD_Y	Accident year / Underwriting year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		Z0020	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100	Underwriting year [UWY]											(471,446.61)	R0100	(471,446.61)	(471,446.61)
N-9	R0160	Underwriting year [UWY]	35,547,155.31	85,319,935.64	36,335,606.51	15,507,194.90	5,962,218.77	1,408,331.34	882,569.67	2,039,015.21	2,248,193.19	12,506,243.88		R0160	12,506,243.88	197,756,464.42
N-8	R0170	Underwriting year [UWY]	40,506,684.35	76,996,966.60	22,186,932.71	12,610,611.69	4,177,263.34	4,083,933.41	1,952,302.25	2,660,059.35	328,373.67			R0170	328,373.67	165,503,127.37
N-7	R0180	Underwriting year [UWY]	43,428,921.37	112,868,429.50	49,416,165.49	15,190,740.83	9,488,778.37	3,160,831.43	784,798.67	4,784,444.56				R0180	4,784,444.56	239,123,110.22
N-6	R0190	Underwriting year [UWY]	40,065,739.68	121,755,021.86	35,621,703.98	9,716,088.74	3,749,997.89	6,171,438.00	1,913,958.85					R0190	1,913,958.85	218,993,949.00
N-5	R0200	Underwriting year [UWY]	51,322,807.10	90,884,447.35	33,339,825.49	9,947,765.76	4,753,362.81	2,294,395.70						R0200	2,294,395.70	192,542,604.21
N-4	R0210	Underwriting year [UWY]	51,561,356.43	100,190,036.03	29,635,599.38	6,938,248.35	6,493,258.35							R0210	6,493,258.35	194,818,498.54
N-3	R0220	Underwriting year [UWY]	45,896,267.79	122,701,633.03	30,285,172.01	11,235,682.24								R0220	11,235,682.24	210,118,755.07
N-2	R0230	Underwriting year [UWY]	46,032,967.02	139,549,263.32	35,558,174.81									R0230	35,558,174.81	221,140,405.15
N-1	R0240	Underwriting year [UWY]	32,469,231.09	46,274,216.89										R0240	46,274,216.89	78,743,447.98
N	R0250	Underwriting year [UWY]	7,352,050.17											R0250	7,352,050.17	7,352,050.17
														R0260	128,269,352.51	1,725,620,965.52

S.19.01.21.03

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

COLUMN_AXIS	ORD_Y	Accident year / Underwriting year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		Z0020	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100	Underwriting year [UWY]											37,248,454.80	R0100	36,667,445.85
N-9	R0160	Underwriting year [UWY]					22,742,661.80	27,152,590.34	29,063,884.66	28,661,262.28	44,113,727.99	24,381,776.88		R0160	23,185,019.11
N-8	R0170	Underwriting year [UWY]				21,481,018.47	18,412,643.43	14,663,157.64	13,354,382.27	12,440,111.70	9,910,422.08			R0170	8,823,604.73
N-7	R0180	Underwriting year [UWY]			54,362,679.99	47,736,614.69	36,386,776.56	18,726,234.31	19,146,806.62	13,135,517.48				R0180	12,446,978.62
N-6	R0190	Underwriting year [UWY]		64,308,447.10	37,134,334.25	30,855,261.83	18,958,749.29	15,986,326.47	13,920,630.32					R0190	12,951,803.77
N-5	R0200	Underwriting year [UWY]	52,585,688.44	42,879,537.63	26,252,777.37	16,727,938.63	7,305,483.85	15,498,874.06						R0200	13,809,294.00
N-4	R0210	Underwriting year [UWY]	54,852,887.18	51,544,524.44	26,954,990.85	29,637,801.98	18,672,403.27							R0210	18,004,336.69
N-3	R0220	Underwriting year [UWY]	70,975,466.57	50,600,928.86	49,345,751.88	25,367,238.46								R0220	24,505,032.61
N-2	R0230	Underwriting year [UWY]	78,456,640.91	84,528,100.94	54,188,000.93									R0230	52,882,704.19
N-1	R0240	Underwriting year [UWY]	90,379,955.07	95,224,774.86										R0240	93,780,715.82
N	R0250	Underwriting year [UWY]	73,399,977.77											R0250	71,521,886.44
														R0260	368,578,822.04

F-2: Detailed Reconciliation of the Balance Sheet in accordance with the financial statements and Solvency II

Amounts x €1000	Statutory Accounts (Irish GAAP)	Reclassification Differences	Valuation Differences	Solvency II
Goodwill				
Other intangible assets				
Goodwill & Other intangible assets				
Property, Plant & Equipment	14			14
Property (other than own use)				
Participations				
Other financial investments	929,813	4,236		934,050
Cash deposits	7,787	(1,607)		6,182
Investments	937,600			940,232
Reinsurance share of TP	83,379		(83,379)	
Best Estimate Solvency II			48,845	48,845
Reinsurance recoverables	83,379			48,845
Deposits to Cedants	33,840			33,840
Deferred Acquisition Costs	69,284		(69,284)	
Insurance receivables (policyholder, intermediaries)	33,570	(19,501)		14,069
Adj: Total future Premium (incl. XL) and commission (Pipeline)	149,770	154	(149,770)	154
(Re) Insurance Receivables (policyholders, reinsurers)	183,340			14,222
Other Receivables (trade, other)		399		399
Other assets and Accruals	713	(209)	(503)	
Deferred Tax Assets	439	(439)		
Current income tax assets	344	(344)		
Accrued interest financial investments	4,239	(4,236)	(3)	
Adj: UPR considered as Customer deposits (ceded)			20,226	20,226
Adj: DAC considered as Customer deposits (gross)				
Adj: Commissions considered as Accrual		19,501		19,501
Adj: Commisison Sliding Scales due to impact of LAT				
(Any) Other Assets, not elsewhere shown	5,734			39,727
Cash and Cash equivalents	66,973	1,607		68,580
Total Assets	1,380,164	(439)	(233,869)	1,145,859
Provisions Irish GAAP	537,512		(537,512)	
UPR (Unearned Premium Reserve) & AURR Irish GAAP	187,366		(187,366)	
Best Estimate Solvency II			392,515	392,515
Risk Margin Solvency II			56,117	56,117
Gross Technical Provisions	724,878			448,632
Cash deposits from reinsurers				
Reinsurance accounts payable	43,048	(24,030)		19,018
Adj: Total future Premium (incl XL) incl. comm. (ceded Pipeline)	32,114		(32,113)	1
(Re)insurance accounts payable	75,162			19,019
Deferred Tax Liabilities	2,029	(439)	4,342	5,933
Current income tax liabilities				
Other provisions (non technical)				
Amounts owned credit institut.				
Payables (trade, other)	5,087	27	790	5,904
Pension benefit obligations				
Adj: Total URC (Unearned Reinsurance Commission)	4,156		(4,156)	
Adj. total future premium (return premium provision)	11,377		(11,377)	
Other liabilities and Accruals	1,887	(27)	92	1,952
Adj: UPR considered as Customer deposits (gross)			19,199	19,199
Adj: URC considered as Customer deposits			12,583	12,583
Adj: Commissions considered as Accrual		24,030	8,700	32,730
Adj: Commisison Sliding Scales due to impact of LAT			13,928	13,928
(Any) Other liabilities	17,420			80,392
Total Liabilities	824,576	(439)	(264,257)	559,880
Own funds (capital and reserves)	555,587	-	30,391	585,979
Own Funds	555,587	-	30,391	585,979

F-3 Solvency II Valuation Principles (excluding technical provisions – refer D-2)

The Solvency II valuation principles are in accordance with articles 75-86 of the Solvency II Directive, articles 7-16 of the Delegated Acts and the secondary Solvency II laws and regulations.

Functional and presentation currencies

The financial statements of the Atradius Re are presented in the currency of the primary economic environment in which it operates (its functional currency). Both the financial statements and the Solvency II balance sheet are presented in thousands of Euro (EUR).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, that result from the settlement of foreign transactions and from the translation at year-end exchange rates of monetary assets and liabilities

denominated in foreign currencies, are recognised in the income statement under FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and are part of the eligible capital in the Solvency II balance sheet.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Software

Computer software acquired and computer software self-developed are treated as intangible assets and are valued at nil.

Property, plant and Equipment for own use (PPE)

In the Solvency II balance sheet PPE is stated at fair value. PPE consists of fixtures & fittings and other fixed assets. As an approximation of the fair value, PPE is

measured in accordance with accounting principles applied for the financial statements.

In the financial statements, PPE is stated at historical cost less accumulated straight-line depreciation and impairment losses. The depreciation period is based on the estimated economic useful life of the asset.

Financial investments

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price used for financial investments held by the Atradius Re is the current bid price. Transaction costs on initial recognition of financial investments are expensed as incurred.

The fair values correspond to the price 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 no quoted market price is available, we use valuation

techniques based on market prices of comparable instruments or parameters from comparable active markets (market observable data).

In the financial statements, all financial instruments available for sale are classified as Level 1 of the fair value hierarchy (quoted prices in active markets), in conformity with the hierarchy disclosures in Financial Reporting Standard (FRS) 102.

Accounts receivable on (re)insurance business

Accounts receivables on (re)insurance business include amounts due from agents, brokers, insurance contract holders and reinsurers.

Since the net book value of accounts receivable balances includes an allowance for bad debt and the remaining balances are substantially all current, the carrying amount is considered to be a good approximation of the fair value.

Miscellaneous assets and accruals

The items included in miscellaneous assets and accruals are substantially all current and consequently the carrying amount in the financial statements is considered a good approximation of the fair value, for those items in the financial statements classified within any other assets in the Solvency II balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term deposits held on call with banks that are subject to an insignificant risk of change in their fair value and are used by Atradius Re in the management of its short-term commitments.

Current and deferred income tax

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying

amounts in Atradius Re's Solvency II balance sheet, and for the carry forward of unused tax losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Employee benefits assets/liabilities Pension

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

Bonuses and annual leave

A liability for bonuses and profit sharing is recognised based on a formula that takes into consideration, amongst other things, individual targets and the profit attributable to the Atradius Re's

shareholders. A liability is recognised where contractually obliged, or where there is a past practice that has created a constructive obligation.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current reporting 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.

Accounts payable on (re)insurance business

Receivables and payables include amounts due to agents, brokers and insurance

contract holders. The carrying amount is considered a good approximation of the fair value.

Trade and other payables

The trade and other payables due are substantially all current and consequently the carrying amount is considered a good approximation of the fair value.

Other liabilities

Other liabilities are substantially all current and consequently the carrying amount is considered a good approximation of the fair value.

Contingent liabilities

Contingent liabilities relate only to non-insurance liabilities. If information about the current or potential size or nature of contingent liabilities could influence the decision-making or judgement of the intended user of that information, including the supervisory authorities, these (material) liabilities have been recognised in the Solvency II balance sheet. The value is based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.