Atradius Finance B.V.
Annual report 2012

Contents

Report of the Management Board

Report of the Management Board

Atradius Finance B.V (the 'Company') is a private limited liability company, incorporated under the laws of the Netherlands on 14 November 2003, with its corporate seat in Amsterdam, the Netherlands. The Company provides finance and support services to Atradius N.V. and its subsidiaries (the 'Atradius Group'). The only activity of the Company is to support the access of the Atradius Group to obtaining external financing.

Atradius N.V. is the sole shareholder of the Company. The Atradius Group provides credit management services to their clients. These services include credit insurance, bonding and guarantees, reinsurance, information services, collection services and instalment credit protection. The Atradius Group offers its services in 45 countries (2011: 45) and employed 3,315 people as at 31 December 2012 (2011: 3,304). The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A. which is a listed company in Spain. As a global insurance company, the Atradius Group is exposed to various risks related to the nature of its business and the external environment. These include insurance, financial and operational risks. For further information we refer to note '4. Risk management' in the 2012 Atradius N.V. consolidated financial statements.

The key risk the Company is exposed to is credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The main exposure to credit risk is under the subordinated loan granted by the Company to Atradius Insurance Holding N.V. Atradius N.V. acts as first priority guarantor under the subordinated bonds issued by the Company and Atradius Credit Insurance N.V. as second priority guarantor. At the time of adopting this Annual report, the key operating entities (Atradius Credit Insurance N.V., Atradius Reinsurance Ltd., Atradius Trade Credit Insurance, Inc. and Compañía Española de Seguros y Reaseguros de Crédito y Caución, S.A.) are rated 'A (Excellent), outlook stable' by A.M. Best and 'A3, outlook negative' by Moody's. Additionally, A.M. Best has assigned a debt rating of 'bbb+, outlook stable' to the subordinated bonds issued by the Company. The Management Board of Atradius N.V. suggested to Grupo Catalana Occidente S.A. to withdraw the Standard & Poor's rating. Grupo Catalana Occidente S.A. agreed on this suggestion and decided on 28 February 2013 to withdraw the Standard & Poor's rating.

Amsterdam, 17 April 2013

The Management Board

M.W.A. van Gils
J.D. Sung

Conformity statement

As required by section 5:25c subsection 2(c) of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*, the members of the Management Board hereby confirm that to the best of their knowledge:

- The Atradius Finance B.V. 2012 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Atradius Finance B.V.;
- The Atradius Finance B.V. 2012 Annual report gives a true and fair view of the position of Atradius Finance B.V. at the end of the reporting period and of the development and performance of the business during the financial year 2012, together with a description of the principal risks Atradius Finance B.V. is being confronted with.

Amsterdam, 17 April 2013

The Management Board

M.W.A. van Gils

J.D. Sung

Company financial statements 2012

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All amounts in thousands of Euro unless otherwise stated

Company financial statements

Company statement of financial position (after profit appropriation)

Assets	Note	31.12.2012	31.12.2011
Financial assets			
Loans and receivables	4.1.1	120,000	120,000
Other assets	4.1.2	2,284	2,284
Cash and cash equivalents	4.1.3	671	669
Total		122,955	122,953
Equity			
Capital and reserves attributable to the equity holders of the Company	4.2.1	638	632
Total		638	632
Liabilities			
Subordinated loans	4.3.1	118,803	118,085
Other liabilities		3,514	4,236
Liabilities to related companies	4.3.2	-	5
Miscellaneous liabilities and accruals	4.3.3	3,514	4,231
Total		122,317	122,321
Total equity and liabilities		122,955	122,953

Company statement of comprehensive income

	Note	2012	2011
Interest income	5.1	7,796	7,796
Interest expense	5.2	(7,768)	(7,768)
Net income from investments		28	28
Net operating expenses	5.3	(17)	(18)
Result for the year before tax		11	10
Income tax expense		(5)	(6)
Result for the year		6	4
Other comprehensive income		-	-
Total comprehensive income for the year		6	4

Company statement of changes in equity

Attributable to the equity holders of the Company			
	Share capital	**Retained earnings**	**Total equity**
Balance at 1 January 2011	**18**	**610**	**628**
Total comprehensive income for the year	-	4	4
Balance at 31 December 2011	**18**	**614**	**632**
Balance at 1 January 2012	**18**	**614**	**632**
Total comprehensive income for the year	-	6	6
Balance at 31 December 2012	**18**	**620**	**638**

Company statement of cash flows (direct method)

	2012	**2011**
I. Cash flows from operating activities		
Interest received - loans and receivables	7,078	7,078
Interest received - other	-	3
Cash receipts from related parties	-	5
Cash payments to suppliers and related parties	(21)	(9)
Income tax paid	(5)	(6)
Net cash generated by operating activities	**7,052**	**7,071**
II. Cash flows from financing activities		
Interest paid - subordinated loans (bond)	(7,050)	(7,050)
Net cash (used in)/generated by financing activities	**(7,050)**	**(7,050)**
Changes in cash and cash equivalents (I + II)	**2**	**21**
Cash and cash equivalents at the beginning of the year	669	648
Cash and cash equivalents at the end of the year	671	669

Notes to the financial statements

1 General information

Atradius Finance B.V (the 'Company') is a private limited liability company, incorporated under the laws of the Netherlands on 14 November 2003, with its corporate seat in Amsterdam, the Netherlands. The Company provides finance and support services to Atradius N.V. and its subsidiaries (the 'Atradius Group'). The only activity of the Company is to support the access of the Atradius Group to obtaining external financing.

The sole shareholder of Atradius Finance B.V. is Atradius N.V. The ultimate parent and the ultimate controlling party of the Atradius Group is Grupo Catalana Occidente, S.A. The financial statements of Atradius N.V. are consolidated within Grupo Catalana Occidente, S.A., which is a listed company in Spain.

These financial statements have been authorised for issue by the Management Board on 17 April 2013.

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

2 Summary of significant accounting policies

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

2.1 Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

All amounts in the notes are shown in thousands of Euro (EUR), rounded to the nearest thousand, unless otherwise stated.

Below are selected relevant standards and amendments relevant for the Company.

2.2 New and revised standards

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Company require retrospective application.

2.2.1 Accounting pronouncements effective in 2012

The Company has not adopted any standards, amendments or interpretations in 2012 which had a material impact on the financial statements of the Company.

The following amendments have been adopted in 2012, but have had no material effect on the financial statements:

- Amendments to IFRS 7 Financial Instruments: Disclosures –Transfers of Financial Assets (effective 1 July 2011). The amendments help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position and promote transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets. The adoption of the amendments had no impact on the Company's financial statements.

2.2.2 Accounting pronouncements not yet adopted

The following standards and amendments are effective for annual periods beginning after 31 December 2012 and have not been early adopted by the Company:

- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012). The amendments require entities to group together items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendment will not have impact on the presentation of the Company's statement of comprehensive income;

- IAS 1 (as part of the improvements to IFRSs (2009-2011), (effective 1 January 2013) Presentation of Financial Statements - Clarification of the requirements for comparative information. The amendment clarifies that only one year of comparative information is required and that entities can voluntarily provide additional comparative information if prepared in accordance with IFRSs without having to include a complete set of financial statements for this third period. The amendment also clarifies with respect to the third statement of financial position required when an entity changes accounting policies, or makes retrospective restatements or reclassifications:

  - Opening statement of financial position is only required if impact of the change is material;
  - Opening statement of financial position should be presented as at the beginning of the immediately preceding comparative period required by IAS 1;
  - Only include notes for the third period relating to the change in accounting policy, retrospective restatement of reclassification.

  The amendment to IAS 1 is not expected to have a material impact on the Company's financial statements.
- IFRS 13 Fair Value Measurement (effective 1 January 2013). IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). The standard is not expected to have a material impact on the Company's financial statements;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of "legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not expected to have a material impact on the presentation of the Company's statement of financial position;
- Amendments to IFRS 7 Disclosures-Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013). The new disclosure requirements are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The amendments are not expected to have a material impact on the disclosure in the Company's financial statements.

The following accounting pronouncements have not yet been endorsed by the European Union and as such have not been early adopted:

- IFRS 9 Financial Instruments (as amended in December 2011) (effective 1 January 2015). This standard will replace the current standard, IAS 39 Financial Instruments: Recognition and Measurement, and aims to reduce complexity in the accounting and reporting of financial instruments. IFRS 9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. For financial liabilities, most of the IAS 39 requirements are retained. The main change is that for financial liabilities designated at fair value through profit or loss, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. On 16 December 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which amended the effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7. IFRS 9 is not expected to have material impact on the Company's financial statements.

2.3 Segment reporting

The Company only has one relevant operating segment; the financial information of this operating segment is included in these financial statements.

2.4 Financial assets

The Company classifies its financial assets depending on the purpose for which they were acquired. The Company determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

2.4.1 Loans and receivables

Loans and receivables are non-derivative financial investments with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell in the short-term. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

2.4.2 Impairment of financial assets

The Company assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The estimated fair value of the cash and cash equivalents is equal to the book value of the cash and cash equivalents due to the short-term nature of the balance.

2.6 Capital and reserves

2.6.1 Share capital

The share capital is classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.6.2 Retained earnings

Retained earnings are the accumulated amount of profits or losses at the end of the reporting period, which have not been distributed to shareholders. The distribution of retained earnings can be restricted by law and/or as set out in the articles of association of the Company.

2.7 Subordinated loans

Subordinated loans are recognised initially at fair value, net of transaction costs incurred. Subordinated loans are subsequently stated at amortised cost. Accrued interest is included as part of miscellaneous liabilities and accruals.

2.8 Income tax

Income tax in the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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 to 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 the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by 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 utilised. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for.

2.9 Statement of comprehensive income

2.9.1 Income

Net income from investments
Net investment income is the interest income on loans and receivables less interest expenses on subordinated bonds, both recognized using the effective interest method.

2.9.2 Expenses

Net operating expenses
Net operating expenses comprise administrative expenses.

2.9.3 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.10 Statement of cash flows

A statement of cash flows, when used in conjunction with the rest of the financial statements, provides information that enables users to evaluate the changes in net assets of an entity, its financial structure (including its liquidity and solvency) and its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities.

Some of the terminology used in the statement of cash flows is explained as follows:

- *Cash equivalents* are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value;
- *Cash flows* are inflows and outflows of cash and cash equivalents;
- *Operating activities* are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- *Financing activities* are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company.

The statement of cash flows is presented using the direct method.

3 Management of financial risk

3.1 Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The core components of the financial risk are credit risk, liquidity risk and market risk. The relevant risks for the Company are further detailed in the next paragraphs.

3.1.1 Credit risk

The Company bears exposure to credit risk, which is the risk of potential loss resulting from counterparties who are unable to meet their payment obligations in full when due. The key area where the Company is exposed to credit risk is the loans and receivables as part of financial assets. The loans and receivables consist of a subordinated loan granted to Atradius Insurance Holding N.V. The subordinated loan is related to the issued subordinated bonds (part of the liabilities in the balance sheet). Atradius Insurance Holding N.V. is a subsidiary of Atradius N.V. and the holding company of Atradius Credit Insurance N.V. Atradius N.V. acts as first priority guarantor under the subordinated bonds and Atradius Credit Insurance N.V. as second priority guarantor. A.M. Best assigned a financial strength rating of 'A (Excellent), outlook stable' to Atradius key operating entities (Atradius Credit Insurance N.V., Atradius Reinsurance Ltd. and Compañia Española de Seguros y Reaseguros de Crédito y Caución S.A.) on 12 September 2012. Additionally, A.M. Best upgraded the local financial strength rating of Atradius Trade Credit Insurance to 'A (Excellent), outlook stable' from 'A- (Excellent), outlook stable. Concurrently, A.M. Best has assigned a debt rating of 'bbb+, outlook stable' to the subordinated bonds issued by the Company.

Moody's assigned an insurance financial strength rating of 'A3, outlook negative' to Atradius' main operating companies (Atradius Credit Insurance N.V., Atradius Reinsurance Ltd., Atradius Trade Credit Insurance Inc. and Compañia Española de Seguros y Reaseguros de Crédito y Caución S.A.) on 25 October 2012. Moody's does not rate the subordinated bonds issued by the Company.

Standard and Poor's (S&P) lowered the Spanish sovereign credit rating to 'BBB-, outlook negative from 'BBB+, outlook negative' on 10 October 2012. As a Spanish-based insurance group, Grupo Catalana Occidente, S.A. and its core operating entities are restricted from being rated significantly higher than Spanish government based on the S&P rating methodology. Consequently, the insurer financial strength rating of Grupo Catalana Occidente, S.A.'s core operating entities (including the Atradius Group entities: Atradius Credit Insurance N.V., Atradius Reinsurance Ltd., Atradius Trade Credit Insurance Inc., Compañia Española de Seguros y Reaseguros de Crédito y Caución S.A.) was lowered to 'BBB, outlook negative' from 'A-, outlook negative' on 12 October 2012. At the same time, S&P also lowered the debt rating of the subordinated bonds issued by the Company to 'BB+' from 'BBB'. The Management Board of Atradius N.V. suggested to Grupo Catalana Occidente S.A. to withdraw the Standard & Poor's rating. Grupo Catalana Occidente S.A. agreed on this suggestion and decided on 28 February 2013 to withdraw the Standard & Poor's rating.

Each of these credit ratings reflects only the view of the rating agency at the time the credit rating was issued. Each credit rating should be evaluated separately and explanation of the significance of a credit rating may be obtained only from the rating agency. A credit rating should not be viewed as a recommendation to buy, sell or hold securities. There is no assurance that any credit rating will remain in effect for any given period of time or that a credit rating will not be lowered, suspended or withdrawn entirely by the rating agency if, in the rating agency's judgement, circumstances so warrant.

3.1.2 Liquidity risk

The Company is exposed to liquidity risk if there is insufficient cash available to meet its financial obligations, when due, at a reasonable cost. For the Company, liquidity risks may arise if large scale short-term fluctuations occur to cash flows such as a decline in incoming cash or a rise in outgoing cash, or a combination of both.

The following table indicates the estimated amount and timing of cash flows as at the end of the reporting period of interest bearing assets and liabilities. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves the end of the reporting period.

The tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest contractual repayment date. Since the Company has a choice of when an amount is paid, the subordinated bonds are allocated to the latest period in which the Company can be required to pay.

At 31 December 2012	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	7,078	14,155	14,155	169,543	120,000
Interest bearing liabilities					
Subordinated bonds	7,050	9,431	7,049	144,671	118,803

At 31 December 2011	Contractual cash flows (undiscounted)				
	0-1 years	1-3 years	3-5 years	>5 years	Carrying value
Interest bearing assets					
Granted loan	7,078	14,155	14,155	176,621	120,000
Interest bearing liabilities					
Subordinated bonds	7,050	13,425	9,854	159,418	118,085

Cash flow consists of interest payments and receipts and the redemption of the principal amount.

3.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity price risk. The Company is only exposed to interest rate risk.

3.1.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The table below summarises the combined percentage of the yield and spread at the end of the reporting period by type of interest bearing assets and liabilities as of that date. The interest bearing assets in this table relate to the subordinated loan granted to Atradius Insurance Holding N.V. The interest bearing liabilities relate to the issued subordinated bonds.

	2012	2011
Interest bearing assets		
Granted loan	7.45%	6.60%
Interest bearing liabilities		
Subordinated bonds	7.43%	6.58%

3.1.3.2 Currency risk

The Company is not exposed to currency exchange risk, since the Company's assets as well as the liabilities are all denominated in EURO.

3.1.3.3 Equity price risk

The Company is not exposed to movement in equity prices since it does not hold any equity investments in its investment portfolio.

4 Notes to the statement of financial position

4.1 Assets

4.1.1 Financial assets

The financial fixed assets relate to a loan granted to Atradius Insurance Holding N.V., a related party, of EUR 120 million. The loan bears an interest on the principal amount consisting of a fixed rate of interest of 5.875% plus a margin of 0.023% per annum. Provided that notice has been given to the holders of the subordinated bonds, the Company has the possibility to terminate the loan with Atradius Insurance Holding N.V., prior to the maturity date, without any penalties.

The fair value of the loan at year-end 2012 is estimated at EUR 85.4 million (2011: EUR 91.9 million). The estimate is calculated in line with the estimate for the subordinated bonds (see Note 4.3.1).

4.1.2 Other assets

The estimated fair values of other assets are comparable with the book value of these assets due to the short-term nature of the balance. These assets consist of accrued interest and other related receivables.

4.1.3 Cash and cash equivalents

All cash and cash equivalents include cash at bank and cash in hand.

4.2 Equity

4.2.1 Capital and reserves

The authorised share capital amounts to EUR 90,000 divided into 90 shares with a nominal value of EUR 1,000 each. Eighteen shares (nominal value EUR 18.000) were issued and fully paid at balance sheet date. The fully paid ordinary shares carry one vote per share and carry the right to dividends.

4.3 Liabilities

4.3.1 Subordinated loans

In September 2004, the Company issued guaranteed subordinated bonds with a nominal value of EUR 1,000 each for an aggregate amount of EUR 120 million (the 'Bonds'). The Company may redeem the Bonds, in a whole but not in part, on 3 September 2014 and thereafter on each interest payment date. Unless previously redeemed, the Bonds will be redeemed at maturity on 3 September 2024. The Bonds bear interest at a fixed rate of 5.875% per annum, payable annually in the first 10 years, which will thereafter be reset to a floating 3 month-EURIBOR plus a margin of 2.75% per annum, payable quarterly for the remaining 10 years. The Bonds are issued by the Company and guaranteed by Atradius N.V. (as ‘first priority guarantor’) and its subsidiary Atradius Credit Insurance N.V. (as ‘second priority guarantor’). The Bonds are listed on the Luxembourg Stock Exchange.

The bonds are measured at amortised costs. As the Bonds are not actively traded in the market, the fair value estimate of the Bonds as at year-end 2012 of EUR 85.4 million (2011: EUR 91.9 million) was based on the present value of the Bonds’ cash flows discounted using the Euro government bond yield curve as a benchmark and applying the credit spread of 586 bps (2011: 475 bps). The credit spread applied is based upon the spread of quoted subordinated bonds issued by similar issuers and with similar rating and maturity profiles.

The fair value estimate of the bonds is provided by an external independent valuation company, which uses its own proprietary valuation systems to value securities supported by economic and market assumptions from financial information providers.

4.3.2 Liabilities to related companies

Liabilities to related companies are stated at face value. All liabilities are due within one year.

4.3.3 Miscellaneous liabilities and accruals

Included in the amount of EUR 3.5 million (2011: EUR 4.2 million) is the accrued interest balance at the end of the reporting period of EUR 2.3 million (2011: EUR 2.3 million) as interest payable on the bonds in the following year.

5 Notes to the statement of comprehensive income

5.1 Interest income

This amount consists of interest income relating to the loan granted to Atradius Insurance Holding N.V.

5.2 Interest expense

This amount consists of interest expenses relating to the subordinated bonds.

5.3 Net operating expenses

This amount consists of administrative expenses.

6 Personnel

This company has no employees (2011: nil).

7 Related party transactions

December 2012	Revenue from related parties	Amounts owed by related parties	Amounts owed to related parties
Atradius Insurance Holding N.V.	7,796	122,284	-
Atradius Credit Insurance N.V.	-	-	-
Total	**7,796**	**122,284**	**-**

December 2011	Revenue from related parties	Amounts owed by related parties	Amounts owed to related parties
Atradius Insurance Holding N.V.	7,796	122,284	-
Atradius Credit Insurance N.V.	-	-	5
Total	**7,796**	**122,284**	**5**

Compensation of key current and former management personnel of the Company

There was no remuneration for members of the Management Board.

8 Auditor fees

The information of Atradius Finance B.V. is consolidated in the financial statements of Atradius N.V., no further disclosure is required relating to auditor fees.

9 Events after the reporting period

There are no events to report.

Other information

Proposed profit appropriation

Statutory appropriation of result

In accordance with article 21 of the Articles of Association the result for the year is at the disposal of the Annual General Meeting of the Company.

Proposed appropriation of result

The Management Board proposes to the General Meeting of the Company to allocate the profit for the year to retained earnings. The proposal is reflected in these financial statements.

Independent auditor’s report

To the general meeting of Atradius Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Atradius Finance B.V., Amsterdam, the Netherlands, which comprise the company statement of financial position as per 31 December 2012, the company statement of comprehensive income, the company statement of changes in equity and the company statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Atradius Finance B.V. as per 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Management Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 17 April 2013
Deloitte Accountants B.V.

Signed by: C.J. de Witt