

# Coface in 2008

Financial report



coface 

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# Comments on the consolidated results

Against the backdrop of a global economic crisis, 2008 was marked by:

- turnover growth that remained satisfactory at 6.5% on a like-for-like basis, even though this fell short of the growth rate achieved in 2007 (+7.1%);
- a 72% decline in the operating profit to €61 million from €215 million in 2007, reflecting the impact of the credit crisis on claims expenses.

## OVERVIEW

Consolidated turnover for the year came to €1,536 million, representing growth of 7.2% on a reported basis and 6.5% on a like-for-like basis, extending the trend observed in the second half of 2007 (+5.4%). The main contributors to this growth remain the development of the factoring business and activity in emerging countries (Asia and South America).

Buoyed by strong internal growth, the factoring business benefited from a significant acquisition made in Denmark and an addition to the group in Poland. Having posted growth of 39%, this business line contributed 2 points to the overall increase in turnover. With growth rates of 5.0% and 8.2% respectively, the Insurance and Services businesses contributed 3.8 points and 1.4 points respectively to the overall increase, boosted by their development outside Europe (+21.2%).

The Insurance business' operating performance before reinsurance was down sharply, with a loss of €60.3 million compared with a profit of €160.7 million in 2007, and a loss ratio of 72.6%. This deterioration masks good cost control (costs up 2.8%, i.e. 4 points less than the growth in turnover) and reflects the impact of the credit crisis, which worsened in the last quarter of 2008. External reinsurance duly acted as a cushion, with a positive impact of €10 million, compared with a reinsurance loss of €51.4 million in 2007. The Insurance business' operating performance after reinsurance came to a loss of €50.3 million in 2008 (compared with a profit of €109.4 million in 2007).

The increase in the operating profits of the other businesses (Services and Factoring) cushioned this loss.

Operating profit for the Factoring business increased from €24.7 million in 2007 to €36.7 million in 2008 while that for Services increased from €22.4 million in 2007 to €28.5 million in 2008.

Net financial income including finance costs came to €25.6 million in 2008, down sharply from €44.1 million in 2007 due to adverse market conditions. The portfolio's economic rate of return declined even more sharply, with a negative return of 2.1% compared with a positive return of 4.0% in 2007. The portfolio produced unrealised losses of €14.0 million in 2008 compared with unrealised gains of €58.4 million in 2007.

The operating profit after finance costs reached €43.4 million compared with €200 million in 2007 while the net profit came to €40.9 million compared with €163 million in 2007.

## SIGNIFICANT EVENTS IN 2008

In 2008, Coface continued to implement its 2008-2010 strategic plan and pushed ahead with the roll-out of its four core businesses relating to client receivables. In 2008, Coface was able to provide an offering in 93 countries in credit insurance, 77 countries in business information, 56 countries in collections and 28 countries in factoring.

### 1. Managing the crisis

The credit crisis that began in January 2008 in the United States spread to other countries. This situation prompted Coface to take a number of measures brought together in a plan entitled "Act on the Crisis". This series of measures (adjustment of exposures and more stringent underwriting policy) was gradually extended to all countries in which the group operates and was closely monitored. The deepening of the crisis in the last quarter of 2008 prompted the launch of a new plan entitled "Crisis Act II", being a tougher version of the previous plan.

Whenever possible, the measures aimed at tightening up risk underwriting conditions were taken in collaboration with clients and their professional organisations. In France, Coface worked with the public authorities to draw up a public reinsurance mechanism, the Complément d'Assurance Publique (CAP), and unilaterally signed up to the Transparency Charter. In this charter, Coface undertakes notably to inform every company, free of charge and on request, of the Coface rating, its credit opinion and the underlying supporting information, together with any subsequent changes to this data.

### 2. Rating

In July 2008, Coface announced its intention to become a financial rating agency, alongside the existing three major agencies, while restricting its coverage to "corporate" risk. This launch involved no financial investment as it draws on the existing internal rating process that Coface already uses to rate, for its internal needs and in consultation with any interested companies, some 17,500 companies worldwide that represent its largest risks. Coface draws on three exclusive key strengths: a significantly lower cost, a high degree of reliability thanks to the quality of its statistical application and expertise in risk-taking acquired in its 60 years in the credit insurance business. The product is currently being tested in Europe and Asia and will be marketed during 2009.

### 3. Development

#### 3.1 Acquisition by Coface Deutschland of a further 65% stake in Midt Factoring in May 2008, bringing the total holding to 75% of the share capital

With 75% of the share capital, Coface has become the majority shareholder in Midt Factoring, Denmark's leading provider of factoring services. This acquisition strengthens Coface's presence in the Scandinavian market following the launch of the factoring business in Sweden in early 2008. Midt Factoring, renamed Coface Finans A/S, also offers a broad range of financial services such as receivables management and collection, and financing. Midt Factoring, with a head office staff of 125 people,

# Comments on the consolidated results

generated a net profit of €2.7 million last year with total factored receivables of €1.8 billion. Midt Factoring has been consolidated with effect from the third quarter of 2008.

### **3.2 China, Australia and Israel: new factoring businesses in rapidly developing markets**

Coface's factoring network in Asia, which already includes Singapore, Japan and Hong Kong, has been extended to cover two new countries: Australia (the leading factoring market in this region in terms of size) and China (the fastest growing factoring market), where Coface will offer export factoring, based on the factoring business set up early in the year in Hong Kong. This new business in China complements the existing offering of short-term credit insurance, which Ping An, the leading private insurer in the market, was the first to launch in 2003 with help from Coface. After five years, Ping An (with Coface) is still number one and has insured domestic trade deals amounting to more than 100 billion yuan.

### **3.3 Participation in the capital increase staged by Kyriba, market leader in on-demand cash management solutions. Coface acquired a 10% stake in the capital.**

Kyriba's international positioning and its expertise in the field of Software as a Service (SaaS) are consistent with Coface's mission, which is to facilitate trade between companies worldwide. The funds raised will support the company's development in France and the United States, its key markets, as well as in new countries.

### **3.4 Acquisition of TKB in the Netherlands**

In early 2009, via its subsidiary Coface Netherland Services, Coface Deutschland acquired TKB (Trust Krediet Beheer B.V.), a credit management company with turnover of €8.5 million.

### **3.5 Acquisition of HP Finance, a factoring company operating in the Czech Republic and Slovakia**

In June 2008, Coface acquired the Czech factoring company HP Finance and its Slovak subsidiary. In a market dominated by banks, Coface thus acquired one of the last local independent factoring companies.

### **3.6 Acquisition of a majority stake in SBCE in Brazil**

In September 2008, Coface acquired 48% of the share capital of SBCE, a company specialising in export credit insurance in Brazil, bringing its total holding up to almost 76%. This acquisition of a majority stake enables Coface to consolidate its presence in the country, in addition to the directly-owned domestic credit insurance subsidiary.

### **3.7 Acquisition of Servicing in Argentina**

In September 2008, Coface acquired Servicing, a company based in Buenos Aires, from its founder and main director. Specialising in invoice management and active in a number of Latin American countries, Servicing will help Coface speed up its development in factoring.

### **3.8 Acquisition of a further 19.5% stake in the capital of BDI, a business information company in Israel**

In accordance with the agreements put in place when acquiring a majority stake in the capital in 2005, Coface increased its holding in BDI in July 2008, such that it now holds nearly 80% of the share capital.

## **4. Internal reorganisations**

The purpose of the merger of Kompass International, a Coface subsidiary since 2002 and owner of the Kompass brand and system, and Kompass France, a Coface Services subsidiary since 2007, is to bring together all the skills within a single entity to establish a Kompass centre of excellence and reduce its costs. At the same time, the local Kompass companies are being contributed to the local Coface companies. In 2008, a contract for the transfer of the assets of the Kompass Espagne subsidiary from Kompass International to Coface Servicios España was signed. Coface Iberica now houses all the division's businesses, including Kompass' Marketing Information.

## **5. Financial rating**

Despite the more demanding economic environment, the financial strength ratings of Coface and of its main subsidiaries remain at healthy levels:

- Aa3 with a Stable outlook for Moody's (rating confirmed on 24 July 2008),
- A+ with a Stable outlook for Standard and Poor's (rating downgraded by one notch on 27 October 2008 following the downgrading of Natixis' ratings),
- AA for Fitch Ratings. On 3 February 2009, Fitch placed this rating on Watch with negative implications alongside the ratings of Natixis and of its two main shareholders.

# Comments on the consolidated results

## REVIEW OF THE 2008 CONSOLIDATED FINANCIAL STATEMENTS

### 1. PROFIT AND LOSS ACCOUNT

#### 1.1. TURNOVER

Coface's consolidated turnover came to €1,536.3 million, up 7.2% on a reported basis. The consolidation scope was impacted by the acquisitions made by Coface in 2007 (Kompass in France and Belgium) and 2008 (Midt Factoring in Denmark) and the inclusion of the services and

factoring entities in Poland. Under the consolidation rule established by Natixis, the entity is consolidated if any one of three thresholds is reached (total assets of over €40 million, net profit of over €2 million in absolute terms and net banking income of over €5 million).

On a like-for-like basis, growth came to 6.5%.

#### 1.1.1 Turnover by business segment

Turnover (based on current scope) is analysed as follows:

<i>In € million</i>	<i>2007</i>	<i>2008</i>	<i>Change (reported)</i>	<i>2007 pro forma</i>	<i>2008 pro forma</i>	<i>Change (like-for-like)</i>
<b>Insurance</b>	<b>1,111.2</b>	<b>1,166.2</b>	<b>5.00%</b>	<b>1,111.2</b>	<b>1,175.5</b>	<b>5.80%</b>
Premiums	1,001.2	1,048.8	4.80%	1,001.2	1,056.7	5.50%
Insurance-related services	110	117.4	6.80%	11	118.8	8.00%
<b>Factoring</b>	<b>71.8</b>	<b>99.8</b>	<b>39.10%</b>	<b>78.5</b>	<b>101</b>	<b>28.60%</b>
<b>Services</b>	<b>249.6</b>	<b>270.2</b>	<b>8.20%</b>	<b>262.9</b>	<b>270.6</b>	<b>2.90%</b>
Information & Marketing	145	156.8	8.10%	156.6	156.1	-0.30%
Receivables management	44	46.7	6.20%	45.7	47.7	4.40%
Public procedures management	60.7	66.8	10.00%	60.7	66.8	10.00%
<b>Consolidated turnover</b>	<b>1,432.6</b>	<b>1,536.3</b>	<b>7.20%</b>	<b>1,452.7</b>	<b>1,547.1</b>	<b>6.50%</b>

Pro forma data used in this report

Data for 2007 have been adjusted for the impact of changes in the Group's consolidation scope, i.e. including acquisitions and excluding deconsolidations. 2008 data have been adjusted to exclude the impact of exchange rate changes between 31 December 2007 and 31 December 2008.

#### 1.1.1.1. Insurance

At €1,166.2 million, turnover reported by the Insurance business increased by 5.0% on a reported basis in 2008 and by 5.8% at constant exchange rates. Premiums grew by 5.5% at constant consolidation

scope, mainly due to the expansion of the domestic credit insurance business in the United Kingdom and Latin America and, to a lesser extent given their size, in France and Spain.

<i>In € million</i>	<i>2007</i>	<i>2008</i>	<i>Change (reported)</i>	<i>2007 pro forma</i>	<i>2008 pro forma</i>	<i>Change (like-for-like)</i>
Export credit insurance	478.7	483.1	0.90%	478.7	484.8	1.30%
Domestic credit insurance	462	501.1	8.50%	462	507.2	9.80%
Guarantees and other	60.5	64.6	6.80%	60.5	64.8	7.10%
<b>Consolidated premiums</b>	<b>1,001.2</b>	<b>1,048.8</b>	<b>4.80%</b>	<b>1,001.2</b>	<b>1,056.7</b>	<b>5.50%</b>

Domestic credit insurance turnover thus increased by 9.8% at constant exchange rates. This growth reflects the continued strong growth in credit insurance in France and the United Kingdom as well as the dynamism of markets the group has recently entered.

Conversely, the revised reinsurance structure with Axa Assurcrédit (switch from a proportional treaty under which all premiums and claims were recorded by Coface to an excess treaty) resulted in a sharp drop in premiums in France, down €8.0 million.

Export credit insurance turnover came to €483.1 million, up 1.3% at constant exchange rates, compared with an increase of 9.1% in 2007.

This sharp slowdown came essentially from France (-13.7%), Italy (-4.9%) and Germany (-0.2%). In Germany and France, the decline in premiums

was due to premiums having been overestimated in 2007 (resulting in a downward adjustment in 2008) and also to an adverse price effect: despite the inflexion that occurred in 2008, 2007 earned premiums caused an average decline in the full year 2008 rate that can be estimated at 6%.

Turnover in France was impacted by the restructuring of Unistrat Coface's Single Risk business, which is now underwritten directly in the countries in which Coface operates, with France retaining a coordination and handling fee.

Other countries saw their export business increase significantly: United Kingdom +150.8%, United States +20.0%, Spain +19.4%, Switzerland +20.8%, Northern Europe +10.8% and Asian countries +42.4%.

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Guarantees and other insurance products posted a 7.1% increase in turnover, with a good performance in Italy (+8.0%) and an upturn in Germany (+13.3%) following the portfolio clean-up undertaken in previous years.

## 1.1.1.2. Factoring

Factoring turnover surged in 2008, up 39.1%. Germany continued to dominate, with growth of 15.9% although this represents a slowdown compared with previous years due to increased competition. Reported growth was also boosted by the acquisition in Denmark of Midt Factoring (turnover of €11.9 million in eight months) and the newly-consolidated Polish business (contribution of €3.4 million). After adjusting for these two additions to the consolidation scope, growth came to 28.6% at constant exchange rates.

This business is being further rolled out in other countries. Factoring services are now offered in 28 countries, including 12 new openings in 2008. Eight entities now meet the consolidation thresholds and represent a strong growth engine.

## 1.1.1.3. Services

Services turnover increased by 8.2%, buoyed by the newly-consolidated Polish business and the inclusion of 2 additional months of activity for Kompass compared with 2007. At constant consolidation scope and exchange rates, growth came to just 2.9%.

With growth of 10.0%, public procedures management made an exceptional contribution of 2.3 points to services growth, benefiting from the favourable outcome of negotiations on the renewal of the financial agreement and a positive adjustment of €3 million for 2007.

Receivables management grew by 4.4% at constant consolidation scope and exchange rates thanks to a strong performance by Germany. Information and Marketing stagnated in a very flat environment, particularly in France.

## 1.1.2. Turnover by country

At 7.2%, growth in consolidated turnover at current consolidation scope was again boosted by the significant expansion in markets outside Europe. These countries, whose consolidated turnover reached more than €233 million in 2008, grew by 19.3% (+21.9% at constant consolidation scope and exchange rates), representing more than 15% of the total, i.e. 1.6 points more than in 2007.

- Growth in activity in European countries (+5.3%) remains mixed:
  - Strong growth engines were evident in central Europe, Spain (+21.8%) and the United Kingdom (+73.2% when stripping out a negative exchange rate impact of €7.4 million; actual growth in earned premiums reached only 22% after taking into account the underwriting of multi-year policies).
  - Activity declined in France (-4.8%), penalised by strong pricing pressure in credit insurance. The poor performance in France also reflects changes to reinsurance treaties with Assurcrédit and the restructuring of the Single Risk business. After stripping out these factors and the impact of changes in consolidation scope, turnover declined by 3%.
  - Activity in Germany (+3.5%) was also impacted by pricing pressure in credit insurance. Germany did, however, benefit from continued strong growth in the factoring business (+15.9% in 2008).
- Growth outside Europe came to 19.3% on a reported basis and 21.9% at constant consolidation scope. Exchange rate movements had a negative impact on the region's performance (especially as regards the dollar, which dented performance by €6.9 million). Asia (+33.2% at constant exchange rates) contributed 9.2 points to this sharp increase, followed by South America and North America (up 48.0% and 11.8% respectively at constant exchange rates), each contributing 6 points of growth.

<i>In € million</i>	<i>2007</i>	<i>2008</i>	<i>Change (reported)</i>	<i>2007 pro forma</i>	<i>2008 pro forma</i>	<i>Change (like-for-like)</i>
France	513.9	489.2	(4.80%)	518.6	489.2	(5.70%)
Germany	298	306.3	2.80%	295.8	306.3	3.50%
Italy	147.4	151.4	2.80%	147.4	151.4	2.80%
Austria	58.2	56.7	(2.60%)	58.2	56.7	(2.60%)
United Kingdom	46.5	73.1	57.20%	46.5	80.5	73.20%
Netherlands	40.9	43.9	7.30%	40.9	43.9	7.30%
Spain	55.2	67.2	21.80%	55.2	67.2	21.80%
Belgium	26.8	28.8	7.60%	29.4	28.8	(1.90%)
Other European countries	50.3	86.4	72.00%	65.2	84.7	30.00%
<b>Europe</b>	<b>1,237.1</b>	<b>1,303.2</b>	<b>5.30%</b>	<b>1,257.2</b>	<b>1,308.9</b>	<b>4.10%</b>
North America	99.5	104.3	4.80%	99.5	111.2	11.80%
South America	25.1	37	47.50%	25.1	37.1	48.00%
Asia	54.3	73.8	35.80%	54.3	72.4	33.20%
Africa, Middle East and Eastern Mediterranean (AMEEM)	10.7	12.6	18.10%	10.7	12.1	13.50%
South Africa	5.9	5.6	(5.80%)	5.9	5.6	(5.80%)
<b>Other countries</b>	<b>195.5</b>	<b>233.2</b>	<b>19.30%</b>	<b>195.5</b>	<b>238.3</b>	<b>21.90%</b>
<b>Consolidated turnover</b>	<b>1,432.6</b>	<b>1,536.3</b>	<b>7.20%</b>	<b>1,452.7</b>	<b>1,547.2</b>	<b>6.50%</b>

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## 1.2. EXPENSES

### 1.2.1 Insurance underwriting expenses

#### 1.2.1.1. Claims expenses

The credit crisis manifested itself early in the year in the form of a sharp rise in potential claims in the first quarter to €289.3 million (+61.8% compared with the first quarter of 2007). While matters eased in the second quarter (€227.2 million), they worsened suddenly and very significantly in the third and fourth quarters (€314.7 million and €466.6 million respectively), resulting in an unprecedented full-year increase of 76.8%. This trend automatically pushed up the loss ratio to 72.6%, an increase of more than 24 points compared with 2007, with the fourth quarter alone posting a rise of 14 points to 109.0%.

In order to contain the rising trend in claims expenses, specific measures (targeted reduction of poorly rated exposures, limit on the level of acceptances, action on premium rates, etc.) have been put in place as part of the "Act on the crisis" plan. These measures are being applied in all countries when called for due to deteriorating local conditions.

This plan was rolled out in the United States, Italy, Chile and France for its export business in the first quarter of 2008. Hungary, Spain and Portugal joined this list by the end of the second quarter. Lastly, the plan was applied in the Netherlands, Belgium, Turkey, South Africa, the United Kingdom, the Chinese subsidiaries and Austria in the third quarter and, since November 2008, it has been extended to cover all underwriting units.

#### 1.2.1.2. Loss ratio by business

In %	2005	2006	2007	2008	Change (reported) 2008/2007
Export credit insurance	48	38	45	73	28
Domestic credit insurance	46	61	54	77	23
Guarantees	98	53	44	14	(30)
<b>Group</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>73</b>	<b>24</b>

The loss ratio for export credit insurance increased by 28 points from 45% to 73%. All underwriting units contributed to this deterioration, particularly France, Spain, the Netherlands and China.

Domestic credit insurance posted a similar deterioration in its loss ratio, up almost 23 points from 54% to 77% in 2008, reflecting a sharp rise in potential claims in Europe (France, Germany, Italy, Spain and the United Kingdom) and North America. 2007 had benefited from substantial reversals of provisions in Germany that exaggerated the differential between the two years.

The loss ratio for guarantees improved sharply in 2008 due to the reversal of prior-year provisions in Belgium and Germany. The loss ratio for the 2008 underwriting year alone is similar to that for the previous year.

#### 1.2.1.3. Reinsurance result

In 2008, reinsurance generated a profit, cushioning the increase in claims. While Coface had to contend with a dramatic credit crisis that substantially drove up claims, the reinsurance result improved by €61.4 million compared with 2007 to represent an underwriting profit of €10.0 million in 2008. The proportional treaty was the main contributor, claim stop-loss cover (by country and by buyer) not having been affected.

#### 1.2.1.4. Factoring risk cost

Risk cost for the factoring business that estimates the expected losses on both client risk and the solvency risk on the receivables assigned, came to €13.8 million in 2008, an increase of 22% that reflects the poorer quality of the receivables assigned, mainly in the United Kingdom. This cost is calculated after transferring to the insurance business a portion of the risks via a credit insurance policy.

### 1.2.2. Management expenses

In an economic environment that began to deteriorate from the start of 2008 compared with that which prevailed when the budget was drawn up, the prospect of weaker turnover prompted the implementation of a proactive corrective plan under which expenses were frozen in a bid to maintain a positive delta between growth in turnover and growth in costs.

These corrective measures began to bear fruit as early as the first half of the year. At end-June, general operating expenses were up 4.1% (including a 4.5% increase in internal management expenses), compared with a budgeted rise of 7.2%.

Certain expense items were particularly closely monitored: personnel costs, travel expenses and external service providers. Thanks to this plan, the increase in general operating expenses was limited to 2.8% in 2008 based on a constant structure giving a total of €745 million and just 2.2% in the case of internal management expenses giving a total of €632 million.

As a result, the gap between growth in turnover and growth in expenses increased from 0.3% at end-March to 0.8% at end-June, 2.8% at end-September and 4.3% at end-December.

This improvement was partly masked by structural effects between the businesses characterised by a gradual increase in the proportion represented by factoring and services in relation to Coface's total business. As such, during 2008, the proportion of insurance-related expenses compared with total general operating expenses decreased from 62.9% to 61.1% while the proportion of expenses relating to factoring and services increased by 1.1% and 0.8% respectively (like the cost ratio by business line given below, these figures are stated exclusive of intra-group transfers between business lines).

#### Cost ratio by business line

In %	2006	2007	2008	Change (reported) 2008/2007
Insurance	40.1	40.5	39.6	(0.9)
Factoring	35.8	45.0	43.6	(1.4)
Services	91.3	91.4	90.2	(1.2)
<b>Total</b>	<b>48.3</b>	<b>49.7</b>	<b>48.5</b>	<b>(1.2)</b>

# Comments on the consolidated results

## 1.2.2.1. Insurance management expenses

General operating expenses (external acquisition commissions and internal management expenses) relating to insurance (including related services) increased by 4.4% to €473.4 million while turnover generated by this business increased by 6.6%. As a result, the insurance cost ratio improved to 39.6% (compared with 40.5% in 2007).

Business acquisition costs increased by 7.3% to €116.3 million from €108.3 million in 2007, this growth occurring mainly in the United Kingdom (up €6.0 million) but also in Spain and Italy. Internal management expenses totalled €357.1 million, up 3.5% from €345.0 million in 2007.

## 1.2.2.2. Factoring management expenses

General operating expenses on factoring amounted to €39.1 million compared with €29.7 million in 2007. This 31.7% increase was due mainly to changes in the consolidation scope following the first-time consolidation of the Polish activities as from March 2008 and the acquisition of the Danish entity in May 2008. On a like-for-like basis, general operating expenses increased by 11.6% while turnover generated by factoring increased by 23.4% over the same period.

The factoring cost/income ratio improved compared with the previous year, down 1.4 points to 43.6% from 45.0% in 2007 (49.7% on a pro forma basis in 2007).

## 1.2.2.3. Services management expenses

General operating expenses on services came to €262.8 million, up 10.6% on a reported basis. At constant consolidation scope (i.e. adjusting for Kompass and CMS Pologne), general operating expenses increased by 5.2%.

The services cost/income ratio improved compared with the previous year, down 1.2 points to 90.2% from 91.4% in 2007 (91.3% on a pro forma basis in 2007).

## 1.3. NET FINANCIAL INCOME

In this extremely difficult environment, the negative return on the investment portfolio was limited to 2.1% in 2008. A breakdown by asset class is provided in the table below.

## A more prudent risk allocation in equities

The economic yield on the group's equity portfolio, -35.1% over the year, compares favourably with the performance of both the CAC 40 (-42.5%) and the DJ EuroStoxx 50 (-44.8%). The equity weighting of the portfolio decreased from 16.1% of the total investment portfolio at 31 December 2007 to 9.9% at 31 December 2008, reflecting the combined effect of lower market values and the net sales made by Coface.

Unrealised losses on the equity portfolio stood at €44.4 million at end-2008 compared with unrealised gains of €32.7 million at end-2007. This figure includes a provision of €2.0 million at end-2008, being the write down of securities registering losses in excess of 30% for more than six consecutive months.

If equity markets remain at current levels during the first half of 2009, application of the impairment provision rule will result in this entire loss being recognised in the profit and loss account prior to 30 June 2009.

## Prudent risk allocation in bonds

At 31 December 2008, the market value of fixed-income investments stood at €1,247.0 million, representing 84.2% of the total investment portfolio, being 29.4% in money market products and 54.8% in bonds. The investment policy involved maintaining the portfolio's overall sensitivity to interest rates at below 2.0 throughout 2008 and closely monitoring the quality of issuers represented in the portfolio.

The assets recognised in Coface's balance sheet are not exposed to any corporate credit risks (outside the financial sector) and the Group does not have any structured credit products which could be affected by the financial crisis and the devaluation of products such as CDOs or securitisation instruments. The investment portfolio does not contain any products based on borrowings in the nature of American subprime debt. However, around 4% of Coface's portfolio consists of senior bank debt and around 24% consists of bonds issued by financial institutions that are backed by high-quality collateral or market guarantees (property-backed bonds, Pfandbriefe or Schuldscheine). Subordinated debt represents around 0.2% of the portfolio. Lines with exposure to an identified counterparty risk have been liquidated.

In € million (IFRS)	Property	Equities	Fixed-income instruments	Portfolio sub-total	Other	TOTAL
Investments at market value at 31 December 2007	78.8	224.1	1,086.8	1,389.8	236.4	<b>1,626.1</b>
Investments at market value at 31 December 2008	87.6	146.3	1,247.0	1,480.9	260.2	<b>1,741.1</b>
Net investment income (a)	0.5	(1.5)	43.5	42.4	4.3	<b>46.8</b>
Change in unrealised gains (b)	1.4	(77.1)	3.5	(72.3)	13.1	<b>(59.2)</b>
<b>Economic investment yield (a)+(b)</b>	<b>1.9</b>	<b>(78.6)</b>	<b>46.9</b>	<b>(29.8)</b>	<b>17.4</b>	<b>(12.5)</b>
Finance costs, foreign exchange losses and investment management expenses						<b>(21.2)</b>
<b>Net financial income</b>						<b>25.6</b>
<b>Investment yield</b>	<b>2.4%</b>	<b>(35.1%)</b>	<b>4.3%</b>	<b>(2.1%)</b>	<b>7.3%</b>	<b>(0.8%)</b>
Realised gains	0.6%	(0.7%)	4.0%	3.1%	1.8%	2.9%
Change in unrealised gains	1.8%	(34.4%)	0.3%	(5.2%)	5.5%	(3.6%)

\* Calculated based on the assets at the start of the year.

# Comments on the consolidated results

The average performance of the group's bond portfolios in 2008 came to 4.4% for portfolio sensitivity of 1.4. This can be compared to the reference EuroMTS 1-3, which gives a positive performance of 6.6% for average sensitivity of 1.58. This underperformance was mainly due to a loss on an unauthorised investment made by the Italian subsidiary.

At 4.0%, the gain posted by the money market portion was in line with that for the reference compounded EONIA, which also increased by 4.0% over the year.

The small foreign exchange gain of €0.3 million reflected the dollar's appreciation against the euro during 2008. This compares with a foreign exchange loss of €6.3 million in 2007. Finance costs totalled €21.4 million in 2008 compared with €19.0 million in 2007.

## Policy for the realisation of gains

Realised gains (excluding investments in associates and non-consolidated companies) came to €42.4 million compared with €64.0 million in 2007. As a result, unrealised positions weakened, with gains of €58.4 million in 2007 (including €32.7 million on equities) becoming

losses of €14.0 million in 2008 (including losses of €44.4 million on equities).

The rules for recognising equity losses require that an impairment provision be raised when the loss exceeds 30% for more than six consecutive months. Given the level of losses at 31 December 2008, there is a risk that a provision of €44 million will have to be raised as at 30 June 2009 if equity markets remain at current levels.

## 1.4. OPERATING PROFIT AND NET PROFIT

The increase in claims dragged down the current operating profit to €60.6 million in 2008 compared with €215.1 million in 2007. While Factoring and Services posted an increase in their operating profits, Insurance posted a loss of €50.3 million, being a loss of €100.6 million on pure insurance and a profit of €50.3 million on insurance-related services.

Net profit came to €40.8 million in 2008 compared with €163.5 million in 2007.

In € million	2006	2007	2008	Change	
Insurance <sup>(1)</sup>	103.0	109.4	(50.3)	(159.7)	(156%)
Services	19.9	22.4	28.4	6.0	27%
Factoring	23.6	24.7	36.7	12.0	49%
Net financial income, excluding finance costs	42.4	58.6	45.7	12.9	(22%)
<b>Operating margin<sup>(2)</sup></b>	<b>188.9</b>	<b>215.1</b>	<b>60.5</b>	<b>154.6</b>	<b>(72%)</b>
<b>Net profit</b>	<b>114.5</b>	<b>163.5</b>	<b>40.8</b>	<b>(122.7)</b>	<b>(75%)</b>

## 2. OTHER BALANCE SHEET ITEMS

### 2.1. SHAREHOLDERS' FUNDS

Shareholders' funds excluding minority interests (calculated in accordance with IFRS) totalled €1,165 million at 31 December 2008 compared with €1,176 million at the previous year end. This 0.9% decline was due to the reduction in the reserve for unrealised gains and losses, which includes equity losses (€48 million) in excess of the net profit of €41m. The dividend distribution in 2008 (€123 million) had no impact as it was made entirely in the form of new shares.

Return on equity came to 3.5% in 2008, down 11.3 points compared with 2007 (14.9% in 2007 and 13.4% when stripping out the impact of the revised tax rate in Germany).

### 2.2 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill increased by €25 million, of which €24 million was due to additions to the consolidation scope: mainly the acquisition of Coface Finans A/S (formerly Midt Factoring, €15.5 million) and the purchase of minority interests in BDI Coface (€1.8 million). The recognition of options to purchase the remaining minority interests generated additional goodwill on Coface Finans A/S (€3.9 million) and BDI Coface (€0.6 million). The balance of €0.9 million relates to translation differences.

Other intangible assets stood at €106 million, including €89 million of IT

development costs. This item increased by €12 million compared with 31 December 2007 due to further work on major IT projects and despite the current sale of assets for €20 million by Coface SA to Natixis Factor (transfer of the Magellan factoring software to Natixis Factor). Development costs are set to decline in 2009. In addition, some of these new applications are expected to be put into production and will thus start to be amortised.

### 2.3 DEBT

At 31 December 2008, consolidated debt, excluding operating creditors, consisted of €374 million in borrowings, compared with €285 million at end-2007, and €2,597 million in financing for the factoring business, versus €2,338 million at end-2007.

Borrowings primarily comprise €331 million in credit lines and €22 million for the lease on the group's head office in Germany. The Group's gross debt-to-equity ratio stood at 32% at end-2008 compared with 24% the previous year. Acquisitions (totalling around €38 million) and organic growth (recapitalisation of Coface entities) were financed by external borrowings (and not out of own funds) for around €17 million.

The 11% increase in factoring borrowings (to €2,597 million) compared with 2007 was due to the expansion of the factoring business in new countries.

(1) including policy fees.

(2) The operating margin corresponds to the operating profit less finance costs.

# Comments on the consolidated results

## OUTLOOK

January 2009 provided confirmation of the deterioration in the credit crisis since the last quarter of 2008. Coface recently lowered its 2009 global growth forecast and now expects a contraction of 0.5%. The decline since the top of the cycle in 2007 now stands at 4.5 points, on a par with the decline caused by the first oil shock (4.9 points), the largest economic shock in the last 50 years.

While Coface's business model and its strategic orientations remain unchanged, the parameters within this model have been modified. Although at this stage it is impossible to determine the extent and duration of these changes, they will have an impact on turnover due to the decline in client activity (in all business lines) and lower interest rates (in factoring), on financial income due to the market downturn and, most importantly, on claims expenses (in credit insurance and, to a lesser extent, in factoring).

In this uncertain environment, Coface can draw on its strengths: very limited risks that allow it to react rapidly, experienced staff and substantial investments in ratings. The action plan entitled "Act on the crisis" launched in January 2008 is entering a new phase, "Crisis Act II", under which the measures are being stepped up. It marks the absolute priority given to adapting to the new environment created by the deepening crisis, i.e. very quickly restoring the balance between the quality of the risks underwritten and their remuneration, by taking action on our contracts as well as on our guarantees in all countries. This plan will be conducted with complete transparency from a client perspective so as to limit as far as possible the negative impact on their business and ensure that our businesses continue to play a positive anti-cyclical role by reducing uncertainty and acting as a circuit breaker for the series of bankruptcies. Crisis Act II aims to reduce the loss ratio for the underwriting year 2009 compared with that for 2008 and to return to a significant underwriting profit in 2010.

## OPERATING RESULTS FOR THE GROUP'S MAIN COMPANIES

### 1. Coface SA

Excluding inward reinsurance, turnover came to €601.4 million, up 5.7% compared with 2007.

**Turnover from direct insurance** totalled €284.6 million, down 8.2% compared with the previous year.

- **Credit insurance** declined (down 5.6% to €258.4 million) due to the impact of intense pricing pressure in 2007 and early 2008 and the decline in volumes exported by French companies.

The international development of fronting policies, for which Coface is remunerated in the form of business provider commissions, contributed to the 6.7% growth in related services.

- The single risk business in France shrank by more than 35% due to the decentralisation of underwriting to other Group entities, especially in the United Kingdom, and non-repeat business.

Turnover for the branches increased by 26% to nearly €250 million, reflecting:

- stronger growth in the United Kingdom;
- decentralisation of the Unistrat Coface single risk business (which is still remunerated by means of coordination and management commission);
- steady growth at the recently formed branches (mainly in Asia and Canada).

**The financial agreement** posted a 10% increase in turnover.

**Turnover from inward reinsurance** increased by 2.9% (+13% when stripping out the impact of changes in the treaty with Axa Assurcrédit) due to the signing of new partnerships in 2008.

**Total claims expenses** (excluding claims handling expenses) rocketed compared with the previous year (€466.6 million compared with €257.6 million), pushing up the loss ratio to over 82%. The initial effects of the credit crisis were felt as early as the first quarter of 2008, with an increase in potential claims. Thanks to matters easing in the second quarter, claims expenses remained relatively contained by the mid-year point. The second half of the year was characterised by a significant increase in potential claims, in terms of both volume (+20%) and amount (+89%), arising mostly in the last quarter.

**General operating expenses** amounted to €314.9 million, up just 0.7% over 2007 due to very tight cost control.

**Business acquisition costs** were up almost 10% to €88.7 million, mainly due to higher credit insurance premiums recorded by the branches.

**Internal management expenses** were little changed at just over €225 million. Cost reductions in the first quarter of 2008, the deferral of planned investments for the year and the staff-related measures taken in France involving a freeze on any replacements helped reduce the cost ratio by 1.5 points compared with the previous year.

The high level of claims significantly dampened the underwriting result (before taking into account the equalisation provision), with the Group recording a loss of €98.7 million compared with a profit of almost €30 million the previous year.

After reversing the entire equalisation provision of €144.2 million raised in prior years, the underwriting profit came to €45.4 million compared with €27 million in 2007 (this equalisation provision is not reversed in the consolidated accounts under IFRS).

Although positive, net financial income was down compared with the previous year, coming in at €57 million versus €86.3 million.

Net profit for the year came to €78.8 million compared with €92 million in 2007.

# Comments on the consolidated results

## 2. Coface Services (France)

Coface Services' turnover increased by €0.6 million to €104.5 million. The €2.4 million increase posted by the marketing information business offset the declines recorded by receivables management (€0.7 million) and Legal services (€1.1 million), this business having been discontinued since the start of the year.

**Operating expenses** were down slightly on 2007, at €90.3 million (representing savings of €0.2 million), as a result of which the operating profit increased by 6% to €14.1 million.

**Net profit** for the year came to €78.8 million compared with €92 million in 2007.

## 3. Kompass International

2008 saw the merger of Kompass France and Kompass International in June 2008 and the sale of the business in Spain to the Spanish service company Coface Servicios Espana.

At €30.8 million, turnover declined by 1.6% due to a cut in the sales and marketing staff and the more difficult economic environment that saw a substantial cut in marketing budgets.

General operating expenses increased by almost 3% from €26.8 million in 2007 to €27.1 million in 2008, reflecting the impact of lower management expenses together with restructuring expenses, notably the recapitalisation through debt cancellation at Kompass Deutschland amounting to €1 million. Net profit came to €2.6 million compared with just under €5 million in 2007.

## 4. Coface Deutschland

Coface Deutschland, present in Germany, the Netherlands, Denmark and Scandinavia, reported overall turnover growth of 7.6% in 2008.

**Insurance turnover (including insurance-related services)** inched up by 1.4%:

- Although net new sales soared (up 54%), premiums recorded by the insurance business declined slightly (-0.4%), reflecting pricing pressure that prevailed until mid-2008.
- The branches, among which the Netherlands played a dominant role, posted double-digit turnover growth (up 11.3%). The Export business remains the main growth engine (14.2% on average). In restricted or captive domestic markets, Coface posted overall growth of 5%. Related services also improved due to the business growth in the region.

**Services** turnover increased by 31.2% to €93 million, mainly as a result of the purchase of the factoring company Midt Factoring, now renamed Coface Finans A/S.

- The factoring business continued to expand rapidly, with growth of 38.6% across the entire platform. Germany alone posted growth of 19.2%.
- The collections business contracted by 4.3% over the year and the business information business increased by just 2.7% due to overestimated turnover in 2007 being offset in 2008.

Coface Deutschland's overall loss ratio remained at a satisfactory level, up 0.6 points to 49%. This reflects a low level of domestic claims (28.5%) that offset the poorer performance by the export business, particularly in the Netherlands (127%).

Overall, the sub-group's economic profit posted a strong increase (+13%) to €96.8 million thanks to the expansion of the factoring business, which generated high margins, together with a contained level of claims.

## 5. Coface Austria

Coface Austria's turnover came to €55.9 million, up 1.9% compared with 2007. This hides a mixed picture, with an export business that, although it posted growth of 5.2% over the year, slowed by 3 points compared with the growth reported in 2007. Meanwhile, the domestic business contracted by 2.3% in a mature and highly competitive market.

The loss ratio came to 60.2%, up 7 points over the year, mainly because of the sharp increase in export claims (up 24 points) and claims on ceding risks from the Factoring business.

Great emphasis was placed on controlling operating expenses, which increased by 3.3% over the year, thereby keeping the cost ratio down to 31.9%.

Economic profit for the year came to €8.6 million, down 17% over the year.

## 6. Coface Italia

Coface Italia reported consolidated turnover of €154 million in 2008, up 4.8% over 2007, with 3.1% growth in insurance (credit and guarantees). Services turnover jumped by 44% in 2008 to €8.9 million thanks to strong growth in the collections and trade receivables financing businesses, up 61% and 41% respectively over the year.

The overall loss ratio deteriorated sharply to 64.1%, up 8 points. The loss ratio for the domestic credit insurance business came to 81%, up 17 points, while that for the export business reached 58%, up 15.5 points compared with 2007. Only the guarantees business, which benefits from long economic cycles, saw its loss ratio improve, down 7 points to 46% in 2008.

The services business' contribution to Coface Italia's overall turnover rose by 1.6 points over the year to 5.8%. As this business incurs higher operating expenses than insurance (for structural reasons), this increase in weighting slightly weakened Coface Italia's overall cost ratio by 0.4 points to 37.6%.

Net profit came to €3.1 million, down 54% due to the increase in claims and to impairment losses on financial assets.

## 7. Coface North America

With turnover of €110 million in 2008, Coface North America saw another year of solid growth (up 15.7%).

Insurance experienced another year of robust growth, up 15.3% in 2008: domestic business (70% of the portfolio) grew by 10% while export business (20% of overall business) increased by 34%. The Canadian branch, which is managed from the United States, accounted for 26% of the company's turnover in 2008. When stripping out factoring, which expanded to record net banking income of €2.2 million, the other service lines posted lower-than-expected growth.

Coface North America suffered a significant deterioration in its loss ratio, up 23 points to 62.7%, with an increase in recurring claims in the domestic business and the recognition of major claims in Canada.

The company's operating expenses increased by 20.4%, mainly in the insurance business, which, given the strong commercial results, posted stronger-than-expected growth in its business acquisition costs. The cost ratio came to 59.5%, up 3.2 points.

Coface North America posted a net loss of €1.7 million in 2008.

# Comments on the consolidated results

## 8. Coface Iberica

Coface Iberica – which encompasses Spain and Portugal – generated consolidated turnover of €79.3 million in 2008, up 20.9%.

Its consolidated turnover from insurance (premiums and premium-related fees) came to €65.6 million, up 22% over 2007 (22.8% when stripping out the transfer of the Unistrat Coface business). Services turnover inched up while factoring turnover posted strong growth, up 18.7% compared with 2007.

General operating expenses increased by 22.4% compared with 2007. Business acquisition costs made a strong contribution to this growth, with an increase of 43.7% compared with the previous year due to intense commercial activity during the year, while operating costs increased by 17.2%, partly due to a 12.4% rise in headcount.

The entity was hit hard by the crisis, which took hold very early in Spain. The overall loss ratio reached an all-time high of 119% of earned premiums (118.6% for Spain and 123.6% for Portugal). Construction and related sectors were the hardest hit, along with agri-foods. Nevertheless, Coface Iberica's loss ratio was more than 25 points below the market ratio thanks to having taken early measures in September 2007 and to the entity's strong commitment to the "Act on the Crisis" action plan as from April 2008. This high level of claims significantly dented the entity's economic performance, giving a loss of €4.3 million.

Coface Iberica posted a net loss of €4.5 million.

## 9. Coface UK

Coface UK's billed gross turnover soared by 57.2% on a reported basis and by 73.2% at constant exchange rates. This strong performance was largely due to the upfront recognition of annual and multi-year premiums and to the transfer of Single Risk policies. Earned premiums came to €71.9 million, up 22% compared with 2007. The British insurance firms benefited in 2008 from the gradual transfer into its books of the underwriting of Single-Risk Unistrat policies, totalling €10.3 million.

Buoyed by the factoring business, whose turnover increased by one third during the year, the services businesses posted strong growth, up 23%.

The British entities were hit hard by the credit crisis (in both volume and amount terms). As such, two claims on ceding risks on factoring further weakened the loss ratio, which came to 132% in 2008.

Operating costs increased by 14.4% compared with 2007, mainly due to the impact of business acquisition costs, which reflect the intense commercial activity during the year. The cost-to-earned income ratio improved by 3.6 points to 51.7%.

Given the high level of claims incurred, the platform recorded a net loss of €7.1 million.

# 2008

## consolidated financial statements

# Consolidated balance sheet

<b>ASSETS</b> in thousands of euros	Notes	31/12/2008	31/12/2007	31/12/2006
<b>Intangible assets</b>		<b>436,591</b>	<b>400,597</b>	<b>344,590</b>
Goodwill	4	330,196	305,517	277,879
Other	5	106,396	95,080	66,711
<b>Tangible assets</b>	<b>6</b>	<b>82,120</b>	<b>74,711</b>	<b>76,021</b>
<b>Insurance business investments</b>	<b>7</b>	<b>1,540,906</b>	<b>1,450,397</b>	<b>1,357,230</b>
Investment property	7	942	995	1,206
Held-to-maturity securities	7	89,809	112,748	112,100
Available-for-sale securities	7	1,101,738	1,223,195	1,014,969
Trading securities	7	128,873	28,811	164,197
Derivatives		710	712	110
Loans and receivables	7	218,834	83,936	64,648
<b>Debtors arising from banking and other activities</b>		<b>3,634,436</b>	<b>3,218,214</b>	<b>2,347,103</b>
<b>Investments in associates</b>	<b>8</b>	<b>77,729</b>	<b>71,941</b>	<b>19,240</b>
<b>Reinsurers' share of liabilities relating to insurance and financial contracts</b>	<b>11</b>	<b>328,945</b>	<b>269,371</b>	<b>261,547</b>
<b>Other assets</b>	<b>9</b>	<b>740,455</b>	<b>703,141</b>	<b>591,043</b>
Debtors arising from insurance and reinsurance operations	9	400,567	384,225	323,411
Trade debtors arising from other activities	9	73,519	63,235	49,459
Current taxes	9	17,074	18,987	32,362
Other debtors	9	137,056	141,935	86,928
Deferred tax assets	9 14	85,913	71,919	73,611
Deferred acquisition costs	9	26,326	22,840	25,272
<b>Cash and cash equivalents</b>	<b>10</b>	<b>260,990</b>	<b>383,045</b>	<b>200,902</b>
<b>TOTAL ASSETS</b>		<b>7,102,172</b>	<b>6,571,417</b>	<b>5,197,676</b>

# Consolidated balance sheet

<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b> In thousands of euros	Notes	31/12/2008	31/12/2007	31/12/2006
<b>Shareholders' funds excluding minority interests</b>		<b>1,165,552</b>	<b>1,176,656</b>	<b>1,011,959</b>
Share capital		107,120	86,550	69,795
Additional paid-in capital		389,107	284,918	186,186
Consolidated reserves		614,025	573,930	609,187
Revaluation reserve		29,150	76,744	40,039
Net profit for the period		40,875	163,502	114,573
Cumulative translation adjustment		(14,725)	(8,988)	(7,821)
<b>Minority interests</b>		<b>5,680</b>	<b>4,917</b>	<b>2,030</b>
<b>Total shareholders' funds</b>		<b>1,171,232</b>	<b>1,181,573</b>	<b>1,013,989</b>
<b>Due to banking-sector companies</b>	<b>17</b>	<b>2,578,228</b>	<b>2,337,727</b>	<b>1,519,881</b>
<b>Due to customers of banking-sector companies</b>	<b>17</b>	<b>1,037,857</b>	<b>1,045,042</b>	<b>802,890</b>
<b>Provisions for liabilities and charges</b>	<b>12</b>	<b>70,478</b>	<b>68,618</b>	<b>65,709</b>
<b>Liabilities relating to financing operations</b>	<b>15 16</b>	<b>392,602</b>	<b>285,327</b>	<b>225,722</b>
<b>Liabilities relating to insurance contracts</b>	<b>11</b>	<b>1,244,718</b>	<b>1,016,251</b>	<b>989,816</b>
<b>Other liabilities</b>		<b>607,057</b>	<b>636,879</b>	<b>579,669</b>
Creditors arising from insurance and reinsurance operations	<b>17</b>	170,150	168,374	138,784
Current taxes	<b>17</b>	58,765	56,552	45,406
Other creditors	<b>17</b>	236,371	227,660	223,731
Deferred tax liabilities	<b>14</b>	141,771	184,293	171,748
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>7,102,172</b>	<b>6,571,417</b>	<b>5,197,676</b>

# Consolidated profit and loss account

In thousands of euros	Notes	31/12/2008	31/12/2007	31/12/2006
<b>Turnover</b>	<b>19</b>	<b>1,536,339</b>	<b>1,432,588</b>	<b>1,342,705</b>
Premiums written	19	1,152,220	1,099,098	1,060,802
Change in unearned premium provisions	20	(30,114)	(17,829)	(28,940)
<b>Earned premiums</b>	<b>20</b>	<b>1,122,106</b>	<b>1,081,269</b>	<b>1,031,862</b>
Income from banking activities	19	99,816	71,757	53,673
Risk cost	22	(13,799)	(11,548)	(8,104)
<b>Net banking income</b>		<b>86,017</b>	<b>60,209</b>	<b>45,569</b>
Revenue or income from other activities	18	284,303	261,733	228,230
Investment income, net of management expenses	24	48,720	38,024	27,092
Gains and losses on disposals of investments	24	(5,559)	20,664	15,328
<b>Net financial income excluding finance costs</b>	<b>24</b>	<b>43,161</b>	<b>58,688</b>	<b>42,420</b>
<b>TOTAL INCOME FROM ORDINARY ACTIVITIES</b>		<b>1,535,587</b>	<b>1,461,899</b>	<b>1,348,081</b>
Claims-related expenses	20	(797,872)	(544,595)	(512,921)
Expenses from banking activities, excluding risk cost	21	(33,512)	(27,256)	(17,642)
Expenses from other activities		(213,850)	(168,943)	(156,423)
Income from ceded reinsurance	23	258,693	205,717	169,455
Expenses from ceded reinsurance	23	(248,646)	(257,069)	(222,896)
Business acquisition costs	22	(219,128)	(215,997)	(187,672)
Administrative costs	22	(172,245)	(218,917)	(201,643)
Other current income and expenses	22	(48,159)	(19,708)	(29,436)
<b>Total current income and expenses</b>		<b>(1,474,719)</b>	<b>(1,246,768)</b>	<b>(1,159,178)</b>
<b>CURRENT OPERATING PROFIT</b>		<b>60,868</b>	<b>215,131</b>	<b>188,903</b>
Change in value of goodwill				
Other income and expenses from operations	26	329	(224)	(1,132)
<b>OPERATING PROFIT</b>		<b>61,197</b>	<b>214,907</b>	<b>187,771</b>
Finance costs		(17,592)	(14,626)	(10,730)
Share of profits of associates	28	12,685	12,444	5,362
Income tax	27	(14,215)	(48,139)	(66,624)
<b>CONSOLIDATED NET PROFIT BEFORE MINORITY INTERESTS</b>		<b>42,075</b>	<b>164,586</b>	<b>115,779</b>
Minority interests		(1,200)	(1084)	(1206)
<b>NET PROFIT</b>		<b>40,875</b>	<b>163,502</b>	<b>114,573</b>
Basic earnings per share (in euros)	31	1.69	7.97	7.00
Diluted earnings per share (in euros)	31	1.69	7.95	6.96

# Statement of changes in consolidated shareholders' funds

In thousands of euros	Share capital and additional paid-in capital		Consolidated reserves	Unrealised or deferred gains and losses (net of income tax)		Net profit	share-holders' funds excluding minority interests	Minority interests	Total share holders' funds
	Share capital	Additional paid-in capital	Consolidated reserves	Cumulative translation adjustment	Change in fair value of financial instruments				
<b>Shareholders' funds at 31 December 2005</b>	<b>54,957</b>	<b>83,465</b>	<b>610,901</b>	<b>(1,621)</b>	<b>28,685</b>	<b>116,752</b>	<b>893,139</b>	<b>5,049</b>	<b>898,188</b>
Capital increase	14,838	102,722					117,560		117,560
Appropriation of 2005 net profit			116,752			(116,752)	0		0
Equity component of share-based compensation			276				276		276
Payment of 2005 dividends in 2006			(116,868)				(116,868)	(631)	(117,499)
<b>Total shareholder-related movements</b>	<b>14,838</b>	<b>102,722</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>(116,752)</b>	<b>968</b>	<b>(631)</b>	<b>337</b>
2006 net profit						114,573	114,573	1,205	115,778
Impact of acquisitions and disposals on minority interests							0	(1,159)	(1,159)
Call options on securities								(2,424)	(2,424)
Unrealised gains and losses on AFS investments net of deferred tax					11,354		11,354	9	11,363
Reclassification (correction of accounting error in 2004)			(1,876)				(1,876)		(1,876)
Translation adjustments				(6,200)			(6,200)	(19)	(6,219)
<b>Shareholders' funds at 31 December 2006</b>	<b>69,795</b>	<b>186,187</b>	<b>609,185</b>	<b>(7,821)</b>	<b>40,039</b>	<b>114,573</b>	<b>1,011,958</b>	<b>2,030</b>	<b>1,013,988</b>
Capital increase	16,755	98,731					115,486		115,486
Appropriation of 2006 net profit			114,573			(114,573)	0		0
Payment of 2006 dividends in 2007			(154,139)				(154,139)	(321)	(154,460)
Deferred tax on deconsolidated companies			1,667				1,667	(1,642)	25
<b>Total shareholder-related movements</b>	<b>16,755</b>	<b>98,731</b>	<b>(37,899)</b>	<b>0</b>	<b>0</b>	<b>(114,573)</b>	<b>(36,986)</b>	<b>(1,963)</b>	<b>(38,949)</b>
2007 net profit						163,502	163,502	1,084	164,586
Unrealised gains and losses on AFS investments net of deferred tax					38,380		38,380	3,782	42,162
Reclassification			1,675		(1,675)		0		0
Error correction			969				969		969
Translation adjustments				(1,167)			(1,167)	(16)	(1,183)
<b>Shareholders' funds at 31 December 2007</b>	<b>86,550</b>	<b>284,918</b>	<b>573,930</b>	<b>(8,988)</b>	<b>76,744</b>	<b>163,502</b>	<b>1,176,656</b>	<b>4,917</b>	<b>1,181,573</b>

In thousands of euros	Share capital and additional paid-in capital		Consolidated reserves	Unrealised or deferred gains and losses (net of income tax)		Net profit	shareholders' funds excluding minority interests	Minority interests	Total shareholders' funds
	Share capital	Additional paid-in capital	Consolidated reserves	Cumulative translation adjustment	Change in fair value of financial instruments				
Capital increase	20,570	104,189					124,759		124,759
Appropriation of 2007 net profit			163,502			(163,502)	0		0
Payment of 2007 dividends in 2008			(123,610)				(123,610)	(466)	(124,076)
First-time consolidation of Midt Factoring			84				84	3,350	3,434
Deferred tax on deconsolidated companies			243				243	325	568
<b>Total shareholder-related movements</b>	<b>20,570</b>	<b>104,189</b>	<b>40,219</b>	<b>0</b>	<b>0</b>	<b>(163,502)</b>	<b>1,476</b>	<b>3,209</b>	<b>4,685</b>
2008 net profit						40,875	40,875	1,200	42,075
Impact of acquisitions and disposals on minority interests			(124)		124		0	(637)	(637)
Call options on BDI securities								1,602	1,602
Call options on Coface Finans A/S (formerly Midt Factoring) securities								(3,618)	(3,618)
Unrealised gains and losses on AFS investments net of deferred tax					(47,718)		(47,718)	(948)	(48,666)
Translation adjustments				(5,737)			(5,737)	(45)	(5,782)
<b>Shareholders' funds at 31 December 2008</b>	<b>107,120</b>	<b>389,107</b>	<b>614,025</b>	<b>(14,725)</b>	<b>29,150</b>	<b>40,875</b>	<b>1,165,552</b>	<b>5,680</b>	<b>1,171,232</b>

# Consolidated cash flow statement

In thousands of euros	31/12/2008	31/12/2007	31/12/2006
<b>Net profit (A)</b>	<b>40,872</b>	<b>163,502</b>	<b>114,573</b>
+/- Depreciation and amortisation of tangible and intangible assets	18,595	23,041	15,951
+/- Net additions to technical provisions	190,758	11,788	77,377
+/- Share of profits of associates	(5,786)	(7,658)	(5,362)
+/- Changes in fair value of financial instruments accounted for at fair value through profit or loss	(163)	3,202	(2,431)
+/- Other non-cash items	(2,145)	(9,856)	(1,856)
<b>Total adjustments to reconcile net profit to cash flows from operating activities (B)</b>	<b>201,259</b>	<b>20,517</b>	<b>83,680</b>
<b>Cash flows from operating activities (C) = (A) +(B)</b>	<b>242,131</b>	<b>184,019</b>	<b>198,253</b>
Change in creditors and debtors	(218,403)	(43,576)	(10,032)
Net taxes paid	13,661	(2,177)	(7,255)
<b>Change in working capital requirement (D)</b>	<b>(204,742)</b>	<b>(45,753)</b>	<b>(17,287)</b>
Change in debtors arising from factoring operations	(326,583)	(885,683)	(960,222)
Change in creditors arising from factoring operations	6,182	252,558	386,704
Change in factoring liabilities	230,275	796,619	567,710
<b>Net cash generated from/(used in) banking and factoring operations (E)</b>	<b>(90,126)</b>	<b>163,495</b>	<b>(5,808)</b>
Increase in investments	(1,278,570)	(1,005,948)	(1,274,805)
Decrease in investments	1,190,058	922,646	1,136,985
<b>Net cash flows from changes in investments (F)</b>	<b>(88,512)</b>	<b>(83,301)</b>	<b>(137,820)</b>
<b>Net cash generated from/(used in) operating activities (G) (C+D+E+F)</b>	<b>(141,249)</b>	<b>218,460</b>	<b>37,338</b>
Acquisitions of subsidiaries, net of cash acquired	(21,868)	(32,775)	(20,923)
Disposals of consolidated companies, net of cash transferred			1,916
Deconsolidations	0		
Cash flows related to intangible assets	(20,417)	(31,823)	(18,836)
Cash flows related to tangible assets	(14,225)	3	3,758
<b>Net cash used in investing activities (H)</b>	<b>(56,510)</b>	<b>(64,595)</b>	<b>(34,086)</b>
Proceeds from issues of equity instruments	124,759	115,487	117,560
Dividends paid to shareholders of the parent company	(123,605)	(154,140)	(116,867)
Dividends paid to minority interests in consolidated companies	(466)	(321)	(631)
<b>Cash flows from transactions with shareholders</b>	<b>688</b>	<b>(38,974)</b>	<b>62</b>
Proceeds from issues of debt instruments	79,675	395,308	76,972
Redemptions of debt instruments	(2,673)	(324,280)	(25,223)
<b>Cash flows from financing of Group operations</b>	<b>77,002</b>	<b>71,028</b>	<b>51,750</b>
<b>Net cash generated from financing activities (I)</b>	<b>77,690</b>	<b>32,054</b>	<b>51,812</b>
<b>Impact of changes in exchange rates on cash and cash equivalents (J)</b>	<b>(1,996)</b>	<b>(3,776)</b>	<b>(5,161)</b>

## Consolidated cash flow statement

In thousands of euros	31/12/2008	31/12/2007	31/12/2006
<b>Net increase/(decrease) in cash and cash equivalents (G+H+I+J)</b>	<b>(122,065)</b>	<b>182,143</b>	<b>49,904</b>
<b>Net increase/(decrease) in cash and cash equivalents (G+H+I+J)</b>	<b>(122,065)</b>	<b>182,143</b>	<b>49,904</b>
Net cash generated from/(used in) operating activities ( G )	(141,249)	218,460	37,338
Net cash used in investing activities ( H )	(56,510)	(64,595)	(34,086)
Net cash generated from financing activities ( I )	77,690	32,054	51,812
Impact of changes in exchange rates on cash and cash equivalents ( J )	(1,996)	(3,776)	(5,161)
<b>Opening cash and cash equivalents</b>	<b>383,055</b>	<b>200,902</b>	<b>150,998</b>
<b>Closing cash and cash equivalents</b>	<b>260,990</b>	<b>383,045</b>	<b>200,902</b>
<b>Net change in cash and cash equivalents</b>	<b>(122,065)</b>	<b>182,143</b>	<b>49,904</b>

# Notes to the consolidated financial Statements

## NOTE 1 - SIGNIFICANT EVENTS

In 2008, Coface continued to implement its 2008-2010 strategic plan and pushed ahead with the roll-out of its four core businesses relating to client receivables. In 2008, Coface was able to provide an offering in 93 countries in credit insurance, 77 countries in business information, 56 countries in collections and 28 countries in factoring.

### 1. MANAGING THE CRISIS

The credit crisis that began in January 2008 in the United States spread to other countries. This situation prompted Coface to take a number of measures brought together in a plan entitled "Act on the Crisis". This series of measures (adjustment of exposures and more stringent underwriting policy) was gradually extended to all countries in which the group operates and was closely monitored. The deepening of the crisis in the last quarter of 2008 prompted the launch of a new plan entitled "Crisis Act II", being a tougher version of the previous plan.

Whenever possible, the measures aimed at tightening up risk underwriting conditions were taken in collaboration with clients and their professional organisations. In France, Coface worked with the public authorities to draw up a public reinsurance mechanism, the Complément d'Assurance Publique (CAP), and unilaterally signed up to the Transparency Charter. In this charter, Coface undertakes notably to inform every company, free of charge and on request, of the Coface rating, its credit opinion and the underlying supporting information, together with any subsequent changes to this data.

### 2. RATING

In July 2008, Coface announced its intention to become a financial rating agency, alongside the existing three major agencies, while restricting its coverage to "corporate" risk. This launch involved no financial investment as it draws on the existing internal rating process that Coface already uses to rate, for its internal needs and in consultation with any interested companies, some 17,500 companies worldwide that represent its largest risks. Coface draws on three exclusive key strengths: a significantly lower cost, a high degree of reliability thanks to the quality of its statistical application and expertise in risk-taking acquired in its 60 years in the credit insurance business. The product is currently being tested in Europe and Asia and will be marketed during 2009.

### 3. DEVELOPMENT

#### 3.1 Acquisition by Coface Deutschland of a further 65% stake in Midt Factoring in May 2008, bringing the total holding to 75% of the share capital

With 75% of the share capital, Coface has become the majority shareholder in Midt Factoring, Denmark's leading provider of factoring services. This acquisition strengthens Coface's presence in the Scandinavian market following the launch of the factoring business in Sweden in early 2008. Midt Factoring, renamed Coface Finans A/S, also offers a broad range of financial services such as receivables management and collection, and financing. Midt Factoring, with a head office staff of 125 people, generated a net profit of €2.7 million last year with total factored receivables of €1.8 billion. Midt Factoring has been consolidated with effect from the third quarter of 2008.

#### 3.2 China, Australia and Israel: new factoring businesses in rapidly developing markets

Coface's factoring network in Asia, which already includes Singapore, Japan and Hong Kong, has been extended to cover two new countries: Australia (the leading factoring market in this region in terms of size) and China (the fastest growing factoring market), where Coface will offer export factoring, based on the factoring business set up early in the year in Hong Kong. This new business in China complements the existing offering of short-term credit insurance, which Ping An, the leading private insurer in the market, was the first to launch in 2003 with help from Coface. After five years, Ping An (with Coface) is still number one and has insured domestic trade deals amounting to more than 100 billion yuan.

#### 3.3 Participation in the capital increase staged by Kyriba, market leader in on-demand cash management solutions. Coface acquired a 10% stake in the capital.

Kyriba's international positioning and its expertise in the field of Software as a Service (SaaS) are consistent with Coface's mission, which is to facilitate trade between companies worldwide. The funds raised will support the company's development in France and the United States, its key markets, as well as in new countries.

#### 3.4 Acquisition of HP Finance, a factoring company operating in the Czech Republic and Slovakia

In June 2008, Coface acquired the Czech factoring company HP Finance and its Slovak subsidiary. In a market dominated by banks, Coface thus acquired one of the last local independent factoring companies.

#### 3.5 Acquisition of a majority stake in SBCE in Brazil

In September 2008, Coface acquired 48% of the share capital of SBCE, a company specialising in export credit insurance in Brazil, bringing its total holding up to almost 76%. This acquisition of a majority stake enables Coface to consolidate its presence in the country, in addition to the directly-owned domestic credit insurance subsidiary.

#### 3.6 Acquisition of Servicing in Argentina

In September 2008, Coface acquired Servicing, a company based in Buenos Aires, from its founder and main director. Specialising in invoice management and active in a number of Latin American countries, Servicing will help Coface speed up its development in factoring.

#### 3.7 Acquisition of a further 19.5% stake in the capital of BDI, a business information company in Israel

In accordance with the agreements put in place when acquiring a majority stake in the capital in 2005, Coface increased its holding in BDI in July 2008, such that it now holds nearly 80% of the share capital.

## 4. INTERNAL REORGANISATIONS

The purpose of the merger of Kompass International, a Coface subsidiary since 2002 and owner of the Kompass brand and system, and Kompass France, a Coface Services subsidiary since 2007, is to bring together all the skills within a single entity to establish a Kompass centre of excellence and reduce its costs. At the same time, the local Kompass companies are being contributed to the local Coface companies. In 2008, a contract for the transfer of the assets of the Kompass Espagne subsidiary from Kompass International to Coface Servicios Espagne was signed. Coface Iberica now houses all the division's businesses, including Kompass' Marketing Information.

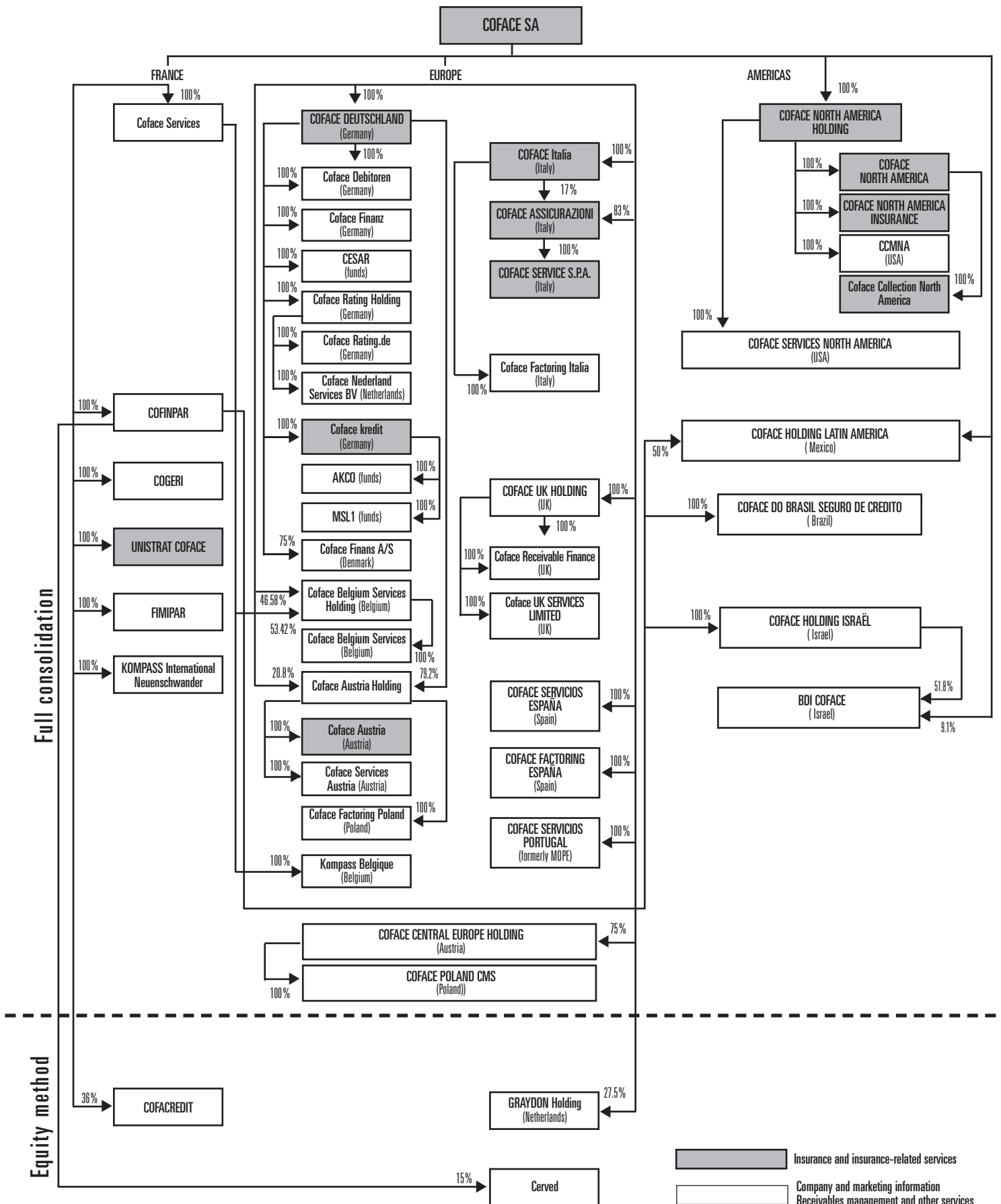
# Notes to the consolidated financial statements

## 5. FINANCIAL RATING

Despite the more demanding economic environment, the financial strength ratings of Coface and of its main subsidiaries remain at healthy levels:

- Aa3 with a Stable outlook for Moody's (rating confirmed on 24 July 2008),
- A+ with a Stable outlook for Standard and Poor's (rating downgraded by one notch on 27 October 2008 following the downgrading of Natixis' ratings),
- AA for Fitch Ratings. On 3 February 2009, Fitch placed this rating on Watch with negative implications alongside the ratings of Natixis and of its two main shareholders.

# Organisation chart at 31 December 2008



# Notes to the consolidated financial statements

## NOTE 2 - CONSOLIDATION SCOPE

### 2.1 - CHANGES IN THE CONSOLIDATION SCOPE

The main changes in the scope of consolidation in 2008 were as follows:

#### NEWLY CONSOLIDATED COMPANIES:

- Coface Poland Factoring, which was created on 24 October 2006 and was previously presented under investments in non-consolidated companies.
- CMS Pologne, which was deconsolidated on 1 January 2007 but after exceeding the consolidation thresholds was included in the consolidation scope again with effect from 31 March 2008.
- Coface Finans A/S (formerly MIDT Factoring), a factoring company acquired on 15 May 2008.

#### CHANGES IN THE PERCENTAGES HELD

- Following the exercise of a call option on Business Data Information, the company is now 80.45%-consolidated by Coface (previously 60.9%-consolidated).

#### DECONSOLIDATED COMPANIES

- Kompass France, which was merged into Kompass International on 1 January 2008.
- Viscontea Immobiliare, which was merged into Coface Assicurazioni on 1 January 2008.
- Kompass International, which transferred the assets and liabilities of its subsidiary Kompass Espagne to Coface Services Espagne on 31 December 2008.

### 2.2 - CONSOLIDATED COMPANIES

<b>FRENCH COMPANIES</b>	Consolidation method	Percentage		Percentage		Percentage	
		Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>COFACE</b> 12 Cours Michelet – La Défense 10 92800 Puteaux	Parent company	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE EXPERT</b> 10 Cours Michelet – La Défense 10 92800 Puteaux	Full	Merged into Coface SA	Merged into Coface SA	Merged into Coface SA	Merged into Coface SA	100.00%	100.00%
<b>CENTRE D'ETUDES FINANCIERES (CEF)</b> 7, chemin de Sens 37210 Rochecorbon	Full	Deconsolidated	Deconsolidated	Deconsolidated	Deconsolidated	100.00%	100.00%
<b>OR INFORMATIQUE</b> 2, rue du Général de Gaulle 54340 Pompey	Full	Deconsolidated	Deconsolidated	Deconsolidated	Deconsolidated	100.00%	100.00%
<b>LIBRAIRIE ELECTRONIQUE</b> 7, chemin de Sens 37210 Rochecorbon	Full	Deconsolidated	Deconsolidated	Deconsolidated	Deconsolidated	100.00%	100.00%
<b>EIOS</b> 33, rue de Vivienne 75002 Paris	Equity method	Liquidated	Liquidated	Liquidated	Liquidated	29.76%	29.76%
<b>AXA ASSURCREDIT</b> 26, Rue Drouot 75 009 Paris	Proportional	Deconsolidated	Deconsolidated	Deconsolidated	Deconsolidated	40.00%	40.00%
<b>COFACREDIT</b> Tour facto – 18, rue Hoche 92988 Paris La Défense Cedex 88	Equity method	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
<b>COFINPAR</b> 12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# Notes to the consolidated financial statements

<b>FRENCH COMPANIES</b>	Consolidation method	Percentage		Percentage		Percentage	
		Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>COGERI</b> 12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>FIMIPAR</b> 12 Cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>KOMPASS France</b> 66 Quai du Maréchal Joffre 92 415 Courbevoie cedex	Full	Merged into Kompass International		100.00%	100.00%	100.00%	100.00%
<b>KOMPASS International Neuenschwander</b> Saint Laurent 73800 Cruet	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>KOMPASS HOLDING</b> Saint Laurent 73800 CRUET	Full	Merged into Coface SA		Merged into Coface SA		100.00%	100.00%
<b>UNISTRAT COFACE</b> 161–163, rue de Courcelles 75017 Paris	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE SERVICES</b> 1, rue de l'Union 92 500 Rueil Malmaison	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Cofactions 2</b> Lazard Frères & Cie 121 boulevard Haussmann 75008 Paris	Full	Dissolved on 03/08/07		Dissolved on 03/08/07		100.00%	100.00%
<b>Cofoblig 1</b> Credit Agricole Asset management 90 boulevard Pasteur 75015 Paris	Full	Dissolved on 30/11/07		Dissolved on 30/11/07		100.00%	100.00%

# Notes to the consolidated financial statements

<b>INTERNATIONAL COMPANIES</b>	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>AKCO FUND</b>								
COMINVEST Asset Management GmbH Platz der Einheit 1 60327 Frankfurt/Main	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE KREDITVERSICHERUNG AG (ex Allgemeine Kredit Coface)</b>								
Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE FINANZ (ex Allgemeine Kredit Coface Finanz)</b>								
Isaac – Fulda – Allee 5 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE DEBITOREN MANAGEMENT</b>								
68623 Lampertheim	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE RATING HOLDING</b>								
Isaac – Fulda-Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface DEUTSCHLAND</b>								
Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE RATING GMBH</b>								
Isaac- Fulda – Allee 1 55 124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>MLS 1 FUND</b>								
Deutsche Assetmanagement Investment Gesellschaft Mainzer Landstr. 16 60325 Frankfurt/Main	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE NEDERLAND SERVICES</b>								
Claudius Prinsenlaan 126 4818 CP Breda	Netherlands	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE FINANS A/S (ex- MIDT FACTORING)</b>								
Nygade 111,DK-7430 Ikast	Denmark	Full	75.00%	75.00%	-	-	-	-
<b>COFACE SERVICIOS ESPAÑA, SL</b>								
C/ Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE FACTORING ESPAÑA, SL</b>								
C/ Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	-	-
<b>COFACE NORTH AMERICA HOLDING COMPANY</b>								
1350, Broadway, suite 2000 New York	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE CREDIT MANAGEMENT NORTH AMERICA</b>								
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# Notes to the consolidated financial statements

<b>INTERNATIONAL COMPANIES</b>	Country	Consolidation method	Percentage		Percentage		Percentage		
			Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06	
<b>COFACE COLLECTION NORTH AMERICA</b>									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE NORTH AMERICA</b>									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE NORTH AMERICA INSURANCE COMPANY</b>									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>GRAYDON HOLDING</b>									
Hullenbergweg 260 1101 BV Amsterdam Z.O	Netherlands	Equity method	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%
<b>GROUPE COFACE CENTRAL EUROPE</b>									
Stubenring 24 A – 1011 Vienna	Austria	Full	74.99%	74.99%	74.99%	74.99%	74.99%	74.99%	74.99%
• <b>COFACE POLAND CMS</b>									
Al.Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	74.99%	Deconsolidated		100.00%	74.99%	
• <b>COFACE POLAND FACTORING</b>									
Al.Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	100.00%	-	-	-	-	-
<b>COFACE Assicurazioni</b>									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>VISCONTEA IMMOBILIARE</b>									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	Merged into Coface Asssicurazioni		100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE SERVICE SpA</b>									
Piazza Casalegno n°9/A 13900 Biella	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACERATING ITALIA</b>									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE ITALIA</b>									
Via Giovanni Spadolini 4 20141 Milano	Italie	Globale	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
<b>COFACE FACTORING ITALIA SpA</b>									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>CERVED</b>									
Via G.B. Morgagni 30/h 00161 ROMA	Italy	Equity method	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

# Notes to the consolidated financial statements

## INTERNATIONAL COMPANIES

	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>COFACE UK</b>								
15 Appold Street London EC2A 2DL	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
• <b>COFACE UK Services Ltd</b>								
15 Appold Street London EC2A 2DL	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
• <b>COFACE RECEIVABLES FINANCE</b>								
15 Appold Street London EC2A 2DL	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE SERVICIOS PORTUGAL</b>								
Av. Columbano Bordalo Pinheiro nº75 - 7ºPiso - Edifício Pórtico 1070-061 Lisboa	Portugal	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE AUSTRIA HOLDING AG</b>								
Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE AUSTRIA INSURANCE</b>								
Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE SERVICES AUSTRIA</b>								
Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE SERVICES NORTH AMERICA GROUP</b>								
121 Whitney Avenue – New haven, CT 06510	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
• <b>VERITAS SA (Argentina)</b>	Argentina	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
• <b>VERITAS PUERTO RICO CORP.</b>	Puerto Rico	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE HOLDING AMERICA LATINA</b>								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon, México, D.F.	Mexico	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE DO BRASIL SEGUROS DE CREDITO INTERNO SA</b>								
846, Haddock Lobo Street – Cerqueira Cesar District – 01414-000 Sao Paulo	Brazil	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE BELGIUM SERVICES</b>								
Place de l'Université, 16 B – 1348 Ottignies Louvain La Neuve	Belgium	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>COFACE BELGIUM SERVICES HOLDING</b>								
100 Boulevard du souverain 1170 Bruxelles	Belgium	Full	100.00%	100.00%	100.00%	100.00%	Not consolidated	
• <b>KOMPASS BELGIUM</b>								
100 Boulevard du Souverain 1170 Bruxelles	Belgium	Full	100.00%	100.00%	100.00%	100.00%	-	-
<b>COFACE HOLDING ISRAËL</b>								
by Haim Zadok & Co. Law Offices 20 Lincoln st. Tel Aviv 67134	Israel	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# Notes to the consolidated financial statements

<b>INTERNATIONAL COMPANIES</b>	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>BDI COFACE</b> 11 Ben Gurion st. Bnei Brak 51260,	Israel	Full	80.45%	80.45%	60.91%	60.91%	60.91%	60.91%
<b>COFACE DANMARK SERVICES</b> Frederiksberg Alle 26 1820 Frederiksberg	Denmark	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE CZECH CMS</b> I.P. Pavlova 5, 120 00 Prague 1820 Frederiksberg	Czech Republic	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE SLOVENIA CMS</b> Cankarjeva 3, 1000 Ljubljana Slovenia	Slovenia	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE SLOVAKIA CMS</b> Šoltésovej 14, 811 08 Bratislava Slovakia	Slovakia	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE BULGARIA CMS</b> 85/87, Todor Aleksandrov boul., 1303 Sofia, Bulgaria	Bulgaria	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE ROMANIA CMS</b> Str. Calea Floreasca, nr 39, etaj 2, Sector 1, Bucuresti Romania	Roumania	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE HUNGARY CMS</b> Tűzoltó u. 57, H-1094 Budapest, Hungary	Hongary	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>COFACE CROATIA CMS</b> Prilaz Gjüre Deželića 23 (dvorišna zgrada), 1000 Zagreb Croatia	Croatia	Full	Deconsolidated		Deconsolidated		100.00%	74.99%
<b>CIMCO SYSTEMS LIMITED</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>CREDICO LIMITED (ex CIMCO LTD)</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>CREDITORS GROUP HOLDINGS LTD</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>THE CREDITORS GROUP LIMITED</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>THE CREDITORS INFORMATION CO LTD</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE DEBT PURCHASE</b> 15 Appold Street London EC2A 2DL	UK	Full	Deconsolidated		Deconsolidated		100.00%	100.00%

# Notes to the consolidated financial statements

<b>INTERNATIONAL COMPANIES</b>	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	Control 31/12/06	Interest 31/12/06
<b>COFACE POLAND INSURANCE SERVICE</b>								
Al.Jerozolimskie 136 02-305 Warszawa	Poland	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS POLAND</b>								
49, Warszawa Mokotowska Warsawa	Poland	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS JAPAN</b>								
Kojimachi and Chiyoda – Ku Tokyo 102 – 0082	Japan	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS BILGI</b>								
Yildiz Posta Caddesi N°8 Gayretteppe – 80 280 Istanbul	Turkey	Full	Deconsolidated		Deconsolidated		69.91%	69.91%
<b>KOMPASS UNITED STATES</b>								
1255, Route 70 Suite 245 Lakewood NJ 18701	United States	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS SOUTH EAST ASIA</b>								
36 Robinson Road- #19-01 City House Singapore 068877	Singapore	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS CZECH REPUBLIC</b>								
14 Capkova 14 000 Praha 4	Czech Republic	Full	Deconsolidated		Deconsolidated		93.00%	93.00%
<b>COFACE SERVICIOS CHILE</b>								
Ed. World Trace Center Av. Nueva Tajamaor 481, Torre Norte. Of 1701, Las Condes – Santiago Chile	Chile	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICES COLOMBIA</b>								
Carrera 15 No. 91-30 Oficinas 601,602 Bogotá, D.C. Colombia	Colombia	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICIOS MEXICO SA DE CV</b>								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon, Mexico, D.F.	Mexico	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICIOS ARGENTINA</b>								
Ricardo Rojas 401, Piso 7, C1001AEA Buenos Aires	Argentina	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICES ECUADOR</b>								
Av. Diego de Almagro # 20-33 y, Whymper,Ofic.# 501 Quito, Ecuador	Ecuador	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICIOS COSTA RICA, S.A.</b>								
Oficentro Ejecutivo La Sabana Edificio 4 Piso 3 Local 5 San José, Rhomoser Costa Rica	Costa Rica	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICES PERU</b>								
Av. Jorge Basadre 489 Of. 803-804 San Isidro Lima 27 – Perú	Peru	Globale	Deconsolidated		Deconsolidated		100.00%	100.00%

# Notes to the consolidated financial statements

<b>INTERNATIONAL COMPANIES</b>	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control	Interest	Control	Interest	Control	Interest
			31/12/08	31/12/08	31/12/07	31/12/07	31/12/06	31/12/06
<b>COFACE SERVICES VENEZUELA</b>								
EASO Piso 5, Of. 5 H – Chacaito 1050, Caracas	Venezuela	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE DO BRASIL SERVICOS DE GERENCIAMENTO DE CREDITO LTDA</b>								
Rua Haddock Lobo, 846 13° andar – Torre Alpha 01414-000 Sao Paulo – SP	Brazil	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SERVICIOS PANAMA</b>								
Avda. 3ra Sur y Calle 77 San Francisco Panama, P.O. Box 7 1990, Panama	Panama	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>CIA DE SEGUROS DE CREDITOS COFACE CHILE SA</b>								
Avenida Nueva Tajamar 481 Torre Norte Of. 1701 Las Condes Santiago - Chile	Chile	Full	Deconsolidated		Deconsolidated		84.36%	84.36%
<b>ORCHID TELEMATICS LIMITED</b>								
Companies House, Crown Way – Maindy, Cardiff CF 14 3UZ – Grande- Bretagne	UK	Full	Liquidated		Liquidated		100.00%	100.00%
<b>COFACERATING.CH</b>								
Av. de la Gare 4 CH-1003 Lausanne	Switzerland	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>COFACE SOUTH AFRICA SERVICES</b>								
Nyanga Office Park, Inyanga Close, Sunninghill, Sandton South Africa	South Africa	Full	Deconsolidated		Deconsolidated		100.00%	100.00%
<b>KOMPASS ISRAEL</b>								
11 Ben Gurion st. Bnei Brak 51260 Israel	Israel	Full	Deconsolidated		Deconsolidated		75.00%	45.68%

# Notes to the consolidated financial statements

## NOTE 3 - ACCOUNTING PRINCIPLES

In accordance with European regulation 16/06/02 dated 19 July 2002, the Coface Group has prepared its consolidated financial statements for the year ended 31 December 2008 in accordance with International Financial Reporting Standards (IFRS) applicable at that date, as approved by the European Union.

These financial statements include the balance sheet, profit and loss account, statement of changes in shareholders' funds, cash flow statement and notes. They also include comparative data for 2007 and 2006

### 3.1. Accounting options applied under IFRS 1 (First-time Adoption of International Financial Reporting Standards)

As part of the first-time adoption of IFRS, and in accordance with IFRS 1, the main options used by Coface are set out below.

- Business combinations continue to be classified in accordance with previous GAAP. Consequently, there is no retrospective application of IFRS 3 and IAS 21. Only the values attributable to the network recorded in the French GAAP accounts were reclassified from intangible assets to goodwill, as they did not meet the definition of an intangible asset under IAS 38.
- Cumulative translation adjustments relating to net investments in foreign operations have been cancelled, so that proceeds from the future sale of a consolidated entity preparing its financial statements in a foreign currency will not include the translation adjustments existing at 1 January 2004.
- Actuarial gains and losses on pension obligations calculated in accordance with IAS 19 have been recognised in full, with a corresponding adjustment to shareholders' funds. This option does not prevent Coface from deferring any additional actuarial gains and losses that may arise in the future.
- Investment properties are accounted for at fair value through profit or loss, in accordance with IAS 40.

### 3.2. Basis of consolidation

In accordance with IAS 1, Presentation of Financial Statements, as well as IAS 27, Consolidated and Separate Financial Statements, and IFRS 3, Business Combinations, subsidiaries that are not material in relation to the Group as a whole are not consolidated. Materiality is determined by applying both quantitative (turnover, shareholders' funds, etc.) and qualitative criteria.

In keeping with this principle, non-trading property companies and certain Cofacering.xx companies (where xx represents the country extension) have not been consolidated because their inclusion would not have had a material impact on the presentation of the consolidated financial statements.

Units in dedicated mutual funds (OPVCM) have been included in the scope of consolidation and fully consolidated. There are no minority interests in these funds.

The consolidation methods applied are as follows:

- Companies over which the Coface Group exercises exclusive control are fully consolidated.
- Companies where the Coface Group shares control with another party are proportionately consolidated.
- Companies over which the Coface Group exercises significant influence are accounted for by the equity method.

Companies in which the Coface Group holds over 40% of the voting rights are considered as being exclusively controlled. Significant influence is generally considered as being exercised in cases where at least 20% of the voting rights are held, although companies in which Coface holds a smaller percentage of the voting rights may also be consolidated when it can be established that Coface exercises control or significant influence.

The parent company of the Coface Group is Natixis, in which Banque Fédérale des Banques Populaires and Caisse Nationale des Caisses d'Epargne each have a 35.6% shareholding.

Entities selected for inclusion in Coface's consolidation scope are assessed based on thresholds set by Natixis, which uses three reference thresholds relating to total assets, net banking income (or turnover) and net profit in order to determine whether or not a subsidiary is material.

These thresholds are modulated by business based on the headings used in the business line mapping used for financial communications.

In theory, whenever an entity exceeds any one of these thresholds, it is consolidated. Exceptions to these principles are made in the case of subsidiaries that do not meet the thresholds but which nevertheless need to be consolidated:

- subsidiaries that have an impact on the presentation of the financial statements: this is the case for companies with considerable means (impact on the split of general operating expenses between personnel costs and other expenses) and for non-trading property companies that are the beneficiaries of property leases (balance sheet impact);
- subsidiaries expected to grow over the next two years;
- holding companies and branches;
- subsidiaries bearing prudential risks as defined in the banking regulations.

The thresholds used to consolidate entities in the customer division are as follows:

- Total assets: over €40 million
- Net profit/loss: over €2 million
- Net banking income: over €5 million

### 3.3. Special purpose entities

In accordance with SIC 12, separate legal structures (special purpose entities) are consolidated when the substance of the relationship between Coface and the entity indicates that the entity is controlled by Coface, even where Coface has no capital interest in the entity. SIC 12 lists three criteria that indicate that an entity is controlled, but gives precedence to the first requirement (decision-making power):

# Notes to the consolidated financial statements

- Decision-making power and the power to manage the entity's operations.
- The right to obtain the majority of the benefits of the entity's activities.
- Exposure to the majority of the risks incidental to the activities of the entity.

No special purpose entities were included in the 2008 consolidated financial statements.

## 3.4. Balance sheet date and accounting period

All consolidated companies have a 31 December year end.

## 3.5. Foreign currency translation

The balance sheets of foreign subsidiaries whose functional currency is not the euro are translated into euros at the year-end exchange rate, except for capital and reserves, which are translated at the historical exchange rate. Differences arising from the translation of foreign subsidiaries' balance sheets are recorded in shareholders' funds.

Profit and loss account items are translated into euros at the average exchange rate for the year. Any differences arising on translation of these items are also recorded in shareholders' funds.

## 3.6. Intercompany transactions

Material intercompany transactions and balances are eliminated on consolidation.

## 3.7. General principles

Under IFRS 4, insurance companies may continue to use in their IFRS financial statements the recognition and measurement rules applied under local GAAP with regard to assets and liabilities relating to insurance contracts as defined by the standard. French insurance companies therefore continue to use the recognition and measurement rules applicable under French insurance accounting standards. They are based on Decree no. 94-481 dated 8 June 1994, the Government Order dated 20 June 1994 and the European Council Directive of 19 December 1991 concerning the financial statements of insurance companies and groups.

The financial statements of insurance companies operating in other European countries are presented in accordance with local regulations and the European Council Directive of 19 December 1991. However, IFRS 4 prohibits the recognition of equalisation or catastrophe provisions.

Companies engaged in the sale of credit information and debt recovery services fall within the scope of IAS 18, Revenue.

In accordance with IAS 18, revenue is recognised when i) the entity has transferred the significant risks and rewards of ownership of the goods concerned; ii) it is probable that the economic benefits associated with the transaction will flow to the entity; and iii) the amount of the revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably.

Companies engaged in factoring operations are directly impacted by IAS 39, Financial Instruments: Recognition and Measurement. A financial instrument is a contract that gives rise to a financial asset for one entity (contractual right to receive cash or another financial asset from another entity) and a financial liability or equity instrument for another entity (contractual obligation to deliver cash or another financial asset to another entity).

Under IAS 39, Application Guidance 26, trade debtors fall within the "Loans and receivables" category. They are measured at amortised cost using the effective interest method. The financing commission is recorded over the term of the factoring transaction, and is therefore included in the effective interest rate in view of its short-term nature.

## Classification of income and expenses

### Insurance companies

The expenses of French and international insurance subsidiaries are initially accounted for by type and are then analysed based on cost accounting principles using appropriate cost allocation keys. Investment management expenses are included under investment expenses. Claims handling expenses are included under claims expenses. Business acquisition costs, administrative expenses and other underwriting expenses are shown separately in the profit and loss account.

### Public procedures management

The management by Coface SA of French public credit insurance procedures qualifies as an insurance business despite this service being limited to third-party management. The remuneration received from the French State is therefore reported under "Revenue or income from other activities". The corresponding costs are analysed based on cost accounting principles and are therefore included under the same profit and loss account headings as the expenses incurred by Coface SA in connection with its private market insurance activities. Notes 21 and 23 state the portion of the expenses concerned that are attributable to public procedures management.

### Factoring companies

Operating income and expenses of companies engaged in the factoring business are reported under "Income from banking activities" and "Expenses from banking activities" respectively.

### Other companies

Operating income and expenses of companies not engaged in the insurance or factoring businesses are respectively reported under "Revenue or income from other activities" and "Expenses from other activities".

## Turnover

### Consolidated turnover includes:

- Premiums written, policy fees and inward reinsurance premiums, as well as fees for other services provided by insurance companies which are reported under "Other underwriting income".
- The remuneration received by Coface SA from the French State for its services in managing public credit insurance procedures.

# Notes to the consolidated financial statements

- Sales of services corresponding to the turnover of Group company information, receivables management and marketing information subsidiaries. These services consist primarily of providing client access to credit and marketing information and debt recovery services.
- Factoring fees for receivables management and collection services, financing fees corresponding to the gross revenue collected from factoring customers net of financing costs (interest margin), and debt collection fees.

Consolidated turnover is analysed by business segment and country of invoicing (in the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located).

## Underwriting transactions

### a – Premiums

Gross premiums correspond to premiums written, excluding tax. They are stated net of premium cancellations and rebates and paid bonuses but include an estimate of earned premiums not yet written and premiums to be cancelled after the year end.

Premiums are primarily based on policyholders' turnover or trade receivables balances which vary according to changes in turnover. Premium income therefore depends directly on the volume of sales made in the countries where the Group is present, especially French exports and German domestic and export sales.

The Group also receives policy fees, corresponding mainly to the cost of monitoring the credit status of insured buyers which is billed to clients and partners.

### b – Unearned premium provisions

Unearned premium provisions are calculated separately for each policy, on an accruals basis. The amount charged to the provision corresponds to the fraction of written premiums relating to the period between the year-end and the next premium payment date.

For guarantee business, primarily written by Coface Assicurazioni, 60% of premium income is deferred and recognised over the subsequent six years, in accordance with Italian insurance accounting standards.

### c – Deferred acquisition costs

Business acquisition costs, including commissions and internal expenses related to contract preparation, are deferred over the life of the contracts concerned according to the same rules as unearned premium provisions.

The amount deferred corresponds to business acquisition costs related to the period between the period-end and the next premium payment date. Deferred acquisition costs are included in the balance sheet under "Other assets".

Changes in deferred acquisition costs are included under "Business acquisition costs" in the profit and loss account. Business acquisition costs are deferred only in the accounts of the French, Italian and American entities.

### d – Paid claims

Paid claims correspond to insurance settlements net of recoveries, plus claims handling expenses.

### e – Claims provisions

Claims provisions include provisions to cover the estimated total cost of reported claims not settled at the year-end, and provisions for claims incurred but not reported – determined by reference to the Group's claims experience in prior underwriting periods that reflect the final amount of paid claims on expired risks, net of any recoveries. Provisions for unknown claims have been estimated on a "best estimate" basis using the information available when drawing up the financial statements. The same method was used in 2007.

Claims provisions also include a provision for future economic risks that may impact end-of-year premiums, as well as estimated claims handling expenses.

Specific provisions are also recorded for major claims based on the probability of default and level of risk exposure, estimated on a case-by-case basis.

In the guarantee business, local methods are applied. Provisions are only recorded for claims of which the company concerned has been notified by the year-end. As well as the provision booked in accordance with local methods, an additional provision is recorded where the risk that the guarantee will be called on is higher due to the principal becoming insolvent, even if no related guarantees have been called on. This additional provision is calculated based on the probability of default and the level of risk exposure.

### f – Subrogation and salvage

Subrogation and salvage represent estimated recoveries determined on the basis of the total amount expected to be recovered in respect of all open underwriting periods. The accrual includes estimated management expenses.

## Reinsurance operations

### a – Inward reinsurance

Inward reinsurance is accounted for contract by contract based on actual or estimated results for the year.

Technical provisions are determined based on amounts reported by ceding reinsurers, adjusted upwards by Coface where appropriate.

Commissions paid to ceding insurers are deferred and recognised in the profit and loss account on the same basis as unearned premiums. Where these commissions vary depending on the level of losses accepted, they are estimated at each period end.

### b – Ceded reinsurance

Ceded reinsurance is accounted for in accordance with the terms and conditions of the related treaties.

Reinsurers' share of technical provisions is determined on the basis of technical provisions recorded under liabilities.

Cash deposits received from reinsurers are reported under liabilities.

Commissions received from reinsurers are calculated by reference to written premiums. They are deferred and recognised in the profit and loss account on the same basis as ceded unearned premiums.

# Notes to the consolidated financial statements

## Goodwill

Goodwill represents the difference between the cost of shares in consolidated subsidiaries and the Group's equity in the underlying net assets identified at the acquisition date, after the corresponding fair value adjustments.

If new information comes to light during the first financial year that follows the initial consolidation of a newly-acquired company which affects the initial fair values attributed to the assets acquired, the fair values are adjusted and the related goodwill is increased or reduced accordingly.

Goodwill is allocated to the cash-generating units (CGUs) that are expected to derive benefits from the acquisition. It is not amortised but is tested for impairment annually. Impairment testing consists of comparing the carrying amount of the CGU or group of CGUs (including allocated goodwill) with its recoverable amount, which corresponds to the higher of value in use and fair value less costs to sell. Value in use is determined as the present value of estimated future cash flows.

## Intangible assets and portfolio value

**For acquisitions of service companies**, all of the companies' intangible assets are allocated to goodwill and impairment tests are carried out on the relevant CGUs.

**For insurance companies**, a portion of the difference between shareholders' funds and the cost of the acquisition is reclassified as part of the value of the portfolio, based on the extent to which it exceeds a materiality threshold. The remaining intangible assets are reclassified as goodwill.

The value of the portfolio is amortised on a straight-line basis over the average term of the contracts concerned. If the average term is eight years, turnover is reduced by one eighth each year.

The portfolio value is calculated based on a standardised net profit figure, using fixed assumptions regarding the loss ratio, premium costs and reinsurance and economic rate of return on investments.

## Impairment tests on goodwill and intangible assets

For the purposes of impairment testing, Coface entities are allocated to CGUs based on their business segment – Insurance and Insurance-related services, Factoring and Company information/Receivables management.

The carrying amount of each CGU is then compared to its recoverable amount which represents the higher of value in use determined using the discounted cash flows method and fair value determined using revenue multiples data from comparable listed companies as well as comparable recent transactions.

The recoverable amount of Coface's three CGUs represents their value in use, as this is higher than their fair value. Value in use is calculated by reference to future cash flow projections based on five-year business plans approved by management.

For the purpose of company valuations, Coface applies a prudent discount rate and growth to infinity rate of 10% and 2% respectively. A discount rate of 12% is used for entities located in non-OECD countries.

Expected cash flows are derived from the 3-year business plans (2009-2011) prepared by the operating entities during the budget process and

approved by Coface's management. These forecasts are based on the past performances of each entity and take into account assumptions for the development of Coface's various business lines. Where applicable, two additional years of forecasts are compiled by the Finance Department by extending management's business plan on a normative basis.

The impairment tests carried out did not lead to the recognition of any impairment losses in the consolidated financial statements at 31 December 2008.

## Intangible assets: IT development costs

Under IFRS, IT development costs must be capitalised and amortised over their estimated useful lives when certain criteria are met. In such cases, an entity must be able to demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the current and future availability of adequate resources to complete the development and use or sell the intangible asset; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

## Tangible assets: property assets

### a – Investment property (IAS 40)

Investment property directly owned by Coface is carried at fair value, in line with the accounting option selected by Coface under IAS 40. The fair value of investment property corresponds to the realisable value of the underlying assets, which in France is determined based on an expert appraisal performed at five-yearly intervals and on calculations of present value.

### b - Investment property (IAS 39)

Under IFRS, shares in non-consolidated non-trading property companies are not accounted for as property but as financial instruments in accordance with IAS 39. Consequently, they must be measured at fair value. The realisable value of shares in non-trading property companies is determined on the basis of an expert appraisal performed at five-yearly intervals.

### c - Buildings used in the business (IAS 16)

Tangible assets, including buildings used in the business, are measured using the cost model. Under IFRS, each component of a single building is depreciated over an estimated useful life that reflects the pattern in which its future economic benefits will be consumed, if such pattern differs from that for the building as a whole.

Coface has identified the following components of property assets:

Land	Not depreciated
Enclosed/covered structure	Depreciated over 30 years
Technical equipment	Depreciated over 15 years
Interior fixtures and fittings	Depreciated over 10 years

Assets acquired under finance leases are included in assets and an obligation in the same amount is recorded under liabilities. At 31 December 2008,

# Notes to the consolidated financial statements

the main asset acquired under a finance lease was the Allgemeine Kredit Coface headquarters building.

A lease is classified as a finance lease if it transfers to the lessee substantially all of the risks and rewards incidental to ownership.

Coface defines indicators of impairment and an impairment loss is recorded if the asset is considered to have suffered a material loss in value. In this case, buildings used in the business are carried at fair value (see a – Investment property).

## Financial assets

Coface applied IFRS 7, Financial Instruments: Disclosures, for the first time in its financial statements for the year ended 31 December 2007.

When recognising financial assets, Coface uses the trade date applicable to these assets.

IFRS lists four categories of financial assets:

### a - Available-for-sale (AFS)

Available-for-sale financial assets are carried at fair value plus transaction costs that are directly attributable to the acquisition (hereafter referred to as the purchase price). The difference between the fair value of the securities at the balance sheet date and their amortised purchase price is recorded under "Available-for-sale securities" with a contra-entry in revaluation reserves (no impact on profit). Investments in non-consolidated companies are included in this category.

### b - Held for trading

Assets held for trading are recorded at the fair value of the securities at the balance sheet date. Changes in fair value of securities held for trading during the accounting period are taken to the profit and loss account.

### c - Held-to-maturity (HTM)

Held-to-maturity investments are carried at amortised cost. Premiums and discounts are included in the calculation of amortised cost and are recognised over the useful life of the financial asset using the yield-to-maturity method.

### d - At fair value through profit or loss

Financial assets at fair value through profit or loss are accounted for in the same way as securities held for trading.

The option available under the amendments to IAS39 and IFRS 7 on the reclassification of financial assets adopted on 15 October 2008 was not used in the financial statements for the year ended 31 December 2008

### e - Impairment tests

An impairment loss is recognised on variable-income available-for-sale securities where there is evidence of a prolonged decline in value, corresponding to a significant unrealised loss (30% of the security's value) for more than six consecutive months.

For fixed-income available-for-sale securities and other categories of securities, an impairment loss is recognised when there is objective evidence of impairment (a "loss event"). Such evidence includes observable data about the following loss events: significant financial difficulty of the counterparty; a breach of contract; it becoming highly probable that the borrower will enter bankruptcy or other financial reorganisation; or observable data indicating that there is a measurable decrease in the related estimated future cash flows.

Once partially written down, a financial asset can no longer be revalued, even if the new market value is higher than the last net carrying amount after impairment.

Mutual funds are consolidated line by line.

## f - Fair value

The fair value of listed securities is their market price at the measurement date. For unlisted securities fair value is determined using the discounted cash flows method.

## Derivatives and hedging transactions

In accordance with IAS 39, derivatives are measured at fair value in the balance sheet irrespective of whether they are held for trading or for hedging purposes.

After initial recognition, derivatives held for trading are measured at fair value through profit or loss.

A derivative qualifies as a hedging instrument where the criteria set down by IAS 39 are met from the inception of the hedge and throughout its term. These criteria include a requirement for entities to formally document and designate the hedging relationship. That documentation must include information demonstrating that the hedging relationship is effective, based on prospective and retrospective tests. A hedge is deemed to be effective when changes in the actual value of the hedge fall within a range of 80% and 125% of the change in value of the hedged item.

For fair value hedges, gains or losses from remeasuring the hedging instrument at fair value are recognised in profit or loss. These amounts are partially offset by symmetrical gains or losses on changes in the fair value of the hedged items which are also recognised in profit or loss. The net impact on the profit and loss account therefore solely corresponds to the ineffective portion of the hedge.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' funds and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

## Disposal gains and losses

Gains and losses on disposals of investments are recognised in the profit and loss account in the period of disposal. They are determined by the FIFO (first-in first-out) method or the weighted average cost method.

## Debtors and creditors arising from factoring operations

### a – Debtors arising from factoring operations

Debtors arising from factoring operations represent total receivables not recovered at the balance sheet date. They are stated at nominal value, corresponding to the amount of factored invoices, including tax. When it appears probable that all or part of the amount receivable will not be recovered, a provision is recorded by way of a charge to the profit and loss account. Debtor balances shown in the balance sheet are stated net of provisions.

The carrying amount of debtors arising from factoring operations is included in the consolidated balance sheet under "Debtors arising from banking and other activities".

# Notes to the consolidated financial statements

## b – Creditors arising from factoring operations

Creditors arising from factoring operations include amounts credited to factoring clients' current accounts which have not been paid out in advance by the factor, and factoring contract guarantee deposits.

Creditors arising from factoring operations are recorded on the liabilities side of the consolidated balance sheet. The balance is analysed in Note 18 to the consolidated financial statements.

## c – Factoring liabilities

Factoring liabilities correspond to the refinancing of the credit extended to the factoring company's clients.

They are analysed in Note 18 to the consolidated financial statements.

## Cash and cash equivalents

Cash includes cash in hand and demand deposits. Cash equivalents include units in money-market funds (SICAV) with maturities of less than three months.

## Treasury shares

Coface shares held by the Group are deducted from consolidated shareholders' funds, irrespective of the reason for which they were purchased.

## Provisions for liabilities and charges

In accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded at the balance sheet date if an obligation towards a third party exists at that date and it is probable or certain, as of the date when the financial statements are drawn up, that the obligation will result in an outflow of resources embodying economic benefits to that third party.

Provisions for liabilities and charges mainly consist of provisions for pensions and other post-employment benefit obligations (see "Employee benefits").

## Employee benefits

In certain countries in which Coface operates, employees are awarded short-term benefits (such as paid leave), long-term benefits (including long service awards) and post-employment benefits, such as retirement bonuses.

Short-term benefits are recognised as a liability in the accounts of the Coface companies that grant such benefits.

Other benefits, including long-term and post-employment benefits, are classified as follows:

### 1/ Defined contribution plans:

Under defined contribution plans, a company makes payments to a fund which is subsequently responsible for paying the sums owed to the employees. Consequently, the company's legal or constructive obligation is limited to the amount that it agrees to pay to the fund. These plans are generally state pension plans, which is the case in France.

### 2/ Defined benefit plans:

Under defined benefit plans, the employer has a legal or constructive obligation to provide agreed benefits to current and former employees. In accordance with IAS 19, Coface records a provision to cover its liability, regarding primarily:

- retirement bonuses and pre-retirement paid leave;

- early retirement and supplementary pension payments;
- employer contributions to post-employment health insurance schemes;
- long service awards.

Based on the regulations specific to the plan and country concerned, independent actuaries calculate:

The actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:

- demographic assumptions;
  - future benefit levels (retirement bonuses, long service awards, etc.);
  - the probability that the specified event will occur;
  - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases;
  - the interest rate used to discount future benefits at the measurement date.
- Details of the main assumptions used are provided in Note 14.

The actuarial value of benefits related to service cost (including the impact of future salary increases) is determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

## Stock-options

In accordance with IFRS 2, Share-based Payment, which defines the recognition and measurement rules concerning stock options, Coface's options are measured at the date of grant. The Group uses the Black and Scholes option pricing model for measuring stock options. Changes in fair value subsequent to the grant date do not impact their initial measurement.

The fair value of options takes into account their expected life, which the Group considers as corresponding to their compulsory holding period for tax purposes. This value is recorded in personnel costs on a straight-line basis between the grant date and the expiry date of the options, with a corresponding adjustment to shareholders' funds.

As allowed under IFRS 2, only plans granted after 7 November 2002 and which had not vested at 1 January 2005 are measured at fair value and recognised in personnel costs. Accordingly the only plan concerned is that set up by the Board of Directors on 3 December 2002 under which the options were exercisable for newly-issued shares and which closed on 31 December 2006.

## Income tax

The tax charge includes both current taxes and deferred taxes resulting from temporary differences and consolidation adjustments.

Deferred taxes are recorded by the liability method for temporary differences between the carrying amount of assets and liabilities at each period-end and their tax basis.

Deferred tax assets and liabilities are recorded for all temporary differences, based on the tax rate that will be in force when the differences are expected to reverse, if this is known, or at the tax rate in force at the balance sheet date.

Out of prudence, deferred tax assets on tax losses are not recognised.

# Notes to the consolidated financial statements

## Debtors and creditors denominated in foreign currencies

Debtors and creditors denominated in foreign currencies are converted at the year-end rate.

Unrealised exchange gains and losses on debtor and creditor balances denominated in foreign currencies are reflected in the profit and loss account, except for those related to the technical provisions carried in the accounts of Coface SA's consolidated branches and those concerning long-term debtors and creditors relating to consolidated companies that are unlikely to be settled in the foreseeable future.

Exchange rate differences concerning debtors or creditors denominated in a foreign currency and relating to a consolidated company are treated as part of Coface's net investment in that company. In accordance with IAS 21, these currency differences are recorded under consolidated shareholders' funds until the sale of the net investment.

## Segment reporting

As prescribed by IAS 14, Coface's segment reporting is based on business segments and geographical segments.

Coface uses business segments for its primary reporting format in the Group's consolidated financial statements. These reflect the Group's internal reporting structure, as follows:

- Insurance
- Company and marketing information – Receivables management
- Factoring.

The following geographical segments are used for the Group's secondary reporting format: France, Germany, Austria, Italy, United Kingdom, Other European countries, North America, South America, Asia, and Africa, Middle East, East Mediterranean (AMEEM).

## IFRS and IFRIC interpretations published and subject to an early application option

Coface has chosen not to opt for the early application of the following standards and IFRIC interpretations adopted by the European Union:

- IFRS 8, Operating Segments, adopted by the European Commission on 21 November 2007 and subject to mandatory application with effect from 1 January 2009. This standard replaces IAS 14, Segment Reporting. It modifies the presentation of segment information by favouring an internal management reporting approach for the definition of business segments. This standard is not expected to have a material impact on Coface Group's 2009 financial statements.
- The amendment to IAS 1, Presentation of Financial Statements, published by the IASB on 6 September 2007 and adopted by the European Commission on 17 December 2008. This amendment, which is subject to mandatory application in financial years commencing on or after 1 January 2009, replaces the current IAS 1. Its objective is to facilitate the analysis and comparison by users of the information provided in the financial statements.
- The amendment to IFRS 2, Share-based Payment, published by the IASB on 17 January 2008 and adopted by the European Commission on 16 December 2008. This amendment clarifies the definition of vesting conditions and indicates that all cancellations

must receive the same accounting treatment. It applies retroactively to financial years commencing on or after 1 January 2009.

- The amendment to IAS 23 published by the IASB on 29 March 2007 and adopted by the European Commission on 10 December 2008. Subject to mandatory application for financial years commencing on or after 1 January 2009, the amended version of IAS 23 removes the option of immediately recognising as an expense borrowing costs directly attributable to the acquisition, construction or production of an eligible asset.
- The interpretation IFRIC 13, Customer Loyalty Programmes, adopted by the European Commission on 16 December 2008. This standard does not apply to the Coface Group's business.
- IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, published by the IASB on 5 July 2007 and adopted by the European Commission on 16 December 2008. Although mandatory in 2008 under the IFRS framework, the mandatory application date in Europe has been deferred by one year.

## Control of financial risk exposure

### Currency risk

The vast majority of Coface's investment instruments are euro-denominated. The risk on funds representing liabilities in euros but whose related instruments are denominated in other currencies is hedged with a view to maintaining no open currency positions.

Currency futures involving the US dollar and traded on regulated markets with permanent liquidity are processed through the discretionary equities mandate entered into with Lazard in order to hedge currency risk. Hedging positions are reviewed on a quarterly basis. A dedicated Coface department is responsible for carrying out and tracking the transactions.

The nominal value of the hedges is limited to the actual foreign currency exposure of the underlying securities and is reviewed and adjusted on a weekly basis.

### Counterparty risk

Over 95% of the bonds and other fixed-income instruments held by Coface at 31 December 2008 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

### Liquidity risk

More than 99% of the listed equities held by Coface are quoted on an exchange in an OECD country. Consequently, Coface considers its investment portfolio to be sufficiently liquid to cover the funds it may require to meet its obligations.

### Hedging policy

When justified by market circumstances and/or the Company's forecasts, Coface is authorized to use swaps, futures and options to hedge its equity market positions and exposure to fluctuations in interest rates. The related hedging instruments may either be traded on a regulated market or over the counter with counterparties rated at least A-.

The nominal amount of the hedges is strictly limited to the amount of the underlying equities or fixed-income instruments held in the portfolio in order to ensure that these assets are effectively hedged.

Coface did not use this authorization in 2008.

# Notes to the consolidated financial statements

## **In the following notes, all amounts are stated in thousands of euros unless specified otherwise.**

In the following notes, all amounts are stated in thousands of euros unless specified otherwise.

## **NOTE 4 – GOODWILL**

The main movements in goodwill in 2008 related to:

- The acquisition of 75% of Midt Factoring, which generated goodwill of €15,502 thousand, while a call option for the remaining minority interests resulted in the recognition of goodwill of €3,926 thousand.
- The merger of Ideal Info, previously non-consolidated, and the holding company Coface Services. The resulting goodwill amounted to €1,172 thousand.
- The acquisition of the Mehib portfolio purchased by Coface Austria in the first quarter of 2008 for €795 thousand. Being worth less than €1 million, this portfolio was classified as goodwill and will not be amortised.
- The consolidation of CMS Pologne, which was deconsolidated in 2007, whose value had been frozen as at 31 December 2006. The goodwill was recognised at the value at which it had stood in the financial statements at the time of deconsolidation, i.e. €476 thousand.
- The merger of Kompass France into Kompass International. The goodwill of Kompass France was included in the accounts of Kompass International (€32,622 thousand reclassification).
- Exercise of the call option for 19.55% of the share capital of BDI Coface, previously recognised in minority interests, resulted in the recognition of goodwill of €1,190 thousand, while a call option for the remaining minority interests resulted in the recognition of goodwill of €592 thousand.

The main movements in 2007 related to:

- The acquisition of Kompass France and Kompass Belgique, both now wholly-owned by the Group, which generated goodwill of €32,622 thousand and €2,790 thousand respectively.
- The acquisition of Coface Services Belgium by Coface SA and Coface Services, which own 46.6% and 53.4% respectively.
- The deconsolidation of 41 group subsidiaries.

# Notes to the consolidated financial statements

## Analysis by subsidiary

	31/12/2008	31/12/2007	31/12/2006
Groupe Coface Deutschland	131,978	112,603	112,603
Coface Services	96,133	94,811	94,962
Coface Service Belgium Holding	4,725	4,725	
Kompass France	-	32,622	
Kompass Belgique	2,790	2,790	
CCNA (Newton)	15,013	14,341	16,028
Groupe Coface Assicurazioni	15,206	15,206	15,206
Groupe Kompass	42,461	9,839	13,605
Coface Service North America Group	4,949	4,711	5,237
Coface Austria	6,078	5,333	5,333
Groupe Coface Central Europe Holding	2,836	2,426	3,800
Coface UK Holdings	-	-	3,786
Coface Servicios Portugal	3,791	3,791	3,791
BDI Coface	3,893	1,976	2,010
Axa Assurcrédit	-	-	707
Coface Services South Africa	-	-	468
Other	343	343	343
<b>Net</b>	<b>330,196</b>	<b>305,517</b>	<b>277,879</b>

## Movements in goodwill during the year can be analysed as follows:

	31/12/2007	Reclassification	Translation adjustments	Newly consolidated companies	31/12/2008
Groupe Coface Deutschland	112,603		(53)	19,428	131,978
Coface Services	94,811			1,322	96,133
Coface Service Belgium Holding	4,725				4,725
Kompass France	32,622	(32,622)			-
Kompass Belgique	2,790				2,790
CCNA (Newton)	14,341		672		15,013
Groupe Coface Assicurazioni	15,206				15,206
Groupe Kompass	9,839	32,622			42,461
Coface Service North America Group	4,711		238		4,949
Coface Austria	5,333		(50)	795	6,078
Groupe Coface Central Europe Holding	2,426		(66)	476	2,836
Coface Servicios Portugal	3,791				3,791
BDI Coface	1,976		135	1,782	3,893
Other	343				343
<b>Net</b>	<b>305,517</b>	<b>-</b>	<b>876</b>	<b>23,803</b>	<b>330,196</b>

# Notes to the consolidated financial statements

## NOTE 5 – OTHER INTANGIBLE ASSETS

	31/12/2008	31/12/2007	31/12/2006
	Net	Net	Net
Software development costs	97,503	86,722	59,991
Purchased goodwill	5,495	5,964	4,701
Other	3,398	2,394	2,019
<b>Total</b>	<b>106,396</b>	<b>95,080</b>	<b>66,711</b>

The increase in intangible assets during the year was mainly the result of an increase in software development costs due to significant capital expenditure programs implemented within Coface's four core businesses.

	31/12/2008		
	Gross	Amortisation	Net
Software development costs	187,890	90,387	97,503
Purchased goodwill	10,220	4,725	5,495
Other	5,998	2,600	3,398
<b>Total</b>	<b>204,108</b>	<b>97,712</b>	<b>106,396</b>

## NOTE 6 – TANGIBLE ASSETS

	31/12/2008	31/12/2007	31/12/2006
	Net	Net	Net
Property, plant and equipment	23,344	23,395	25,808
Buildings used in the business	58,776	51,316	50,213
<b>Total</b>	<b>82,120</b>	<b>74,711</b>	<b>76,021</b>

	31/12/2008		
	Gross	Depreciation	Net
Property, plant and equipment	91,540	68,196	23,344
Buildings used in the business	93,370	34,594	58,776
<b>Total</b>	<b>184,910</b>	<b>102,790</b>	<b>82,120</b>

The market value of buildings used in the business was €86,674 thousand at 31 December 2008, representing an unrealised gain of €27,898 thousand. At 31 December 2007, the market value of buildings used in the business was €77,808 thousand, representing an unrealised gain of €26,492 thousand.

# Notes to the consolidated financial statements

## NOTE 7 – INVESTMENTS

### NOTE 7-1 – Analysis by category

At 31 December 2008, the carrying amount of held-to-maturity (HTM) securities was €89,809 thousand, while available-for-sale (AFS) securities totalled €1,071,968 thousand and trading securities came to €128,444 thousand. HTM securities represented an unrealised loss of €1,877 thousand.

At 31 December 2007, the carrying amount of HTM securities was €112,748 thousand, while AFS securities totalled €1,123,053 thousand and trading securities came to €28,547 thousand. HTM securities represented an unrealised loss of €2,308 thousand.

	Gross	Impairment	IFRS 31/12/08	IFRS 31/12/07	IFRS 31/12/06
<b>AFS securities</b>	<b>1,114,229</b>	<b>(12,490)</b>	<b>1,101,738</b>	<b>1,223,195</b>	<b>1,014,969</b>
Equities	151,797	(5,475)	146,322	223,424	244,272
Bonds	809,508	(819)	808,689	861,261	681,267
Investments in non-consolidated companies	152,876	(6 188)	146,687	138,417	89,328
Shares in non-trading property companies	48	(8)	40	92	102
<b>HTM securities</b>					
Bonds	89,817	(8)	89,809	112,748	112,100
Fair value through profit or loss - trading securities	128,873		128,873	28,811	164,197
Derivatives	710		710	712	110
Investment property	942		942	995	1,206
Loans and receivables	219,246	(413)	218,834	83,936	64,648
<b>TOTAL Investments</b>	<b>1,553,817</b>	<b>(12,911)</b>	<b>1,540,906</b>	<b>1,450,397</b>	<b>1,357,230</b>

	31/12/07	Additions	Reversals	Other changes	31/12/08
<b>AFS securities</b>	<b>10,956</b>	<b>2,904</b>	<b>(879)</b>	<b>(491)</b>	<b>12,490</b>
Equities	3,553	1,974	(52)		5,475
Bonds	393	795	(186)	(183)	819
Investments in non-consolidated companies	7,010	117	(638)	(301)	6,188
Shares in non-trading property companies	0	18	(3)	(7)	8
<b>HTM securities</b>					
Bonds	3			5	8
Loans and receivables	628		(225)	10	413
<b>TOTAL Provisions</b>	<b>11,587</b>	<b>2,904</b>	<b>(1,104)</b>	<b>(476)</b>	<b>12,911</b>

At 31 December 2008, 37.0% of the bond portfolio was rated "AAA", 21.1% was "AA", 37.8% was "A" and 4.1% was "BBB".

The derivatives recognised correspond to forward currency purchases and sales. They are used to cover currency variations in securities denominated in Swiss francs and Japanese yen. Hedge accounting is not applied for these operations.

The option available under the amendment to IAS39 and IFRS 7 relating to the reclassification of financial assets was not used in the financial statements for the year ended 31 December 2008. The decline in HTM securities was essentially due to securities valued at €20 million having matured.

The group share of the change in unrealised reserves on AFS securities recycled in profit and loss during the year represented a loss of €5,360 thousand net of deferred tax.

# Notes to the consolidated financial statements

## NOTE 7-2 - Investments in non-consolidated companies – French companies

	Percentage interest	31/12/2008		31/12/2007		31/12/2006	
		Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>AXA ASSURCREDIT</b> 26, Rue Drouot 75 009 Paris	40%	*4,460	<b>5,443</b>	* 3,260	8,275	Consolidated	
<b>UNISTRAT PARIS</b> 161-163, rue de Courcelles 75017 PARIS	100%	Merged into Coface SA		Merged into Coface SA		1 489	1,777
<b>IDEALINFO</b> 7, rue d'Artois 75 008 PARIS	100%	Merged into Coface Services		1,335	1,335	-	-
<b>CAMEEMS (ex Soari)</b> 12, cours Michelet – La Défense 92 800 PUTEAUX	100%	656	<b>956</b>	656	829	0	0
<b>CENTRE D'ETUDES FINANCIERES (CEF)</b> 7, chemin de Sens 37210 ROCHECORBON	100%	*378	<b>378</b>	*378	378	Consolidated	
<b>OR INFORMATIQUE</b> 2, rue du Général de Gaulle 54340 POMPEY	100%	*830	<b>830</b>	*830	830	Consolidated	
<b>LIBRAIRIE ELECTRONIQUE</b> 7, chemin de Sens 37210 ROCHECORBON	100%	*703	<b>703</b>	*703	703	Consolidated	
<b>EIOS</b> 33, rue de Vivienne 75002 PARIS	29,76%	Liquidated		Liquidated		Consolidated	
<b>Bim commerce extérieur</b> 12 Cours Michelet – La Défense 10 92800 PUTEAUX	100%	Merged into Coface		Merged into Coface		0	0
<b>Cerip Services Banques</b> 1, rue de l'Union 92843 RUEIL MALMAISON CEDEX	62%	157	<b>157</b>	157	157	157	157
<b>Coface RBI</b> 5, rue Alfred de Vigny 75 008 PARIS	100%	76	<b>3,619</b>	76	3,569	76	2,478
<b>Planet rating SAS</b> 13, rue Dieumergard 93 400 SAINT-OUEN	10%	175	<b>175</b>	100	100	100	100
<b>Triade</b> 55, Bld Valbenoite 42100 ST ETIENNE	100%	Merged into Coface Services		Merged into Coface Services		200	200
<b>Other</b>		<b>57</b>	<b>57</b>	57	57	55	55
<b>TOTAL FRENCH COMPANIES</b>		<b>7,492</b>	<b>12,318</b>	<b>7,552</b>	<b>16,233</b>	<b>2,077</b>	<b>4,767</b>

\* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2006.

# Notes to the consolidated financial statements

## NOTE 7-3 - Investments in non-consolidated companies – Foreign companies

	Country	Percentage interest	31/12/2008		31/12/2007		31/12/2006	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>COFACE BELGIUM SERVICES HOLDING (ex : RBB )</b>								
100, Boulevard du Souverain 1170 BRUXELLES	Belgium	100%	Consolidated		Consolidated		5,232	5,229
<b>ICAP</b>								
64 Vassilissis Sophias Avenue 11528 ATHENES	Greece	20%	Divested		Divested		3,862	6,220
<b>COFACE CHILE</b>								
WTC, Torre Norte, of 1701 Av. Nueva Tajamar 481 Las Condes SANTIAGO	Chile	84%	*4,329	<b>5,747</b>	*5,319	6,491	Consolidated	
<b>COFACE FACTORING CHILE</b>								
WTC, Torre Norte, of 1601 Av. Nueva Tajamar 481 Las Condes SANTIAGO	Chile	100%	936	<b>990</b>	1,150	1,218	944	944
<b>COFACE SERVICIOS CHILE</b>								
Ed. Worl Trace Center Av. Nueva Tajamar 481, Torre Norte. Of 1701, Las Condes – Santiago Chile	Chile	100%	*(93)	<b>1,723</b>	*(112)	2,514	Consolidated	
<b>COFACE AUSTRIA BANK</b>								
Stubenring 24, 1010 Vienna Austria	Austria	100%	5,050	<b>5,050</b>	5,050	5,050	-	-
<b>HP FINANCE s.r.o</b>								
Ricany u Prahy, Jazlovice Zdebradska cp. 74. PSC 251 01	Czech Republic	100%	2,993	<b>2,993</b>	-	-	-	-
<b>KYRIBA CORPORATION</b>								
11622 El Camino Real Suite 100 San diego CA – 92130 USA	United States	100%	2,444	<b>2,444</b>	-	-	-	-
<b>SEGURADORA BRASILEIRA DE CREDITO</b>								
74/11e rua Senador Dantas RIO DE JANEIRO	Brazil	76%	6,789	<b>5,570</b>	2,123	2,443	2,123	2,001
<b>COFACE SOUTH AFRICAN INSURANCE COMPANY</b>								
13 Wellington Road Parktown South Africa	South Africa	100%	*2,682	<b>7,570</b>	*2,682	6,480	Consolidated	
<b>COFACE SERVICES SOUTH AFRICA (ex Cual)</b>								
13 Wellington Road Parktown South Africa	South Africa	100%	*1,616	<b>7,928</b>	*1,616	9,292	Consolidated	
<b>CIMCO SYSTEMS LIMITED</b>								
15 Appold Street London EC2A 2DL	HK	100%	*1,993	<b>2,081</b>	*4,095	2,513	Consolidated	
<b>COFACE DEBT PURCHASE</b>								
15 Appold Street London EC2A 2DL	UK	100%	*1,023	<b>2,148</b>	*1,598	1,380	Consolidated	
<b>COFACE POLAND CMS (ex- Coface Intercredit Poland)</b>								
	Poland	75%	Consolidated		*2,604	9,121	Consolidated	
<b>COFACE SLOVENIA CMS (ex-Coface Intercredit Slovenia)</b>								
Cankarjeva 3 1000 Ljubjana	Slovenia	75%	*446	<b>1,319</b>	*446	1,110	Consolidated	
<b>COFACE SLOVAKIA CMS (ex-Coface Intercredit Slovakia)</b>								
Soltesojev 14 811 08 Bratislava	Slovakia	75%	*322	<b>2,682</b>	*322	2,488	Consolidated	

\* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2006.

# Notes to the consolidated financial statements

	Country	Percentage interest	31/12/2008		31/12/2007		31/12/2006	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>COFACE BULGARIA CMS</b>								
<b>(ex-Coface Intercredit Bulgaria)</b>								
85/87, Todor Aleksandrov boul. 1303 Sofia	Bulgaria	75%	*157	<b>1,194</b>	*157	921	Consolidated	
<b>COFACE ROMANIA CMS</b>								
<b>(ex-Coface Intercredit Romania)</b>								
Str. Mihai Eminescu 124 Sc.C, Ap.2, Sector 2	Romania	75%	*533	<b>4,792</b>	*533	4,368	Consolidated	
<b>COFACE CROATIA CMS</b>								
<b>(ex-Coface Intercredit Croatia)</b>								
Prilaz Gjure Dezelica 1000 Zagreb	Croatia	75%	*238	<b>1,852</b>	238	1,852	Consolidated	
<b>COFACE HUNGARY CMS</b>								
<b>(ex-Coface Intercredit Hungary)</b>								
Tüzolto u.59 H 1094 Budapest	Hungary	100%	*631	<b>2,979</b>	*631	3,143	Consolidated	
<b>COFACE CZECH CMS</b>								
<b>(ex-Coface Intercredit Czech Republic)</b>								
Seifartava 9 130 00 Prague	Czech Republic	100%	*608	<b>1,950</b>	*608	1,674	Consolidated	
<b>KOMPASS GMBH Melissa</b>								
Heinrich-von-Stephenstrasse 8b 79 100 Freiburg im Breisgau Germany	Germany	100%	27	<b>1,047</b>	27	2,097	27	28
<b>COFACE SERVICES SUISSE SA</b>								
<b>(ex : Cofacering.ch)</b>								
Av. de la Gare 4 CH-1001 Lausanne	Switzerland	100%	*495	<b>3,178</b>	*495	2,834	Consolidated	
<b>COFACE SERVICES SOUTH ASIA PACIFIC</b>								
36 Robinson Road- #19-01 City House Singapore 068877	Singapore	100%	7,960	<b>8,335</b>	6,073	6,290	6,074	8,045
<b>BUSINESS DATA INVESTMENT HOLDING</b>								
16, Agnanton Street ATHENS	Greece	15%	1,527	<b>1,527</b>	1,527	1,527	-	-
<b>INTERMARKET BANK AG</b>								
Marokkanergasse 5-7 A-1030 WIEN	Austria	9%	1,562	<b>4,632</b>	1,562	4,820	1,562	2,208
<b>COFACE SERVICES GREATER CHINA</b>								
<b>(ex Coface Frontline)</b>								
20/F Hon Kwok Jordan Centre, 7 Hillwood Road, Tsim Sha Tsui, KOWLOON	Hong-Kong	100%	1,451	<b>3,979</b>	1,451	2,818	1,452	2,203
<b>COFACE GREATER CHINA FINANCE</b>								
8F, Sunning Plaza, 10 Hysan Avenue, Causeway Bay	Hong-Kong	100%	1,043	<b>3,744</b>	1,043	1,043	-	-
<b>Coface Services Taiwan</b>								
Room A5, 6th Floor, No. 16, Section 4, Nanjing East Road, 10553/ Taipei	Taiwan	100%	954	<b>0</b>	0	0	0	32
<b>Coface Servis Bilgi</b>								
Büyükdere Cad. Yapi Kredi Plaza B Blok Kat : 6 Levent 34330 Istanbul	Turkey	100%	1,135	<b>1,135</b>	1,036	99	0	99
<b>COFACE IGK Holding AG</b>								
Koblenzer Strasse 26-28 53173 BONN	Germany	92,5%	804	<b>1,550</b>	804	1,409	129	424
<b>MECOS</b>								
21, Academios Avenue PO BOX 1210 - NICOSIE	Cyprus	15%	Divested		Divested		99	174

\* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2006.

## Notes to the consolidated financial statements

	Country	Percentage interest	31/12/2008		31/12/2007		31/12/2006	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>RECOURS</b> 24, rue Ali Abderrazak CASABLANCA 20 000	Marocco	25%	58	<b>113</b>	58	224	58	215
<b>UNISTRAT HOLDING BV</b> 55 Rokinrood 1012 AMSTERDAM	Netherlands	100%	2,942	<b>2,942</b>	2,942	2,942	2,942	2,942
<b>COFACE SEGURO DE CREDITO MEXICO</b> Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon, México, D.F	Mexico	100%	2,811	<b>2,847</b>	2,799	2,845	1,999	1,999
<b>COFACE SIGORTA</b> Ortaklar Cad. Bahceler Sok. No : 18/3 34 394 Istanbul – Turkey	Turkey	100%	5,241	<b>10,678</b>	5,241	5,241	5,241	5,241
<b>COFACE FACTORING ESPANA</b> Paseo de la Castellana nº 95 4ª Planta - Edificio Torre Europa 28046 Madrid - Spain	Spain	100%	Consolidated		Consolidated		1,000	1,000
<b>CERVED BUSINESS INFORMATION</b> Via G.B. Morgagni 30/h 00161 ROMA - Italy	Italy	15%	Consolidated		Consolidated		44,620	44,620
<b>KOMPASS CZECH REPUBLIC</b> 14 Capkova 14 000 Praha 4	Czech Republic	100%	*1,251	<b>1,597</b>	*1,251	1,052	Consolidated	
<b>KOMPASS POLAND</b> Al Jerolimskie 136-02305 Warsawa	Poland	100%	*323	<b>1,018</b>	*323	1,018	Consolidated	
<b>KOMPASS JAPAN</b> Toranannon Kotohira Tower SF Tokyo 105 001	Japan	100%	*(1,251)	<b>0</b>	*(1,251)	0	Consolidated	
<b>KOMPASS BILGI</b> Buyukdere Cad.Yapi Kredi Plaza 34 330 Istanbul	Turkey	69,9%	*210	<b>0</b>	*210	0	Consolidated	
<b>KOMPASS UNITED STATES</b> 900 Chapel Street Suite 2 N.H 0650CT	United States	100%	*509	<b>0</b>	*509	0	Consolidated	
<b>KOMPASS SOUTH EAST ASIA</b> 36 Robinson Road- #19-01 City House Singapore 068877	Singapore	100%	Divested		*540	423	Consolidated	
<b>COFACE POLAND SERVICE</b> Al. Jerolimskie 136 PL-02-305 Warsawa Poland	Pologne	100%	*843	<b>4,629</b>	*843	843	Consolidated	
<b>COFACE POLAND FACTORING</b> Al. Jerolimskie 136 PL-02-305 Warsawa Poland	Poland	100%	Consolidated		646	646	-	-
<b>COFACE SERVICIOS ARGENTINA (ex VERITAS ARGENTINA)</b> Ricardo Rojas 401, Piso 7, C1001AEA - Buenos Aires Argentina	Argentina	100%	*61	<b>1,763</b>	*27	1 354	Consolidated	
<b>COFACE SERVICES COLOMBIA (ex VERITAS COLOMBIA)</b> Carrera 15 No. 91-30 Oficinas 601,602 Bogotá, D.C. Colombia	Colombia	100%	*118	<b>976</b>	*143	758	Consolidated	

\* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2006.

## Notes to the consolidated financial statements

	Country	Percentage interest	31/12/2008		31/12/2007		31/12/2006	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>COFACE SERVICIOS COSTA RICA, S.A. (ex VERITAS DE CENTRO AMERICA)</b>								
Oficentro La Virgen, Edificio 3, Piso 1, Zone Industrial Pavas San José, Costa Rica	Costa Rica	100%	*105	<b>1,227</b>	*126	1,727	Consolidated	
<b>COFACE SERVICIOS DO BRASIL</b>								
34 Joao Duran Alonso Square Brooklin Novo District Sao Paulo 12 floor	Brazil	100%	*274	<b>2,386</b>	*332	2,947	Consolidated	
<b>COFACE SERVICE ECUADOR (ex VERITAS ANDINA)</b>								
Av. Diego de Almagro # 1822 y Alpallana. # Edificio Galicia Ecuador	Ecuador	100%	*(17)	<b>724</b>	*(21)	624	Consolidated	
<b>COFACE SERVICIOS MEXICO SA DE CV (ex Informes Veritas)</b>								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon, Mexico, D.F.	Mexico	100%	*(445)	<b>3,929</b>	*(539)	5,356	Consolidated	
<b>COFACE SERVICES PANAMA</b>								
San Francisco calle 72e con avenida los Fundadores num, 108 Panama	Republic of Panama	100%	*82	<b>586</b>	*46	574	-	-
<b>COFACE SERVICES PERU</b>								
Av. Jorge Basadre 489 Of 803-804 Lima 27	Peru	100%	*120	<b>324</b>	*54	421	Consolidated	
<b>COFACE SERVICES VENEZUELA</b>								
Avenida Francisco de Miranda Edificio EASO Piso 5 Oficina 5H	Venezuela	100%	*40	<b>494</b>	*33	352	Consolidated	
<b>Servicing SPA</b>								
Teniente Juan Domingo Perón 537 – 3rd Floor – C.P. 1.038 Buenos Aires – Argentina	Argentina	95%	2,139	<b>2,139</b>	-	-	-	-
<b>COFACE SWEDEN FACTORING</b>								
Coface Sverige Finans Kungsgatan 30, 9 tr. 111 35 Stockholm	Sweden	100%	972	<b>972</b>	972	972	-	-
<b>COFACE DANMARK SERVICES</b>								
c-o Advokatfirma Philip Partnerne Vognmagergade 7	Denmark	100%	*(462)	<b>0</b>	*(462)	0	Consolidated	
<b>MIDT FACTORING</b>								
Nygade 111,DK-7430 Ikast Danmark	Denmark	75%	Consolidated		3 607	3,607	-	-
<b>KOMPASS ISRAEL</b>								
11 Ben Gurion st. Bnei Brak 51260 Israel	Israel	75%	*(73)	<b>268</b>	*(76)	339	Consolidated	
<b>Other</b>			<b>2,282</b>	<b>4,510</b>	1,029	2,924	451	937
<b>TOTAL FOREIGN COMPANIES</b>			<b>67,519</b>	<b>134,369</b>	<b>62,460</b>	<b>122,184</b>	<b>77,815</b>	<b>84,561</b>
<b>TOTAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES</b>			<b>75,011</b>	<b>146,687</b>	<b>70,012</b>	<b>138,417</b>	<b>79,892</b>	<b>89,328</b>

\* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2006.

# Notes to the consolidated financial statements

## NOTE 8 – INVESTMENTS IN ASSOCIATES

### 8.1 Movements

	31/12/2008	31/12/2007	31/12/2006
Investments in associates at 1 January	71,943	19,240	17,697
Changes in the consolidation scope <sup>(1)</sup>	-	45,045	0
Dividends paid	(6 899)	(4,786)	(3,819)
Share of profits of associates	12,685	12,444	5,362
Change in translation adjustments	-	-	-
<b>Investments in associates</b>	<b>77,729</b>	<b>71,943</b>	<b>19,240</b>

(1) Changes in Group structure in 2007 correspond mainly to the acquisition of the stake in Cerved, including: (i) goodwill amounting to €34,920 thousand; (ii) transferred net assets totalling €11,660 thousand; and (iii) a negative €1,350 thousand adjustment relating to prior-year dividends.

### 8.2 Contribution

	31/12/2008	31/12/2007	31/12/2006
Graydon holding	8,899	9,116	8,737
Cofacredit	14,392	12,387	10,310
Cerved	54,437	50,440	-
Eios	-	-	193
<b>Total</b>	<b>77,729</b>	<b>71,943</b>	<b>19,240</b>

## NOTE 9 – OTHER ASSETS

	31/12/2008	31/12/2007	31/12/2006
Debtors arising from direct insurance operations	339,673	331,956	280,502
Debtors arising from reinsurance operations	57,190	48,159	42,909
Reinsurance debtors (estimate)	3,704	4,110	-
<b>Total debtors arising from insurance and reinsurance operations</b>	<b>400,567</b>	<b>384,225</b>	<b>323,411</b>
Trade debtors arising from other activities	73,519	63,235	49,459
Other debtors	137,056	141,935	86,928
Deferred tax assets (Note 15)	85,913	71,919	73,611
Current taxes	17,074	18,987	32,362
Deferred acquisition costs	26,326	22,840	25,272
<b>Total</b>	<b>740,455</b>	<b>703,141</b>	<b>591,043</b>

# Notes to the consolidated financial statements

## NOTE 10 – CASH AND CASH EQUIVALENTS

	31/12/2008	31/12/2007	31/12/2006
Cash at bank and in hand	239,646	375,118	193,565
Cash equivalents	21,344	7,927	7,337
<b>Total cash and cash equivalents</b>	<b>260,990</b>	<b>383,045</b>	<b>200,902</b>

## NOTE 11 – LIABILITIES RELATING TO CONTRACTS

	31/12/2008	31/12/2007	31/12/2006
Provisions for unearned premiums and unexpired risks	237,788	212,200	197,481
Claims provisions	968,200	767,249	759,975
Provisions for policyholder bonuses and rebates	38,730	36,802	32,360
<b>Liabilities relating to insurance contracts</b>	<b>1,244,718</b>	<b>1 016,251</b>	<b>989,816</b>
<b>Liabilities relating to financial contracts</b>			-
Provisions for unearned premiums and unexpired risks	(50,691)	(43,501)	(36,308)
Claims provisions	(268,198)	(216,555)	(218,289)
Provisions for policyholder bonuses and rebates	(10,056)	(9,315)	(6,950)
<b>Reinsurers' share of liabilities relating to insurance contracts</b>	<b>(328,945)</b>	<b>(269,371)</b>	<b>(261,547)</b>
<b>Net technical provisions</b>	<b>915,773</b>	<b>746,880</b>	<b>728,269</b>

### Management of insurance risks

The Group's activities expose it to two principal types of risk. The first is underwriting risk, which is the risk of losses arising from claims in respect of the insurance portfolio. The second is financial risk, which is the risk that unfavourable movements in interest rates, exchange rates or the market value of securities or property might generate losses. The Group has developed sophisticated tools to manage and strictly control these risks.

#### • Underwriting risk

##### Credit risk

Credit risk corresponds to the risk of losses on the insurance portfolio. "Frequency risk" is generally distinguished from "catastrophe risk":

- Frequency risk is the risk of a sudden, sharp increase in unpaid debts from a high number of debtors. This risk is measured for each entity based on loss ratio monitoring, and by business segment (domestic credit insurance), country (export credit insurance) or product line (guarantees, single risk, etc.). The loss ratios and the monthly amount and number of defaults for the different underwriting units are also monitored at Group level.

Catastrophe risk is the risk of an abnormal number of "large" losses in a single accounting period in respect of a single non-paying debtor (or group of debtors), or an accumulation of losses in a single country.

As well as monthly controls carried out at the level of each underwriting unit, the Group has a central risk management policy based on:

- the centralisation of potential claims in excess of a certain ceiling (currently €1 million for the two major underwriting units, Coface SA and Coface Kredit, and €0.5 million for all other underwriting units). The Group also has a specialised debt recovery subsidiary (Coface RBI);
- the "Major Risks Committee" which sets the maximum risk exposure and loss severity accepted for the Group's 400 major risks (corresponding to maximum probable claims of over €110 million and loss severity of over €35 million) and defines risk ceilings for emerging countries;
- a rating system for corporate and country risks;
- statistical valuation of severity (maximum potential loss in the event of a claim) by debtor, group of debtors or emerging country.

# Notes to the consolidated financial statements

In view of the current crisis in the financial markets, the Group has carried out a risk vulnerability analysis, based on Coface's ratings and recommendations and data provided by the Group's underwriting centres in relation to specific risks such as highly leveraged purchase transactions. All of the major risks rated BB- and lower are tracked on a centralised basis both in terms of numbers and monthly movements. For frequency risks the overall scores will be used to identify high-risk categories and the Group plans to put in place more restrictive rating matrices.

## (i) Diversification of credit risks

The Group maintains a diversified credit risk portfolio in order to minimise the chances of a default by any debtor, a downturn in any particular industry or an adverse event in any particular country having a disproportionate impact on Coface's overall loss experience. In addition, the overwhelming majority of Coface's exposure is short term, permitting the Group to reduce lines available in respect of individual debtors or groups of debtors relatively rapidly following the occurrence of a deterioration in their credit standing.

### Exposure to credit risk on the Group's debtors at 31 December 2008 (credit + single risk, excluding guarantees)

Exposure band	Exposure (in thousands of euros)	Number of limits	Number of debtors	in %
Rejection	0	609,185	464,770	0.00
1 - 10	3,975,463	560,900	524,630	0.99
11 - 20	6,798,835	487,309	400,071	1.69
21 - 30	4,435,906	261,394	167,186	1.10
31 - 40	4,078,647	203,073	110,969	1.01
41 - 50	5,654,109	188,445	117,399	1.40
51 - 60	3,291,800	127,897	58,071	0.82
61 - 70	2,828,663	102,907	42,539	0.70
71 - 80	3,449,069	99,193	44,744	0.86
81 - 90	2,091,186	70,351	24,260	0.52
91 - 100	6,352,876	112,388	64,261	1.58
101 - 150	12,696,639	291,931	101,365	3.15
151 - 200	11,437,561	206,627	64,343	2.84
201 - 300	17,543,313	277,516	70,530	4.36
301 - 400	14,227,763	190,039	40,622	3.53
401 - 500	12,054,323	141,999	26,674	2.99
501 - 800	27,502,023	281,669	43,368	6.83
801 - 1,500	40,349,248	317,609	37,182	10.02
1,501 and above	223,853,952	678,212	41,988	55.60
<b>Total</b>	<b>402,621,376</b>	<b>5,208,644</b>	<b>2,444,972</b>	<b>100.0%</b>
<b>Average exposure per debtor</b>	<b>164,673 €</b>			

# Notes to the consolidated financial statements

## Geographical distribution of risks

The debtors underlying Coface's credit insurance policies are heavily concentrated in western Europe, mainly Germany, France and Italy. Together, these three countries represented almost 40% of Coface's

total exposure under its credit insurance policies at 31 December 2008. At that date, almost 24% of Coface's total exposure was represented by debtors from non-OECD countries.

The following table provides an analysis of the Group's debtors by country at 31 December 2008.

### Country exposure at 31 December 2008 (signed policies) Credit + Guarantees + Single Risks

Country/region	Exposure (in millions of euros)	%
Germany	68,060	16.3
France	53,965	13.0
Italy	46,610	11.2
Other OECD Countries	34,396	8.3
Spain	27,764	6.7
United Kingdom	23,883	5.7
United States	24,942	6.0
Netherlands	11,550	2.8
Austria	8,994	2.2
Belgium	8,443	2.0
Japan	6,637	1.6
<b>TOTAL OECD COUNTRIES</b>	<b>315,242</b>	<b>75.7</b>
Africa	7,086	1.7
Central and South America	19,053	4.6
Asia	31,090	7.5
Central and Eastern Europe	25,633	6.2
Near and Middle East	18,522	4.4
<b>TOTAL</b>	<b>416,627</b>	<b>100.0</b>

## Duration of risks

The Group's credit insurance portfolio consists primarily of short-term risks, with around 90% of the Group's exposure at 31 December 2008 represented by accounts of less than 180 days in duration. Over 60%

of the Group's risks with a duration of more than one year arise from domestic guarantee operations (mainly in Italy).

## NOTE 12 – SHARE CAPITAL

31/12/2008	Ordinary shares	Number of shares	Par value (in euro)	Share capital (in euro)
At 1 January		22,709,334	3.81	86,550,387
Capital increase		5,397,193	3.81	20,569,917
<b>Total</b>		<b>28,106,527</b>	<b>3.81</b>	<b>107,120,304</b>

## NOTE 13 - PROVISIONS FOR LIABILITIES AND CHARGES

	31/12/2008	31/12/2007	31/12/2006
Provisions for pension and other post-employment benefit obligations (see note 14)	61,347	60,260	56,327
Other provisions	9,131	8,358	9,382
<b>Total</b>	<b>670,478</b>	<b>68,618</b>	<b>65,709</b>

# Notes to the consolidated financial statements

## NOTE 14 – EMPLOYEE BENEFITS

### Changes in the Group's benefit obligations

	31/12/2008	31/12/2007	31/12/2006
<b>Present value of benefit obligations at 1 January</b>	66,445	77,950	76,876
Acquisitions/mergers	68	1,023	
Change in method for calculating retirement indemnities <sup>(1)</sup>	690	(6 432)	
Past service cost	(19)	13	
Current service cost	2,710	3,005	3,736
Interest cost	4,698	2,723	2,837
Actuarial (gains)/losses	1,606	(7 815)	920
Benefits paid	(6 310)	(3 878)	(5,080)
Curtailments and settlements	2	(144)	(1,339)
<b>Present value of benefit obligations at 31 December</b>	<b>69,890</b>	<b>66,445</b>	<b>77,950</b>
<b>Changes in plan assets</b>			
<b>Fair value of plan assets at 1 January</b>	1,286	1,232	1,179
Return on plan assets	(65)	(4)	53
Employers' contributions	5,568	3,936	5,080
Benefits paid	(5 509)	(3 878)	(5,080)
<b>Fair value of plan assets at 31 December</b>	<b>1,280</b>	<b>1,286</b>	<b>1,232</b>
<b>Réconciliation</b>			
<b>Present value of benefit obligations at 31 December</b>	69,890	66,445	77,950
Fair value of plan assets	1,280	1,286	1,232
<b>Deficit</b>	<b>(68 610)</b>	<b>(65 159)</b>	<b>(76,718)</b>
Unrecognised past service cost	(4 807)	(5 789)	689
Unrecognised actuarial losses	12,070	10,688	19,702
<b>Liability recognised in the balance sheet at 31 December</b>	<b>(61 347)</b>	<b>(60 260)</b>	<b>(56,327)</b>
<b>Profit and loss account</b>			
Current service cost	2,710	3,005	3,736
Interest cost	4,698	2,723	2,837
Expected return on plan assets	(74)	(77)	(52)
Amortisation of impact of change in method for calculating retirement indemnities <sup>(1)</sup>	(295)	53	
Amortisation of past service cost	(19)	13	(609)
Amortisation of actuarial gains and losses	855	1,400	1,441
Curtailments and settlements		(27)	0
<b>Expense recognised through profit and loss</b>	<b>7,875</b>	<b>7,090</b>	<b>7,353</b>

(1) In accordance with new legislation introduced in France, employers are subject to higher social security charges on retirement indemnities payable to employees when they are required by their employer to retire under a certain age. Consequently, the Group has amended the assumptions used to calculate the related obligations for its French companies.

The table below sets out the main assumptions used to determine the present value of the Group's future commitments in relation to pension and other post-employment benefits.

	FRANCE	COFACE DEUTSCHLAND	COFACE AUSTRIA	COFACE ASSICURAZIONI
Inflation rate	1.80%	2.00%	2.00%	2.00%
Discount rate	3.65%	6.00%	6.00%	6.00%
Rate of salary increases (including inflation)	3.00%	3.00%	3.00%	4.00%

# Notes to the consolidated financial statements

## NOTE 15 - DEFERRED TAXES

	31/12/2008	31/12/2007	31/12/2006
Deferred tax assets	85,913	71,919	73,611
Deferred tax liabilities	141,771	184,293	171,748
<b>Net deferred tax liabilities <sup>(1)</sup></b>	<b>55,858</b>	<b>112,374</b>	<b>98,137</b>
<b>Deferred tax assets:</b>			
Temporary differences	71,089	56,888	56,347
Provisions for pension and other employee benefit obligations	12,399	12,203	12,249
Restatement of finance leases <sup>(2)</sup>	2,425	2,828	4,848
Tax loss carryforwards <sup>(3)</sup>	-	-	167
<b>Total</b>	<b>85,913</b>	<b>71,919</b>	<b>73,611</b>
<b>Deferred tax liabilities:</b>			
Temporary differences <sup>(4)</sup>	141,771	184,293	171,748
Provisions for pension and other employee benefit obligations	-	-	-
<b>Total</b>	<b>141,771</b>	<b>184,293</b>	<b>171,748</b>

(1) Deferred tax assets for the French entities have been calculated at the rate of 34.43% for expected recovery dates after 2008.

(2) Deferred tax assets related to finance leases concern the Coface Deutschland headquarters building.

(3) For reasons of prudence, deferred tax assets corresponding to tax loss carryforwards are no longer recognised.

(4) Temporary differences giving rise to deferred tax liabilities primarily concern the cancellation of the claims equalisation provision in an amount of €102.0 million.

## NOTE 16 – LIABILITIES RELATING TO FINANCING OPERATIONS

	31/12/2008	31/12/2007	31/12/2006
• Bank borrowings	358,920	256,681	190,023
• Obligations under finance leases	23,356	26,698	30,236
• Bank overdrafts and other borrowings	10,326	1,948	5,463
<b>TOTAL</b>	<b>392,602</b>	<b>285,327</b>	<b>225,722</b>

## NOTE 17 – MATURITY ANALYSIS OF DEBT

	31/12/2008	31/12/2007	31/12/2006
<b>Due within one year:</b>			
• Bank borrowings	349,963	255,469	187,599
• Obligations under finance leases	1,985	5,023	4,210
• Bank overdrafts and other borrowings	8,714	175	5,463
<b>Total</b>	<b>360,662</b>	<b>260,667</b>	<b>197,272</b>
<b>Due within one and five years:</b>			
• Bank borrowings	8,957	1,212	2,424
• Obligations under finance leases	10,803	8,638	10,649
• Other borrowings	1,612	1,773	-
<b>Total</b>	<b>21,372</b>	<b>11,623</b>	<b>13,073</b>
<b>Due in more than five years:</b>			
• Bank borrowings	-	-	-
• Obligations under finance leases	10,568	13,037	15,377
• Other borrowings	-	-	-
<b>Total</b>	<b>10,568</b>	<b>13,037</b>	<b>15,377</b>
<b>TOTAL</b>	<b>392,602</b>	<b>285,327</b>	<b>225,722</b>

At 31 December 2008, debt due within one year consisted mainly of loans from Natixis to Coface Deutschland and Cofinpar for €145 million and €129 million respectively.

# Notes to the consolidated financial statements

## NOTE 18 – OTHER LIABILITIES

	31/12/2008	31/12/2007	31/12/2006
Creditors arising from direct insurance operations	70,159	62,513	52,589
Guarantees and deposits received	7,806	8,661	3,995
Creditors arising from reinsurance operations	62,509	68,809	53,489
Cash deposits received from reinsurers	10,890	12,392	14,669
Reinsurance creditors (estimate)	18,787	14,999	14,041
<b>Total creditors arising from insurance and reinsurance operations</b>	<b>170,150</b>	<b>168,374</b>	<b>138,783</b>
<b>Current taxes</b>	<b>58,765</b>	<b>56,552</b>	<b>45,404</b>
<ul style="list-style-type: none"> <li>• Employee profit-sharing fund (blocked account)</li> <li>• Accrued personnel costs</li> <li>• Sundry creditors</li> <li>• Deferred income</li> <li>• Other accruals</li> </ul>	8,483 44,378 147,628 33,280 2,602	7,003 56,418 128,703 34,651 885	7,370 52,465 141,936 20,842 1,118
<b>Other creditors</b>	<b>236,371</b>	<b>227,660</b>	<b>223,731</b>
<b>Deferred tax liabilities (Note 15)</b>	<b>141,771</b>	<b>184,293</b>	<b>171,748</b>
<b>Sub-total – Other liabilities</b>	<b>607,057</b>	<b>636,879</b>	<b>579,669</b>
<b>Due to banking-sector companies</b>	<b>2,578,228</b>	<b>2,337,727</b>	<b>1,519,881</b>
<b>Due to customers of banking-sector companies</b>	<b>1,037,857</b>	<b>1,045,042</b>	<b>802,890</b>
<b>TOTAL</b>	<b>4,223,142</b>	<b>4,019,649</b>	<b>2,902,435</b>

# Notes to the consolidated financial statements

## Notes to the consolidated profit and loss account

### NOTE 19 – CONSOLIDATED TURNOVER

a) By business line	2008	2007	2006
<b>Insurance:</b>			
Premiums – direct business	989,932	950,562	918,187
Premiums – inward reinsurance	58,918	50,619	40,337
<b>Premiums net of cancellations</b>	<b>1 048 850</b>	<b>1 001 181</b>	<b>958,524</b>
<b>Sales of services:</b>			
Policy fees	103,370	97,917	102,278
Other insurance-related services	14,079	12,091	8,631
<b>Insurance-related services</b>	<b>117,449</b>	<b>110,008</b>	<b>110,909</b>
<b>Remuneration of public procedures management services</b>	<b>66 761</b>	<b>60 687</b>	<b>58 294</b>
Information and other services	156,762	144,962	124,940
Trade receivables management	46,701	43,993	36,365
<b>Sub-total</b>	<b>203,463</b>	<b>188,955</b>	<b>161,305</b>
<b>Factoring:</b>	<b>99,816</b>	<b>71,757</b>	<b>53,673</b>
<b>Consolidated turnover</b>	<b>1,536,339</b>	<b>1,432,588</b>	<b>1,342,705</b>

b) By country of invoicing	2008	2007	2006
France	489,225	513,869	477,009
Germany	306,303	297,986	284,713
Italy	151,446	147,407	137,515
Austria	56,693	58,182	50,644
United Kingdom	73,136	46,512	61,291
Spain	67,207	55,184	40,532
Other European countries	159,147	117,970	111,571
Americas	141,277	124,587	113,631
Asia	73,768	54,338	43,111
Other	18,137	16,553	22,688
<b>Consolidated turnover</b>	<b>1,536,339</b>	<b>1,432,588</b>	<b>1,342,705</b>

c) Insurance turnover by type of insurance	2008	2007	2006
<b>Credit insurance</b>			
Export	483,211	478,659	445,624
Domestic	501,058	462,017	457,128
<b>Total</b>	<b>984,269</b>	<b>940,676</b>	<b>902,752</b>
Guarantees	61,283	58,772	53,680
Other	3,298	1,733	2,092
<b>Total guarantees and other</b>	<b>64,581</b>	<b>60,505</b>	<b>55,772</b>
<b>Total insurance turnover</b>	<b>1,048,850</b>	<b>1,001,181</b>	<b>958,524</b>

The like-for-like increase in consolidated turnover (based on constant Group structure and exchange rates) came to 6.5%, 0.7 points lower than the 7.2% reported growth figure. Changes in Group structure had a negative effect of 1.3 points, while exchange rates had a positive 0.8-point impact.

Like-for-like data is calculated by applying 2007 exchange rates to the 2008 data and restating 2007 figures based on the 2008 scope of consolidation.

# Notes to the consolidated financial statements

## NOTE 20 - EARNED PREMIUMS

	2008	2007	2006
Premiums net of cancellations	1,048,850	1,001,181	958,524
Policy fees	103,370	97,917	102,278
Change in unearned premiums provisions	(30,114)	(17,829)	(28,940)
<b>Total</b>	<b>1,222,106</b>	<b>1,081,269</b>	<b>1,031,862</b>

## NOTE 21 - CLAIMS-RELATED EXPENSES

	2008	2007	2006
Paid claims, net of recoveries and paid policyholder bonuses	(530,182)	(455,143)	(349,627)
Claims handling expenses	(58,390)	(61,350)	(55,252)
Change in claims provisions and provisions for policyholder bonuses	(209,300)	(28,102)	(108,042)
<b>Total</b>	<b>(797,872)</b>	<b>(544,595)</b>	<b>(512,921)</b>

Claims handling expenses include general expenses incurred by Coface SA in connection with the management of public procedures which are accounted for in accordance with cost accounting principles. The related amounts corresponded to €15,955 thousand in 2008 and €15,490 thousand in 2007.

## NOTE 22 - EXPENSES ON BANKING ACTIVITIES

	2008	2007	2006
Cost of risk	(13,799)	(11,548)	(8,104)
Operating expenses	(33,512)	(27,256)	(17,642)
<b>Total</b>	<b>(47,311)</b>	<b>(38,804)</b>	<b>(25,746)</b>

## NOTE 23 - BUSINESS ACQUISITION/ADMINISTRATIVE COSTS AND OTHER CURRENT EXPENSES

	2008	2007	2006
Commissions	(112,923)	(107,863)	(99,505)
Other business acquisition costs	(106,205)	(108,134)	(88,167)
<b>Total business acquisition costs</b>	<b>(219,128)</b>	<b>(215,997)</b>	<b>(187,672)</b>
<b>Administrative costs</b>	<b>(172,245)</b>	<b>(218,917)</b>	<b>(201,643)</b>
<b>Other current expenses</b>	<b>(48,159)</b>	<b>(19,708)</b>	<b>(29,436)</b>
<b>TOTAL</b>	<b>(439,533)</b>	<b>(454,622)</b>	<b>(418,751)</b>

Expenses incurred by Coface in connection with public procedures management recorded under this item amounted to €37,353 thousand in 2008 and €39,646 thousand in 2007.

# Notes to the consolidated financial statements

## NOTE 24 - REINSURANCE RESULT

	2008	2007	2006
Ceded premiums	(255,757)	(264,348)	(233,756)
Change in unearned premiums provisions	7,111	7,279	10,860
	<b>(248,646)</b>	<b>(257,069)</b>	<b>(222,896)</b>
Ceded claims	128,951	104,794	94,960
Change in claims provisions, net of recoveries	40,750	(1,334)	3,969
	<b>169,701</b>	<b>103,460</b>	<b>98,929</b>
Commissions paid by reinsurers	<b>88,991</b>	<b>102,257</b>	<b>70,526</b>
<b>Reinsurance result</b>	<b>10,047</b>	<b>(51,352)</b>	<b>(53,441)</b>

## NOTE 25 - NET FINANCIAL INCOME EXCLUDING FINANCE COSTS

	2008	2007	2006
Investment income (excluding net gains/(losses) on assets and liabilities held for trading)	53,216	51,420	35,708
Net gains/(losses) on assets and liabilities held for trading	163	(3,202)	2,431
Net gains/(losses) on disposals	(5,559)	20,663	15,328
Change in provisions for impairment in value	(1,071)	471	3,647
Net exchange gains/(losses)	250	(6,258)	(12,591)
Investment management expenses*	(3,838)	(4,406)	(2,103)
<b>Total net financial income excluding finance costs</b>	<b>43,161</b>	<b>58,688</b>	<b>42,420</b>

\* External investment management expenses were reclassified at 31 December 2007 from "Investment income" to "Investment management expenses", in an amount of €2,363 thousand.

## NOTE 26 - FINANCIAL INCOME BY INVESTMENT CLASS

	2008	2007	2006
Property	481	362	471
Equities	(1,592)	17,925	17,694
Fixed income instruments	43,884	44,792	39,210
Derivatives	(333)	835	507
<b>Sub-total</b>	<b>42,440</b>	<b>63,914</b>	<b>57,882</b>
Management expenses	(3,838)	(4,406)	(2,103)
Net exchange gains/(losses)	250	(6,258)	(12,591)
Dividends received from non-consolidated companies	3,546	6,293	651
Other income and expenses	763	(855)	(1,419)
<b>Total</b>	<b>43,161</b>	<b>58,688</b>	<b>42,420</b>

# Notes to the consolidated financial statements

## NOTE 27 – OTHER INCOME AND EXPENSES FROM OPERATIONS

	2008	2007	2006
Other operating income	3,969	2,122	3,186
Other operating expenses	(3,640)	(2,346)	(4,318)
<b>Net</b>	<b>329</b>	<b>(224)</b>	<b>(1,132)</b>

In 2008, other income from operations primarily included:

- A €1,260 thousand gain on the disposal of Coface shares.
- Interest on arrears of €136 thousand received by Coface SA.
- Exceptional income of €1,528 thousand received by UK Holdings from the liquidation of non-consolidated dormant companies.

Other expenses on operations mainly comprise:

- Cancellation of a debt of €1,752 thousand by Kompass International in favour of Kompass Melissa (non-consolidated company).
- The 2007 profit of Coface Austria Bank (non-consolidated company), amounting to €699 thousand, as a result of the application of an

agreement for upstreaming Austrian earnings.

In 2007, other income from operations included:

- A €392 thousand gain arising on the merger of Unistrat Paris with Coface SA.
- Provisions for : (i) employee-related disputes amounting to €770 thousand ; and (ii) commercial disputes amounting to €190 thousand.

Other expenses from operations included:

- €526 thousand in additions to provisions for commercial disputes.
- €1,324 thousand in additions to provisions for employee-related disputes.

## NOTE 28 – INCOME TAX

	2008	2007	2006
Current taxes	(55,476)	(38,315)	(41,802)
Deferred taxes <sup>(1)</sup>	41,261	(9,824)	(24,822)
<b>Total</b>	<b>(14,215)</b>	<b>(48,139)</b>	<b>(66,624)</b>

(1) Deferred taxes relate only to temporary differences.

### Tax proof

	31/12/2008	31/12/2007
Net attributable profit	40,876	163,502
Net profit – Minority interests	1,200	1,084
Income tax for the period	14,215	48,139
Share of profits of associates	(12,685)	(12,444)
Dividends received from non-consolidated companies	(3,546)	(6,293)

<b>Consolidated profit before tax and share of profits of associates</b>	<b>40,060</b>	<b>193,988</b>
Permanent differences <sup>(1)</sup>	(1,003)	(4,653)
<b>Theoretical tax</b>	<b>(13,447)</b>	<b>(65,188)</b>
Theoretical tax rate	34,43%	34,43%
<b>Theoretical tax</b>	<b>(13,447)</b>	<b>(65,188)</b>
Tax credits	520	101
Impact of tax consolidation	(966)	2,113
Social contribution and other surtaxes	382	(1,152)
Tax at reduced rates	-	(36)
Tax reassessments	(228)	957
Differences between Group rates/local rates <sup>(2)</sup>	3,926	15,079
Deferred taxes not recognized for reasons of prudence <sup>(3)</sup>	(4,763)	(1,418)
Deferred taxes recognized on temporary differences	361	1,405
<b>Tax charge for the period</b>	<b>(14,215)</b>	<b>(48,139)</b>

The theoretical tax rate used is the forecast rate at 31 December 2008 for Coface SA which accounts for the bulk of the Group's profit and income tax. The effective tax rate at 31 December 2008 was 34.78%.

(1) At 31 December 2008, main permanent differences concerned the Coface Austria group and Coface SA.

(2) Principally due to the 31.23% rate applicable in Germany, the 25% rate applicable in Austria and the Netherlands, and the 38.72% rate applicable in Italy (average of several rates).

(3) As a matter of prudence, the deferred tax assets on tax losses are no longer recognised.

# Notes to the consolidated financial statements

## NOTE 29 - SHARE OF PROFITS OF ASSOCIATES

	2008	2007	2006
Cerved	6,097	5,211	-
Cofacredit	3,230	3,013	2,240
Graydon	3,358	4,220	3,122
<b>Total</b>	<b>12,685</b>	<b>12,444</b>	<b>5,362</b>

## NOTE 30 – ANALYSIS OF CURRENT OPERATING PROFIT BY BUSINESS SEGMENT

	Insurance			Insurance-related services			Public procedures management		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Turnover	1,055,750	1,007,245	962,512	138,627	112,748	110,934	66,761	60,687	58,294
Change in unearned premiums provisions	(30,127)	(17,794)	(28,940)	13	(35)				
Claims expenses	(793,599)	(534,021)	(497,939)				(15,955)	(15,490)	(14,982)
External business acquisition costs: commissions	(115,292)	(108,336)	(99,505)	(961)					
Other administrative costs	(227,449)	(237,048)	(231,265)	(87,284)	(62,026)	(59,337)	(37,353)	(39,646)	(37,414)
Liaison accounts									
Reinsurance result	10,044	(51,353)	(53,441)						
<b>Operating margin</b>	<b>(100,674)</b>	<b>58,693</b>	<b>51,422</b>	<b>50,396</b>	<b>50,687</b>	<b>51,597</b>	<b>13,453</b>	<b>5,551</b>	<b>5,898</b>
Net investment income	30,391	42,713	31,638	1,927					
<b>Current operating profit including finance costs</b>	<b>(70,283)</b>	<b>101,406</b>	<b>83,060</b>	<b>52,323</b>	<b>50,687</b>	<b>51,597</b>	<b>13,453</b>	<b>5,551</b>	<b>5,898</b>

	Company and marketing information/Receivables management			Factoring			Inter-segment transactions			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Turnover	224,505	199,338	170,404	89,612	65,881	49,331	(38,915)	(13,310)	(8,771)	1,536,340	1,432,588	1,342,705
Change in unearned premiums provisions										(30,114)	(17,829)	(28,940)
Claims expenses and risk cost related to factoring				(13,799)	(11,548)	(8,104)	11,682	4,916		(811,671)	(556,143)	(521,025)
External business acquisition costs: commissions							3,330	473		(112,923)	(107,863)	(99,505)
Other administrative costs	(209,446)	(182,480)	(156,424)	(39,078)	(29,664)	(17,642)	26,639	7,906	8,771	(573,971)	(542,959)	(493,311)
Liaison accounts												
Reinsurance result										10,044	(51,353)	(53,441)
<b>Operating margin</b>	<b>15,059</b>	<b>16,857</b>	<b>13,980</b>	<b>36,735</b>	<b>24,669</b>	<b>23,585</b>	<b>2,736</b>	<b>(15)</b>		<b>17,705</b>	<b>156,442</b>	<b>146,483</b>
Net investment income	(3,981)	1,277	262	(31)	58	(210)	(2,736)	15		25,569	44,063	31,690
<b>Current operating profit including finance costs</b>	<b>11,078</b>	<b>18,134</b>	<b>14,242</b>	<b>36,704</b>	<b>24,727</b>	<b>23,375</b>		<b>0</b>	<b>0</b>	<b>43,274</b>	<b>200,505</b>	<b>178,1733</b>

Inter-segment transactions correspond to sales by Company information/Receivables management entities to Insurance entities (including insurance-related services) as well as turnover generated by Insurance companies with Factoring companies.

# Notes to the consolidated financial statements

## Insurance

Insurance segment turnover primarily represents premium income. Gross operating margin corresponds to premiums written plus or minus changes in unearned premiums provisions, less claims expenses, external business acquisition costs and other administrative expenses, net of the reinsurance result. Insurance administrative expenses include all business acquisition costs excluding commissions, administrative costs and other current income and expenses on operations. The insurance segment's operating margin corresponds to the gross operating margin. Current operating profit corresponds to operating margin plus net investment income allocated to the technical account.

The Group uses three ratios to measure the performance of its insurance business – the loss ratio, the cost ratio and the combined ratio. The loss ratio corresponds to the ratio of total claims expenses to total insurance turnover. The cost ratio corresponds to the ratio of external business acquisition costs and other administrative expenses (excluding investment management expenses) to total insurance turnover. The combined ratio represents the sum of the loss ratio and the cost ratio.

## Insurance-related services

Turnover for this segment primarily corresponds to billings for insurance-related services.

## Public procedures management

Turnover from public procedures management corresponds to the remuneration paid by the French State. This remuneration is provided for under a financial agreement signed by the French government and Coface.

The new financial agreement signed on 9 June 2008 covering a four-year period (2007 to 2010) provides for Coface to be paid retroactively in respect of 2007. The financial statements for the year ended 31 December 2007 included an amount of €61 million, being a prudent estimate of the 2007 remuneration. However, under the new agreement, the remuneration totalled €64 million. The difference of €3 million was recognised in the financial statements in the first half of 2008.

For the year ended 31 December 2008, an amount of €67 million was recognised.

Premiums paid by clients are paid over to the State, which is also responsible for paid claims and receives the benefit of any subrogation and salvage. These amounts are therefore not reflected in the Group's consolidated financial statements. The expenses incurred in managing public procedures mainly correspond to the issuance of State guarantees, claims management expenses and the cost of recovering insured bad debts.

## Company information and receivables management

Turnover from company and marketing information and receivables management services corresponds primarily to the sale of access to credit information and marketing information, and the sale of debt recovery services. Fees for debt recovery services generally correspond to a percentage of the amount recovered, plus out-of-pocket expense reimbursements in some cases. Expenses consist mainly of the cost of obtaining information and debt recovery expenses, selling expenses, general operating expenses and administrative expenses. They correspond to the line "Expenses on other activities" in the consolidated profit and loss account.

## Factoring

Factoring turnover includes factoring fees for receivables management and collection services less insurance premiums paid, as well as commissions for financing outstanding receivables.

Risk cost related to factoring corresponds to provisions for losses on factored receivables, less any settlements received by insurers.

Factoring administrative expenses correspond to the line "Expenses on banking activities, excluding risk cost" in the consolidated profit and loss account.

## NOTE 31 – ANALYSIS OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT BY GEOGRAPHIC SEGMENT

The analysis by country is based on the country of the legal entity or permanent establishment concerned. Data relating to branches have therefore been broken down based on their country of origin. However, movements relating to inward reinsurance (business from fronting operations with international partners) have been allocated to the

country of the accepting office and not the country of origin, unlike the presentation used in the breakdown of turnover by country of invoicing. This analysis has been used so that the cost of external reinsurance is not exclusively borne by France.

# Notes to the consolidated financial statements

	France	Germany	Austria	Italy	UK	Other European countries	Central Europe	North America	Latin America	Asia	Rest of the world	Inter-segment and inter-region transactions	Total
<b>Turnover</b>	<b>599,180</b>	<b>310,781</b>	<b>59,130</b>	<b>155,685</b>	<b>73,549</b>	<b>188,849</b>	<b>136,122</b>	<b>95,639</b>	<b>26,858</b>	<b>73,376</b>	<b>7,662</b>	<b>(90,491)</b>	<b>1,536,340</b>
Premiums written	364,706	226,943	57,174	151,852	63,182	144,187	22,705	76,599	26,265	73,376	0	(54,769)	1,152,220
Change in unearned premium provisions	2,725	(1,067)	(455)	(2,205)	(12,325)	2,370	(1,500)	(2,077)	(3,264)	(10,862)		(1,453)	(30,113)
<b>Earned premiums</b>	<b>367,431</b>	<b>225,876</b>	<b>56,719</b>	<b>149,647</b>	<b>50,857</b>	<b>146,557</b>	<b>21,205</b>	<b>74,522</b>	<b>23,001</b>	<b>62,514</b>	<b>0</b>	<b>(56,222)</b>	<b>1,122,107</b>
Income from banking activities		67,712		2,665	7,821	14,250	2,982	1,790				2,596	99,816
Cost of risk		(8,384)		(78)	(4,310)	(717)	(356)	46					(13,799)
<b>Net banking income</b>	<b>0</b>	<b>59,328</b>	<b>0</b>	<b>2,587</b>	<b>3,511</b>	<b>13,533</b>	<b>2,626</b>	<b>1,836</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,596</b>	<b>86,017</b>
Revenue or income from other activities	234,474	16,126	1,956	1,168	2,546	30,411	10,435	17,250	593	0	7,662	(38,317)	284,304
Investment income, net of management expenses										1,491			1,491
Gains and losses on disposals of investments													0
<b>Net financial income excluding finance costs</b>	<b>20,066</b>	<b>17,054</b>	<b>5,469</b>	<b>(3,294)</b>	<b>3,058</b>	<b>2,247</b>	<b>(112)</b>	<b>2,209</b>	<b>2,213</b>	<b>990</b>	<b>32</b>	<b>(6,770)</b>	<b>43,162</b>
<b>TOTAL INCOME FROM ORDINARY ACTIVITIES</b>	<b>621,971</b>	<b>318,384</b>	<b>64,144</b>	<b>150,108</b>	<b>59,972</b>	<b>192,748</b>	<b>34,154</b>	<b>95,817</b>	<b>25,807</b>	<b>63,504</b>	<b>7,694</b>	<b>(98,713)</b>	<b>1,535,590</b>
Claims-related expenses	(285,290)	(110,734)	(31,601)	(82,842)	(55,572)	(129,783)	(18,860)	(45,730)	(17,692)	(62,020)			(797,872)
Banking operating expenses		(14,312)		(1,560)	(4,938)	(10,577)	(1,646)	(1,045)					(33,512)
Expenses on other activities	(111,472)	(42,017)	(1,695)	(459)	(1,626)	(28,039)	(10,095)	(15,297)	(1,577)		(6,354)		(213,850)
Reinsurance result	(44,753)	(19,328)	(3,058)	(6,027)	19,367	44,423	461	4,017	650	16,864		(2,571)	10,047
Business acquisition costs	(112,413)	(20,620)	(5,100)	(20,981)	(17,544)	(24,408)	(1,005)	(20,294)	(1,981)	(16,144)			(219,128)
Administrative costs	(95,643)	(6,986)	(4,635)	(36,917)	(688)	(14,436)	(3,964)	(15,356)	(4,761)	(6,125)			(172,244)
Other current income and expenses	(8,321)	(22,117)	(6,346)	(1,289)	(9,705)	(8,000)	(146)	(3,603)		(2,337)			(48,159)
<b>Total current income and expenses</b>	<b>(657,892)</b>	<b>(236,114)</b>	<b>(52,435)</b>	<b>(150,075)</b>	<b>(70,706)</b>	<b>(170,820)</b>	<b>(35,255)</b>	<b>(97,308)</b>	<b>(25,361)</b>	<b>(69,762)</b>	<b>(6,354)</b>	<b>97,362</b>	<b>(1,474,718)</b>
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>(35,921)</b>	<b>82,270</b>	<b>11,709</b>	<b>33</b>	<b>(10,734)</b>	<b>21,928</b>	<b>(1,101)</b>	<b>(1,491)</b>	<b>446</b>	<b>(6,258)</b>	<b>1,340</b>	<b>(1,351)</b>	<b>60,872</b>
Change in value of goodwill													0
Other operating income and expense	119		(693)	(251)	1,528	(361)	(14)						328
<b>OPERATING PROFIT/(LOSS)</b>	<b>(35,802)</b>	<b>82,270</b>	<b>11,016</b>	<b>(218)</b>	<b>(9,206)</b>	<b>21,567</b>	<b>(1,115)</b>	<b>(1,491)</b>	<b>446</b>	<b>(6,258)</b>	<b>1,340</b>	<b>(1,351)</b>	<b>61,200</b>
Finance costs	(6,551)	(8,938)	(215)	(500)	(163)	(290)	(3)	(1,946)	(181)	(6)	(150)		(17,592)
Share of profits of associates	<b>3,230</b>			<b>6,097</b>		<b>3,358</b>							<b>12,685</b>
Income tax	15,599	(20,925)	(1,209)	(208)	1,931	(6,747)	(1,017)	(44)	(278)	(956)	(362)		(14,216)
<b>CONSOLIDATED NET PROFIT/(LOSS)</b>													
<b>BEFORE MINORITY INTERESTS</b>	<b>(23,524)</b>	<b>52,407</b>	<b>9,592</b>	<b>5,171</b>	<b>(7,438)</b>	<b>17,888</b>	<b>(2,135)</b>	<b>(3,481)</b>	<b>(13)</b>	<b>(7,220)</b>	<b>828</b>	<b>0</b>	<b>42,072</b>
Minority interests			(416)			(279)	(220)				(284)		(1,200)
<b>Net profit/(loss)</b>	<b>(23,524)</b>	<b>52,407</b>	<b>9,176</b>	<b>5,171</b>	<b>(7,438)</b>	<b>17,609</b>	<b>(2,355)</b>	<b>(3,481)</b>	<b>(13)</b>	<b>(7,220)</b>	<b>544</b>	<b>0</b>	<b>40,872</b>

# Notes to the consolidated financial statements

## NOTE 32 – EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are calculated by dividing net profit by the average number of ordinary shares outstanding during the period. For the purposes of determining this average figure, capital increases are weighted based on the date of issue of the shares concerned.

The only dilutive instruments are stock options granted to employees. Diluted earnings per share are calculated using the treasury stock method whereby the proceeds received are assumed to be assigned on a priority basis to the purchase of shares at a price representing the net

asset value per share at the period-end. The theoretical number of shares which would be purchased at that price is then deducted from the number of shares which could be issued on exercise of the rights concerned. The net amount thus determined is added to the average number of ordinary shares outstanding during the period to make up the denominator for the diluted earnings per share calculation in which net profit for the period is the numerator.

	2008		
	Average number of shares	Net Profit (in thousands of €)	Earnings per share (in €)
Basic earnings per share	24,146,549	40,875	1.69
Dilutive instruments			
Number of shares	61,884		
Income net of tax and employee profit-sharing			
<b>Diluted earnings per share</b>	<b>24,208,433</b>	<b>40,875</b>	<b>1.69</b>

	2007		
	Average number of shares	Net Profit (in thousands of €)	Earnings per share (in €)
Basic earnings per share	20,511,226	163,502	7.97
Dilutive instruments			
Number of shares	76,877		
Income net of tax and employee profit-sharing			
<b>Diluted earnings per share</b>	<b>20,588,103</b>	<b>163,502</b>	<b>7.95</b>

	2006		
	Average number of shares	Net Profit (in thousands of €)	Earnings per share (in €)
Basic earnings per share	16,366,474	114,573	7
Dilutive instruments			
Number of shares	98,647		
Income net of tax and employee profit-sharing			
<b>Diluted earnings per share</b>	<b>16,465,121</b>	<b>114,573</b>	<b>6.96</b>

## NOTE 33 – EMPLOYEES

At 31 December 2008, fully-consolidated companies had 5,030 employees compared with 4,610 at 31 December 2007.

a) By business segment	2008	2007	2006
Insurance and insurance-related services	2,303	2,459	2,447
Information – Receivables management and other	2,727	2,151	2,436
<b>Total</b>	<b>5,030</b>	<b>4,610</b>	<b>4,883</b>

# Notes to the consolidated financial statements

<b>b) By country</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
France	2,187	2,153	2,057
Germany	756	731	690
Italy	171	177	177
United Kingdom	150	173	177
Spain	214	176	107
Portugal	158	156	152
Austria	117	123	112
Other European countries	583	268	526
United States	412	406	352
Other countries	282	247	533
<b>Total</b>	<b>5,030</b>	<b>4,610</b>	<b>4,883</b>

The net increase in the number of employees between 31 December 2007 and 31 December 2008 reflects the combined impact of the following:

- the acquisition of Coface Finans Danmark, giving 132 additional staff (in Other European countries);
- the reconsolidation of Coface Poland CMS, giving an additional 138 staff (in Other European countries);
- the inclusion in the consolidation scope of Coface Poland Factoring, giving an additional 17 staff (in Other European countries).

## NOTE 34 – OFF-BALANCE SHEET COMMITMENTS

<b>Off-balance sheet commitments</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Commitments given</b>	<b>48,771</b>	<b>90,803</b>	<b>38,261</b>
Guarantees	29,094	56,668	19,198
Property guarantee	7,654	24,113	113
Financial commitments in respect of equity interests	4,941	6,351	12,747
<i>of which consolidated subsidiaries</i>		0	1,444
Obligations under finance leases	7,082	3,671	6,203
<b>Contingencies</b>		-	-
<b>Commitments received</b>	<b>61,254</b>	<b>42,662</b>	<b>28,494</b>
Endorsements and letters of credit	52,377	4,889	10,891
Guarantees		4,392	0
Credit lines <sup>(1)</sup>	0	19,500	0
Financial commitments in respect of equity interests	8,877	5,316	14,210
<i>of which consolidated subsidiaries</i>		0	3,051
Other		8,565	3,393
<b>Reciprocal commitments</b>	<b>7,700</b>	<b>24,000</b>	<b>1,115</b>
Forward purchases and sales of foreign currencies <sup>(2)</sup>	7,700	24,000	1,115
<b>Guarantees received</b>			
Securities lodged as collateral by reinsurers	240,778	212,479	151,859
<b>Financial market transactions</b>	<b>100</b>	<b>-</b>	<b>-</b>

(1) Undrawn portion of a credit line.

(2) Representing outstanding commitments under Coface exchange risk insurance policies. Cover under these policies is only provided for in US and Canadian dollars, Japanese yen, pounds sterling and Swiss francs. Derivative instruments are used solely for hedging purposes and the Group does not engage in derivatives trading activities.

# Notes to the consolidated financial statements

## NOTE 35 – FEES PAID BY COFACE TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

(in thousands of euro)	2008			
	DELOITTE & TOUCHE	%	KPMG	%
<b>Audit</b>				
Review of interim financial statements	87		63	
Audit of annual financial statements	836		1,107	
Other assignments and due diligence	0		9	
<b>Sub-total</b>	<b>923</b>	<b>94%</b>	<b>1,179</b>	<b>99</b>
Internal audit	40		0	
Legal and tax advisory services	9		7	
Other	7		7	
<b>Sub-total</b>	<b>56</b>	<b>6%</b>	<b>14</b>	<b>1</b>
<b>Total</b>	<b>979</b>	<b>100%</b>	<b>1,193</b>	<b>100</b>

## NOTE 36 – TRANSACTIONS INCORPORATING A GOVERNMENT GUARANTEE

Certain Coface transactions benefit from a government guarantee pursuant to Article L. 432-2 of the French Insurance Code. This essentially involves the following measures aimed at supporting and developing French exports:

- credit insurance, providing coverage for an exporter or his bank against the risk of non-repayment of an export loan,
- investment guarantees to protect against risks of a political nature, ownership disputes and non-collection of the income produced by these investments,
- foreign exchange guarantees, providing coverage against any depreciation in the export billing currencies,
- prospection insurance that protects SMEs against the risk that their prospecting initiatives in foreign markets fail to produce results;
- exporter risk guarantees, which protect banks against the collapse of an exporter for whom they have issued guarantees (e.g. an account refund) or to whom they have granted a pre-financing loan.

The risks associated with these transactions are irrevocably fully guaranteed by the government. Therefore:

- these transactions are not required to be recorded on Coface's balance sheet or in its profit and loss account. Only the management fees received in this connection appear in the profit and loss account, these being based on the volume of business entrusted and the service quality provided to both policyholders and the government;
- Coface maintains separate accounting records for these transactions, as defined in Article 37 of the amended Finance Bill for 1997. An agreement between the government and Coface sets out the mechanism for these accounting records together with the procedures under which they will be audited and certified by one or more statutory auditors;
- without prejudice to the rights of holders of claims arising from transactions incorporating a government guarantee, no Coface debtor other than the government can claim any rights whatsoever over the assets and rights arising from these records, even under Law no. 85-98 of 25 January 1985 relating to court-administered receivership and liquidation of companies, Law no. 84-148 of 1 March 1984 relating to the prevention and out-of-court settlement of any company difficulties, or Articles L. 310-25 and L. 326-2 to L. 327-6 of the French Insurance Code.

# Statutory auditors' report on the consolidated financial statements

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2008

*This is a free translation into English of the Statutory Auditors' report and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the consolidated financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual accounting captions or on information taken outside of the consolidated financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### COFACE

12, Cours Michelet  
La Défense 10- 92800 PUTEAUX

### To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying consolidated financial statements of COFACE SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

### 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2008 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### 2. Justification of our assessments

As indicated in Note 1 to the financial statements and the management report, the main effects of the financial and economic crisis have been an exceptional increase in volatility, a sharp drop in liquidity in certain markets and problems in assessing the financial and economic outlook. This situation resulted in the Group having to address certain specific problems as regards the preparation of the financial statements and, in particular, the accounting estimates made. In the light of this uncertain environment and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating

to the justification of our assessments, we draw to your attention the following matters:

- Certain technical account items for the insurance and reinsurance businesses, including technical provisions and subrogation and salvage, are estimated based on statistical data. The methods used to determine these items are described in Note 3.7 to the consolidated financial statements ("General principles").

Our audit consisted in assessing the data, assumptions and methods of calculation upon which these accounting estimates are based, particularly in relation to the Company's experience and its economic environment, and in reviewing the calculations made by the Company.

- Your Company has detailed in Note 3.7 to the consolidated financial statements ("General principles") the methods used to measure certain financial instruments.

We have analysed the control procedures implemented in respect of the identification and measurement of said instruments, and the appropriateness of the information disclosed in the aforementioned note.

- The provision for impairment of the investment portfolio is determined in accordance with the methods detailed in Note 3.7 to the consolidated financial statements ("General principles").

Our work has involved an assessment of the data and assumptions used to determine the recoverable amounts and, in particular, the intended investment periods and your Company's ability to hold said investments for such periods.

- At each period end, goodwill is systematically tested for impairment according to the methods described in Note 3.7 to the consolidated financial statements ("General principles").

We analysed the methods applied in implementing this impairment test together with the assumptions and forecasts based on the Group's strategic business plans.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the formation of our opinion, which is expressed in the first part of this report.

### 3. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly sur Seine, 3 April 2009

The Statutory Auditors

SALUSTRO REYDEL  
Member of KPMG International

Michel SAVIOZ  
Partner

DELOITTE & ASSOCIES

Damien LEURENT  
Partner

François Arbey  
Partner

# 2008

## Statutory financial statements

# Statutory financial statements

## BALANCE SHEET AT 31 DECEMBER 2008

(in thousands of euros)

ASSETS	31/12/2008	31/12/2007	31/12/2006
<b>Uncalled subscribed capital / liaison account with head office</b>			
<b>Intangible assets</b>	37,670	47,240	36,403
<b>Investments</b>			
Property	313	309	313
Investments in subsidiaries and affiliates	402,927	402,286	422,792
Other investments	594,063	535,312	553,648
Deposits with ceding insurers	801	559	2
	<b>998,104</b>	<b>938,466</b>	<b>976,755</b>
<b>Reinsurers' share of technical provisions</b>			
Provisions for unearned premiums and unexpired risks	47,733	40,899	33,555
Claims provisions	223,501	169,832	154,139
Provisions for bonuses and rebates	9,961	9,186	7,124
Other technical provisions			
	<b>281,195</b>	<b>219,917</b>	<b>194,818</b>
<b>Debtors</b>			
Debtors arising from direct insurance operations			
Accrued premiums	100,434	104,072	82,361
Other	123,291	106,297	115,681
Debtors arising from reinsurance operations	51,136	45,103	49,728
Other debtors:			
Recoverable personnel costs	875	227	2,974
Recoverable taxes	5,876	7,286	24,284
Sundry debtors	74,268	70,459	62,296
Unpaid called-up capital			
	<b>355,880</b>	<b>333,444</b>	<b>337,324</b>
<b>Other assets</b>			
Tangible assets used in the business	6,307	6,312	5,404
Cash at bank and in hand	115,079	82,314	73,764
Own shares			
	<b>121,386</b>	<b>88,626</b>	<b>79,168</b>
<b>Prepayments and accrued income</b>			
Prepaid interest and rentals	3,177	4,081	2,436
Deferred acquisition costs	24,751	20,333	16,807
Other	8,505	6,085	6,706
	<b>36,433</b>	<b>30,499</b>	<b>25,949</b>
<b>Unrealised translation losses</b>	<b>31,495</b>	<b>59,322</b>	<b>40,269</b>
<b>TOTAL ASSETS</b>	<b>1,862,163</b>	<b>1,717,514</b>	<b>1,690,686</b>

# Statutory financial statements

## BALANCE SHEET AT 31 DECEMBER 2008

(in thousands of euros)

<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>31/12/2008</b>	<b>31/12/2007</b>	<b>31/12/2006</b>
<b>Shareholders' funds</b>			
Share capital	107,120	86,550	69,795
Liaison account with head office			
Share premium account	389,107	284,918	186,186
Revaluation reserves			
Other reserves	150,834	222,618	296,085
Retained earnings			
Net profit for the year	78,804	92,037	40,706
Interim dividend		(39,962)	
	<b>725,865</b>	<b>646,161</b>	<b>592,772</b>
<b>Subordinated liabilities</b>			
<b>Technical provisions before reinsurance</b>			
Provisions for unearned premiums and unexpired risks	116,573	96,702	90,075
Claims provisions	581,328	418,364	392,481
Provisions for bonuses and rebates	26,767	24,947	23,708
Claims equalisation provision	13,246	157,440	154,392
Other technical provisions			
	<b>737,914</b>	<b>697,453</b>	<b>660,656</b>
<b>Provisions for liabilities and charges</b>	<b>40,398</b>	<b>54,770</b>	<b>54,237</b>
<b>Deposits received from reinsurers</b>	<b>4,857</b>	<b>5,246</b>	<b>6,719</b>
<b>Other creditors:</b>			
Creditors arising from direct insurance operations	45,241	36,924	38,464
Creditors arising from reinsurance operations	72,724	70,219	69,999
Bonds			
Bank loans			4,510
<b>Other creditors:</b>			
Negotiable debt instruments issued by the company			
Other loans and deposits	14,495	14,949	11,337
Accrued personnel costs	26,462	29,262	28,665
Accrued taxes	22,283	21,518	18,661
Sundry creditors	151,161	100,696	171,389
	<b>332,366</b>	<b>273,568</b>	<b>343,025</b>
<b>Accrued charges and deferred income</b>	<b>20,763</b>	<b>16,737</b>	<b>14,253</b>
<b>Unrealised translation gains</b>		<b>23,579</b>	<b>19,024</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>1,862,163</b>	<b>1,717,514</b>	<b>1,690,686</b>

# Off-balance sheet commitments at 31 december 2008

<i>in thousands of euros</i>	31/12/2008	31/12/2007	31/12/2006
<b>COMMITMENTS RECEIVED</b>	<b>16,577</b>	<b>29,316</b>	<b>15,325</b>
<b>1. On investments:</b>			
- Commitment to purchase tax-advantaged shares in Seafrance in 2007			7,280
- Commitment to purchase Proparco shares (May 2013 to May 2018)	5,601	1,804	3,328
- SCOR SA liability warranty for Unistrat Assurances, maximum amount	2,500	2,500	2,500
- Lireas Holdings liability warranty for CUAL until 9/03/2011: ZAR 1,592.5 thousand	122	159	173
- Guarantee provided by Hanover Reinsurance Africa for commitments made by Lireas Holdings: ZAR 1,592.5 thousand	122	159	173
- Swanvest liability warranty for CUAL until 9/03/2011: ZAR 1,885 thousand	144	188	205
- Guarantee provided by Santam for commitments made by Swanvest: ZAR 1,885 thousand	144	188	205
- IPRJ Investments liability warranty for CUAL until 9/03/2011: ZAR 1,592.5 thousand	122	159	173
- Guarantee provided by Kreditinform for commitments made by IPRJ Investments: ZAR 1,592.5 thousand	122	159	173
<b>Total</b>	<b>8 877</b>	<b>5 316</b>	<b>14 210</b>
<b>2. Forward purchases of foreign currencies:(*)</b>			
USD			200
EUR	7,700	24,000	915
<b>Total</b>	<b>7,700</b>	<b>24,000</b>	<b>1,115</b>

\* Representing outstanding commitments under Coface exchange risk insurance policies. In 2008, cover under these policies was restricted to JPY and CHF.

Derivative instruments are used solely for hedging purposes. Coface does not engage in derivatives trading activities. Hedging gains and losses are included in Coface SA's underwriting profit.

# Off-balance sheet commitments at 31 December 2008

<i>in thousands of euros</i>	31/12/2008	31/12/2007	31/12/2006
<b>COMMITMENTS GIVEN</b>	<b>15 160</b>	<b>33 761</b>	<b>17 082</b>
<b>1. Guarantees and endorsements</b>			
- On loans granted to employees by UCREPPSA	EUR	2	4
<b>Total</b>		<b>2</b>	<b>4</b>
<b>2. On investments</b>			
- Commitment to sell tax-advantaged shares in Seafrance in 2007			7,280
- Commitment to subscribe to the E.De Rothschild venture capital funds (I and II)	2,887	3,697	1,173
- Commitment to subscribe to the Ventech Capital venture capital fund	1,950	2,550	2,850
- Liability warranty granted on the sale of ICAP to Business Data Investments SA (from 01/02/07 to 05/02/09)	104	104	
<b>Total</b>	<b>4,941</b>	<b>6,351</b>	<b>11,303</b>
<b>3. Forward sales of foreign currencies and the Cime option (*)</b>			
	USD	18,000	915
	CHF	3,900	6,000
	JPY	3,800	
	EUR		200
<b>Total</b>	<b>7,700</b>	<b>24,000</b>	<b>1,115</b>
<b>4. Interest rate swaps: non-hedging derivatives</b>			
		100	
<b>5. Equipment finance leases</b>			
- Computer equipment (MC2I) with initial cost, excluding VAT, of €32 thousand (10/04/04 to 09/04/07)			3
- Office equipment (Espace Diffusion) with initial cost, excluding VAT, of €44 thousand (01/07/04 to 30/06/08)		5	17
- Miscellaneous equipment with initial cost, excluding VAT, of €9,734 thousand (3 to 5 years), of which €1,544 due within 1 year	2,419	3,403	4,640
<b>Total</b>	<b>2,419</b>	<b>3,408</b>	<b>4,660</b>
<b>COLLATERAL RECEIVED</b>	<b>240,778</b>	<b>212,480</b>	<b>151,859</b>
Securities lodged as collateral for reinsurers' share of technical provisions			

\* Representing outstanding commitments under Coface exchange risk insurance policies. In 2008, cover under these policies was restricted to JPY and CHF.

Derivative instruments are used solely for hedging purposes. Coface does not engage in derivatives trading activities. Hedging gains and losses are included in Coface SA's underwriting profit.

# Profit and loss account

TECHNICAL ACCOUNT	31/12/2008			31/12/2007	31/12/2006
	Gross	Ceded business	Net	Net	Net
<i>in thousands of euros</i>					
<b>Earned premiums</b>	<b>595,292</b>	<b>(243,627)</b>	<b>351,665</b>	<b>327,655</b>	<b>329,233</b>
Premiums written	615,163	(250,461)	364,702	326,938	329,951
Change in provisions for unearned premiums and unexpired risks	(19,871)	6,834	(13,037)	717	(718)
<b>Allocated investment income transferred from non-technical account</b>	<b>22,148</b>		<b>22,148</b>	<b>36,884</b>	<b>16,010</b>
<b>Other underwriting income</b>	<b>72,340</b>		<b>72,340</b>	<b>64,580</b>	<b>63,132</b>
<b>Claims expenses</b>	<b>(515,971)</b>	<b>172,933</b>	<b>(343,038)</b>	<b>(203,657)</b>	<b>(168,484)</b>
Paid claims	(302,238)	119,264	(182,974)	(138,991)	(129,784)
Change in claims provisions	(162,965)	53,669	(109,296)	(10,191)	9,179
Claims handling expenses	(50,768)		(50,768)	(54,476)	(47,879)
<b>Policyholders' bonuses</b>					
Change in provisions for policyholders' bonuses	(1,820)	775	(1,045)	823	(1,368)
<b>Business acquisition costs and administrative expenses</b>	<b>(244,344)</b>	<b>84,895</b>	<b>(159,449)</b>	<b>(146,449)</b>	<b>(163,793)</b>
Business acquisition costs	(168,559)		(168,559)	(160,739)	(151,617)
Administrative expenses	(75,785)		(75,785)	(79,681)	(77,937)
Reinsurance commissions		84,895	84,895	93,972	65,761
<b>Other underwriting expenses</b>	<b>(19,215)</b>		<b>(19,215)</b>	<b>(13,060)</b>	<b>(9,260)</b>
<b>Change in claims equalisation provision</b>	<b>144,194</b>		<b>144,194</b>	<b>(3,048)</b>	<b>(18,479)</b>
<b>Underwriting profit</b>	<b>52,624</b>	<b>14,976</b>	<b>67,600</b>	<b>63,728</b>	<b>46,990</b>

## NON-TECHNICAL ACCOUNT

<i>in thousands of euros</i>	31/12/2008	31/12/2007	31/12/2006
<b>Underwriting profit</b>	<b>67,600</b>	<b>63,728</b>	<b>46,990</b>
<b>Investment income</b>	<b>88,931</b>	<b>113,300</b>	<b>60,215</b>
Interest and dividend income	55,598	56,014	37,149
Other investment income	2,173	1,243	4,553
Gains on disposal of investments	31,160	56,043	18,513
<b>Investment expenses</b>	<b>(31,878)</b>	<b>(26,920)</b>	<b>(24,011)</b>
Internal and external portfolio management expenses and interest expense	(4,548)	(5,570)	(7,146)
Portfolio management expenses	(1,629)	(1,564)	(1,446)
Other investment expenses	(1,055)	(1,923)	(792)
Losses on disposal of investments	(24,646)	(17,864)	(14,627)
<b>Investment income transferred to technical account</b>	<b>(22,148)</b>	<b>(36,884)</b>	<b>(16,010)</b>
<b>Other non-technical income</b>	<b>268</b>		
<b>Other non-technical expenses</b>			
<b>Exceptional results</b>	<b>2,007</b>	<b>(960)</b>	<b>781</b>
Exceptional income	24,040	2,571	4,211
Exceptional charges	(22,033)	(3,531)	(3,430)
<b>Employee profit-sharing</b>	<b>(4,945)</b>	<b>(6,872)</b>	<b>(7,379)</b>
<b>Corporate income tax</b>	<b>(21,031)</b>	<b>(13,355)</b>	<b>(19,880)</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>78,804</b>	<b>92,037</b>	<b>40,706</b>

# Subsidiaries and affiliates

Subsidiaries and affiliates	Currency	At 31 december 2008						Year ended 31 December 2008			
		Capital	Reserves and retained profit (loss)	% interest	Carrying amount of investment		Outstanding loans and advances granted by the Company <sup>(2)</sup>	Premium income/turnover	Net profit (loss)	Dividends received or recognised by the Company	Comments
					Gross	Net					
<b>I. Carrying amount &gt; 1% of Coface's capital (€1,071 thousand)</b>		Currency			EUR	EUR	EUR	EUR	EUR	EUR	
<b>1. Subsidiaries (&gt; 50%-owned)</b>											
<b>a. French companies</b>											
• <b>Cofinpar</b> 12 Cours Michelet 92065 Paris La Defense	EUR	29,280	15,155	99.999%	29,270	29,270		-	2,071		
• <b>Coface Services</b> 1 Rue de l'Union 92843 Rueil Malmaison Cedex	EUR	20,294	21,475	99.999%	141,930	141,930		104,188	10,415	5,229	
• <b>Fimipar</b> 12 Cours Michelet 92065 Paris La Defense	EUR	7,546	1,539	99.999%	7,576	7,576		4,625	1,942		
<b>b. Foreign companies</b>											
• <b>Coface Italia</b> Via Giovanni Spadolini 4 20141 Milan - Italie	EUR	520	1,488	100.00%	3,971	3,971	2,571	-	167		
• <b>Coface Seguro de Credito Mexico</b> Insurgentes Sur avenue 1787 10th floor, Guadalupe Inn 01020 - Mexico	MXN	37,875	-	99.366%	2,799	2,799		256	-482		MXN = 14.2279 31/12/06
• <b>Coface North America Holding Company</b> 1350 Broadway suite 2000 New York, NY	USD	10	12,916	100.00%	12,605	12,605	23,501	-	-851		USD = 1.4721 *
• <b>Coface South Africa Insurance Company Ltd</b> 13 Wellington Road, Parktown South Africa	ZAR	0.14	25,063	100.00%	2,329	2,329		11,401	722	309	ZAR = 10.0298 *
• <b>Coface Services South Asia Pacific</b> 36 Robinson Road #19-01 City House Singapore 068877	SGD	12,000	-6,606	100.00%	7,574	7,574	117	1,606	93		SGD = 2.1163 *
• <b>Coface Holding Aktiengesellschaft</b> Isaac Fulda Allee 1 55124 Mainz Allemagne	EUR	1,510	113,706	100.00%	77,254	77,254		-	17,088	17,000	
• <b>Coface Greater China Services Ltd</b> 8/F Sunning Plaza, 10 Hysan Av., Causeway Bay Hong Kong	HKD	500	10,888	100.00%	1,452	1,452		1,559	104	112	HKD = 11.48*
• <b>Coface Central Europe Holding AG</b> Stubenring 24, 1011 Wien - Autriche	EUR	727	6,619	74.99%	4,563	4,563		2,731	2,547	1,148	31/12/06
• <b>Coface UK Holdings Ltd</b> 15 Appold Street - London EC2A 2DL	GBP	500	3,189	99.999%	8,318	8,318		-	926		GBP = 0.73335 * 31/12/06
• <b>Coface Servicos Portugal</b> Av. Columbano Bordalo Pinheiro 75 1070-061 Lisboa	EUR	200	-89	99.95%	5,617	5,617		7,629	131		
• <b>Coface Sigorta AS</b> Buyukdere Cad. Yapi Kredi Plaza 34330 Istanbul	TRY	10,300	220,750	100.00%	5,241	5,241		4,140	111		TRY = 1.7170*
• <b>Kompass Turkey</b> <sup>(2)</sup>	TRY	87	-238	69.914%	1,089		78	202	-70		TRY = 1.7170*
• <b>Coface Service Bilgi</b>	TRY	47	-1,526	99.947%	1,135	1,135		730	56		TRY = 1.7170*
• <b>Coface Assicurazioni SPA</b> Via Giovanni Spadolini 4 20141 Milan - Italie	EUR	20,000	14,348	83.00%	32,662	32,662		132,852	3,816	2,988	*
• <b>Unistrat Holding B.V</b> Rokin 55 - 1012 KK Amsterdam Pays Bas	EUR	2,270	20	100.00%	2,942	2,942		-	9		*

(1) Subsidiaries owned by the Chilean branch

(2) Including cash current accounts

(3) Shares 50% paid up

(4) In the case of non-trading property companies, partners' loans are included in shareholders' funds.

# Subsidiaries and affiliates

Subsidiaries and affiliates	Currency	At 31 december 2008					Year ended 31 December 2008				Comments * = 31/12/07	
		Capital	Reserves and retained profit (loss)	% interest	Carrying amount of investment		Outstanding loans and advances granted by the Company <sup>(2)</sup>	Premium income/ turnover	Net profit (loss)	Dividends received or recognised by the Company		
					Gross	Net						EUR
		en devises			EUR	EUR	EUR	EUR	EUR	EUR		
<ul style="list-style-type: none"> <li>• <b>Coface Factoring Chile</b> <sup>(3)</sup> Avenida Nueva Tajamar 481 Torre Norte of. 1601 7550099 Las Condes Santiago - Chile</li> <li>• <b>Compania de Seguros de Credito Coface Chile</b> <sup>(3)</sup> Torre Norte of. 1701</li> <li>• <b>Kompass US</b> <sup>(2)</sup> 900 Chapel street suite 2 New Haven 06510 CT</li> <li>• <b>Kompass Czech Republic a.s</b> <sup>(2)</sup> Capkova 14 - Praha 4 - 140 00</li> <li>• <b>Kompass Poland</b> <sup>(2)</sup> 31/12/06 Al Jerozolimskie 136 02305 Varzaw</li> <li>• <b>Seguradora Brasileira De Crédito A Exportação</b> Rua Senador Dantas 74/11* andar Rio De Janeiro - Brésil</li> </ul>	CLP	908 335	-151 126	99.998%	936	936		192	-107		CLP = 731.47*	
	CLP	3,401 232	77,984	84.357%	2,910	2,910		8,238	415		CLP = 731.47*	
	USD	0.15	-1,158	100.00%	1,736		984	292	-319		USD = 1.4721*	
	CZK	1,000	8,467	100.00%	1,108	1,108		1,288	60	66	CZK = 26.628*	
	PLN	1,482	-2,544	100.00%	2,913	1,018	205	1,220	33		PLN = 3.5935 *	
	BRL	9 165	8 223	75,82%	6 789	6 789		5 705	1 114	145	BRL = 2,6018 *	
<b>2. Affiliates (10%- to 50%-owned)</b>												
<b>a. French companies</b>												
<ul style="list-style-type: none"> <li>• <b>Axa Assurcredit</b> 26 rue Drouot - 75009 Paris</li> <li>• <b>Cofacredit</b> Tour Facto - 18 rue Hoche cedex 88 92988 Paris La Defense</li> </ul>	EUR	8,400	16	40.00%	6,533	6,533		14,780	-990		*	
	EUR	4,000	26,502	36.00%	1,372	1,372		46,338	8,879	1,224		
<b>b. Foreign companies</b>												
<ul style="list-style-type: none"> <li>• <b>Coface Austria Holding AG</b> <sup>(4)</sup> Stubenring 24, 1011 Vienna - Autriche</li> <li>• <b>Coface Belgium Services Holding</b> 100 boulevard du Souverain 1170 Bruxelles</li> <li>• <b>Graydon N.V Holding</b> Hullenbergweg 260 PO box 12525 1101 BV Amsterdam ZO - Pays Bas</li> <li>• <b>Kyriba Corporation</b> 11622 El Camino Real San Diego CA 92130 - USA</li> </ul>	EUR	3,650	13,901	20.834%	5,982	5,982		-	1,972	625	*	
	EUR	399	6,107	46.58%	5,232	5,232		1,171	273		*	
	EUR	1,500	8,530	27.50%	5,250	5,250		70,376	13,472	3,575	*	
	USD			10.00%	2,444	2,444					acquisition	
<b>II. Other subsidiaries and affiliates</b>												
<b>1. Subsidiaries (at least 50%-owned)</b>												
a. French companies <sup>(1)</sup>					1,903	1,903	3,242				3,995	
b. Foreign companies					5,247	3,987	3,755				841	
<b>2. Affiliates (10%-50% owned)</b>												
a. French companies <sup>(1)</sup>					235	232	0				0	
b. Foreign companies					288	288	0				38	

(1) Subsidiaries owned by the Chilean branch

(2) Including cash current accounts

(3) Shares 50% paid up

(4) In the case of non-trading property companies, partners' loans are included in shareholders' funds.

# Five-year financial summary

(Art. 133, 135 and 148 of the decree concernig trading companies)

HEADINGS	2004	2005	2006	2007	2008
<b>I- Capital at 31 December</b>					
a) Share capital	49,796	54,957	69,795	86,550	107,120
b) Number of ordinary shares outstanding	13,065,649	14,419,830	18,313,117	22,709,334	28,106,527
c) Number of shares to be issued (stock options) <sup>(1)</sup>	3,955	8,150	13,966	8,639	
d) Number of convertible bonds outstanding	None	None	None	None	None
<b>II- Results of operations</b>					
a) Gross premium income excluding taxes <sup>(2)</sup>	647,745	589,859	621,341	652,302	687,771
Ceded premium income excluding taxes	186,812	200,222	228,259	260,783	250,461
b) Profit before tax, depreciation, amortisation and provisions	93,299	79,334	93,812	138,205	75,685
c) Corporate income tax	12,134	26,102	19,880	13,355	21,031
d) Profit after tax, depreciation, amortisation and provisions	23,756	47,186	40,705	92,037	78,804
e) Total dividends	47,051	116,867	114,178	163,569	40,872
<b>III- Per share data (in euros) :</b>					
a) Profit after tax but before depreciation, amortisation and provisions	6.21	3.69	4.04	5.50	1.94
b) Net profit	1.82	3.27	2.22	4.05	2.80
c) Dividend	3.60	8.10	6.23	7.20	1.45
<b>IV- Personnel</b>					
a) Number of employees at 31 December <sup>(3)</sup>	1,527	1,561	1,641	1,710	1,846
b) Total payroll	65,030	70,520	76,565	80,992	87,894
c) Total benefits	30,889	32,059	33,770	34,291	37,430

(1) Premium income and policy fees, net of cancellations, plus other non-underwriting income (as from 2008) and remuneration for public procedures management services.

(2) All Coface employees including staff assigned to public procedures management.  
All other data reported above relates solely to the Company's own business.

(3) Subject to approval by the Annual General Meeting.

# Notes to the statutory financial statements

## I - SIGNIFICANT EVENTS

In 2008, Coface continued to roll out its 2008-2010 strategic plan and to develop its four trade receivables business lines. At the end of 2008, Coface operated in 93 countries in credit insurance, 77 countries in business information, 56 countries in debt collection and 28 countries in factoring. It reaffirmed its strategic plan at the beginning of 2009 despite the deterioration in economic conditions.

### 1. MANAGEMENT OF THE CRISIS

#### 1.1 Risk management

The credit crisis that began in the United States in January 2008 has spread to all countries. This situation has prompted Coface to take a number of measures under a plan called "Act on the Crisis". These measures – review of exposures, tighter underwriting policies – have been taken in all the countries in which Coface carries out trade receivables businesses and are being closely monitored. The measures were reinforced at the beginning of 2009 in view of the high level of payment defaults recorded in the last months of 2008.

#### 1.2 State-sponsored top-up credit insurance scheme (CAP: Complément d'Assurance-crédit Public)

Coface is one of the insurance companies involved in the State-sponsored top-up credit insurance scheme, Complément d'Assurance-crédit Public or CAP.

This government scheme is designed to provide suppliers with top-up credit insurance when the level of cover sought for a given buyer (its customer) exceeds the credit limit approved by the insurer. This top-up, marketed by credit-insurance companies, will be reinsured by the central reinsurance fund (Caisse Centrale de Reassurance) with a State guarantee.

#### 1.3 Coface helps businesses manage the crisis

Two major actions were taken in the second half of 2008 to help business manage the crisis:

- Active collaboration between Coface and MEDEF, the French employers' federation: businesses can now present their credit limit requests to their local MEDEF unit so that Coface can re-examine the request and, if appropriate, amend or explain its decision.
- An undertaking of transparency from Coface with regard to these assessments and how they evolve.

Coface has drawn up a transparency charter in which it undertakes to:

- inform each company, free of charge on request, of its Coface rating and credit opinion and the information on which the foregoing were based;
- inform each company, free of charge in real time, of any changes in its rating and credit opinion;
- verify the reality and gravity of any payment incident involving the company known to Coface with the company itself before taking any decision;
- accept and analyse any more recent information that the company wishes to provide to Coface, while guaranteeing total confidentiality.

## 2 RATING

### 2.1 Solicited Rating

Coface has drawn on a database covering 55 million businesses worldwide and on its @rating statistical scoring tools to launch a finan-

cial rating equivalent to those of the traditional rating agencies, with three exclusive advantages: a significantly lower cost, high reliability thanks to the quality of its statistical tool and 60 years of risk underwriting experience as a credit insurer. The new offer targets two segments: medium-sized companies seeking to enhance their credibility in their relations with technical and trading partners, and larger companies looking for a rating for their partners such as large suppliers, agents and dealers. The product is at the test phase in Europe and will begin to be marketed in 2009.

### 2.2 Coface now assesses the solvency of the 500,000 largest associations in France

Coface has added to the score-rating models, launched in 2002 and now used to rate 5.5 million French companies, by developing a solvency score that takes into account factors specific to associations (legal status, sector of activity, etc.) as well as the usual criteria such as payment incidents. Coface has thus become the first and only player to systematically assign a solvency rating to the 500,000 French associations registered with INSEE.

## 3. DEVELOPMENT

### Participation in the capital increase staged by Kyriba, market leader in on-demand cash management solutions. Coface acquired a 10% stake in the capital.

Kyriba's international positioning and its expertise in the field of Software as a Service (SaaS) are consistent with Coface's mission, which is to facilitate trade between companies worldwide. The funds raised will support the company's development in France and the United States, its key markets, as well as in new countries.

## 4. CHANGE OF ACCOUNTING METHOD FOR RECOGNISING FOREIGN CURRENCY TRANSACTIONS

In accordance with CRC 2007-07 applicable as from 1 January 2008 to companies that fall within the scope of the French Insurance Code, at 31 December 2008 a distinction was made between the operational elements of translations adjustments, recognised as unrealised financial income or losses, and the structural elements recognised in an accrual account on the balance sheet.

Following this change of accounting method, the translation adjustments on the asset and liability sides were balanced out and the provision for foreign exchange losses was written back. This change of accounting method had no impact on the profit and loss account in 2008 as Coface SA's net translation adjustment position was negative at 31 December 2007.

## 5. FINANCIAL STRENGTH RATING

Despite the more demanding economic environment, the financial strength ratings of Coface and of its main subsidiaries remain at good levels:

- Aa3 with a Stable outlook for Moody's (rating confirmed on 24 July 2008),
- A+ with a Stable outlook for Standard and Poor's (rating downgraded by one notch on 27 October 2008 following the downgrading of Natixis' ratings),
- AA for Fitch Ratings. On 3 February 2009, Fitch placed this rating on Watch with negative implications alongside the ratings of Natixis and of its two main shareholders.

# Notes to the statutory financial statements

## II - ACCOUNTING PRINCIPLES AND METHODS

### GENERAL PRINCIPLES

The financial statements of Coface S.A. are prepared in accordance with French insurance accounting standards (Decree no. 94-481 dated 8 June 1994, and Government Order dated 20 June 1994) in application of the European Council Directive of 19 December 1991 concerning the financial statements of insurance companies.

### Analysis of expenses by cost accounting principles

The Company's overhead expenses are initially accounted for by type and are then analysed based on cost accounting principles using appropriate cost allocation keys. For this purpose the Company's activities have been broken down into fifteen management processes. The costs attributable to each process are analysed based on their nature. Investment management expenses are included under investment expenses. Claims handling expenses are included under claims expenses. Business acquisition costs, administrative expenses and other underwriting expenses are shown separately in the profit and loss account.

### Public procedures management

Although limited to management on behalf of third parties, the services provided by Coface SA in respect of French public credit insurance procedures qualify as insurance business and the remuneration received from the French State is therefore reported under "Other underwriting income". The corresponding costs are analysed based on cost accounting principles and are thus included under the same profit and loss accounting headings as the expenses incurred by Coface SA in connection with its private market insurance activities. (See section on Transactions with State guarantee).

### TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are initially recognised in the currency in which the transaction took place. For the preparation of the financial statements, balance sheet items are translated into euros at the period-end exchange rate or at the rate prevailing at the nearest available date prior to the period end.

In accordance with regulation CRC 2007-07 applicable from 1 January 2008, foreign exchange gains and losses are broken down into operating elements and structural elements:

- Translation adjustments on operating items are recognised in profit or loss.
- Translation adjustments arising on additions to provisions recognised for structural changes relating to certain branches for tax or regulatory reasons are recognised in an accruals account in the balance sheet
- In addition, the results of branches taken into account by the parent company are considered as structural items. There are no cash flows arising from the results reported to the parent company. The accumulated profits are used to finance their business and development. Translation adjustments arising on these results are therefore recognised in an accruals account on the balance sheet.

### INTANGIBLE AND TANGIBLE ASSETS

#### a – Research and IT development costs

In accordance with CNC Recommendation 2004-15 of 23 June 2004, IT development costs are capitalised and amortised as from the date the assets concerned are put into service. In order to recognise development costs as intangible assets, an entity must be able to demon-

strate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate probable future economic benefits;
- the current or future availability of adequate resources to complete the development and use or sell the intangible asset; and
- its ability to reliably measure the expenditure attributable to the intangible asset during its development.

#### b - Tangible assets

Tangible assets are depreciated using the following methods and over the following useful lives:

	Depreciation method	Useful life
IT equipment, excluding PCs	Straight line	5 years
PCs	Straight line	3 years
Furniture, office equipment, fixtures and fittings	Straight line	8 years
Vehicles	Straight line	4 years
Other equipment	Reducing balance	5 years

A standard issued by the French Accounting Board (CNC) requires entities to apply the component approach to tangible assets.

In compliance with this standard, Coface has separated its buildings into the following components:

Land	Not depreciated
Enclosed/ covered structure	Depreciated over 30 years
Technical equipment	Depreciated over 15 years
Fixtures and fittings	Depreciated over 10 years

At 31 December 2008, the only operating premises owned by Coface were in the process of disposal or did not represent a material amount.

### INVESTMENTS

Investments are recognised at historical cost. A "liquidity risk provision" is recognised in cases where the total fair value of investments covered by Article R332.20 of the French Insurance Code represents less than their total cost. No such provision was booked as at 31 December 2008.

This provision is in addition to any provisions for lasting impairment of value recognised on a case-by-case basis. Coface applies the criteria provided in Recommendation 2002 F issued by the CNC on 18 December 2002 to assess whether impairment in value should be considered lasting. Where market volatility is low, the impairment is qualified as lasting if the market value remains more than 20% lower (excluding currency effects) than the investment's carrying amount for a period of over six months. The calculation of the provision takes into account the intended holding period of the assets concerned and the probability of the impairment being reversed over that period. Where market volatility is high, a provision is recognised if the market value of an investment is more than 30% (excluding currency effects) below its carrying amount for a period of six months.

# Notes to the statutory financial statements

In application of Article R 332-19 of the French Insurance Code, a provision for impairment is recognised on redeemable marketable securities if the issuers present a risk that they might be unable to fulfil their commitments (payment of interest and repayment of principal).

No such provision had been recognised as at 31 December 2008.

Gains and losses on disposals of investments are determined using the First-In First-Out method (FIFO).

## **a - Property assets**

The realisable value of buildings and shares in non-trading property companies is determined based on five-yearly independent valuations, updated annually.

## **b - Shares in subsidiaries and affiliates**

The realisable value of these shares is determined based on the companies' revalued net assets, results, outlook and their value in use for the Company.

Investments that are intended to be held on a long-term basis are written down only in cases where they have suffered a prolonged impairment of value.

## **c - Forward financial instruments**

In 2008, transactions in forward financial instruments were as follows:

- Forward currency transactions, designed to hedge the risk of adverse fluctuations in exchange rates.
- Swaps, to hedge the risk of a rise in interest rates.

The nominal amount of these hedges is strictly limited to the amount of the underlying assets held in the portfolio in order to ensure that these assets are effectively hedged.

Options are recognised in an accruals account in accordance with Opinion 2002-09 issued by the CRC (French Accounting Standards Committee) as they qualify as transactions used as part of a yield-raising strategy. At each balance sheet date any unrealised gains or losses on options are analysed and the gain or loss arising on the effective portion of the hedge is recognised in profit or loss.

Contingent commitments related to these transactions are included in off balance-sheet commitments.

## **d - Other investments**

Coface's investment portfolio essentially comprises listed securities and mutual fund units. The realisable value of these investments is determined based on the closing price on the last trading day preceding the year-end. The value of unlisted securities is determined in the same way as for investments in subsidiaries and affiliates.

Redeemable securities are recognised in the balance sheet at cost excluding accrued interest and acquisition expenses. When the redeemable value is different from the purchase cost, the difference is recognised, for each line of securities, in profit or loss over the residual life of the security using a discounting method.

## **STOCK-OPTIONS**

Where applicable, provisions are recognised in the profit and loss account at the year-end to reflect the potential cost of stock options. The provisions are determined based on the probability of the options being exercised, the exercise price, the exercise period and staff turnover assumptions. Where the shares to be allocated on exercise of stock options have not yet been purchased, the provision also takes into account assumptions concerning the price payable to acquire the required number of shares. These provisions are recognised under provisions for liabilities and charges.

## **EMPLOYEE BENEFITS**

Coface contributes to retirement plans in accordance with the law and the applicable practices under the collective labour agreement covering insurance companies. The actuarial value of retirement commitments provided for by Coface SA is included in provisions for liabilities and charges and relates primarily to retirement bonuses, pensions, seniority bonuses, long-service awards and employer contributions to healthcare plans for retired employees. Based on plan regulations, independent actuaries calculate:

- The actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:
  - demographic assumptions;
  - future benefit levels (retirement bonuses, long-service awards, etc.);
  - the probability that the specified event will occur;
  - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases;
  - the interest rate used to discount future benefits at the measurement date.

The main assumptions used are as follows: inflation rate of 1.8% and rate of increase of salaries (including inflation) of 3.00%. The discount rate used is 3.65% (sensitivity 3.90%) and is based on the French government bond (OAT) yield curve.

- The actuarial value of benefits related to current and past service costs, including the impact of future salary increases, determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

Coface has implemented Recommendation 2003-R-01 issued by the CNC on 1 April 2004, relating to retirement commitments. This recommendation sets out a similar basis for measuring retirement commitments as in International Financial Reporting Standards (IAS 19), and allows for unrecognised actuarial gains and losses to be recognised in equity as of 2004.

## **UNDERWRITING OPERATIONS**

### **a - Premiums**

Gross premiums correspond to premiums written, excluding tax. They are stated net of premium cancellations and rebates and paid bonuses, but include an estimate of earned premiums not yet written and premiums to be cancelled after the year-end. Premiums are primarily based on policyholders' declarations as to their turnover. The Company's exchange risk cover activity is classified as financial loss insurance. Coface also receives policy fees, corresponding mainly to the cost of monitoring the credit status of insured buyers, which is billed to clients and partners.

### **b - Unearned premium provisions**

Unearned premium provisions are calculated separately for each policy, on an accruals basis. The amount charged to the provision corresponds to the fraction of written premiums relating to the period between the year-end and the next premium payment date. The calculation of this provision only concerns policies where the turnover declaration by policyholders is either annual or quarterly (excluding Unistrat and investment insurance).

### **c - Deferred acquisition costs**

Business acquisition costs, including commissions and internal expenses related to contract preparation, are deferred over the life of the contracts

# Notes to the statutory financial statements

according to the same rules as those for unearned premium provisions. They are recognised in the balance sheet under "Deferred acquisition costs". Changes in deferred acquisition costs are included under "Business acquisition costs" in the profit and loss account.

## **d - Paid claims**

Paid claims correspond to insurance settlements net of subrogation and salvage, plus claims handling expenses. Losses arising on exchange risk cover are classified as claims and gains are classified as subrogation and salvage.

## **e - Claims provisions**

Claims provisions include provisions to cover the estimated cost of all reported claims not settled at the period-end. The Company also records a provision for claims incurred but not reported, which is estimated based on statistics corresponding to an estimate of the final amount of the loss to be settled after expiry of the risk and after all subrogation and salvage. Claims provisions include a provision for future economic risks that may impact end-of-year premiums as well as claims handling expenses.

As well as this statistical estimate, specific provisions are recognised for major claims based on probability of default and loss given default, estimated on a case by case basis.

Provisions for claims incurred but not reported are calculated on a 'best estimate' basis using the information known at the balance sheet date. This method remains unchanged relative to that used in 2007.

## **f - Subrogation and salvage**

Subrogation and salvage represent estimated recoveries by underwriting year. Since 2006, a forecasting model using bootstrap methodology has been used to calculate this provision. The confidence interval of 90% is identical to the interval used to calculate the final gross claims provision.

## **g - Provisions for policyholders' bonuses and rebates**

This provision is calculated policy by policy based on the whole portfolio for which policyholders are contractually entitled to bonuses. Part of the provision corresponds to policyholder bonuses due at the year end but not yet paid, and part represents an estimate of the fraction of rebates of premiums already written. The latter calculation is based on the average loss ratio of each policy by underwriting year.

## **h - Claims equalisation provision**

The claims equalisation provision for credit insurance business is intended to cover future possible underwriting losses and is funded by transfers from underwriting profit each year. In accordance with Article R 331-33 of Decree no. 91398 of 25 April 1991, 75% of credit insurance underwriting profit is allocated to the claims equalisation provision each year. The calculation of underwriting profit does not include the fraction of credit insurance revenue corresponding to business that does not qualify as insurance cover or the related direct and indirect costs. Transfers are no longer compulsory once the claims equalisation provision represents 134% of average annual premium collections for the previous five years, net of ceded premiums but including inward reinsurance premiums. Annual transfers to the provision are used on a first-in first-out basis to offset underwriting losses for the year. Annual allocations that have not been utilised for this purpose within ten years are written back to taxable profit in the eleventh year. If credit insurance operations generate an underwriting loss, an equivalent amount is released from the claims equalisation provision to offset the amount.

## **REINSURANCE OPERATIONS**

### **a - Inward reinsurance**

Inward reinsurance is accounted for contract by contract based on actual or estimated results for the year. Technical provisions are determined based on amounts reported by ceding reinsurers, as adjusted upwards by Coface where appropriate.

### **b - Ceded reinsurance**

Ceded reinsurance is accounted for in accordance with the terms and conditions of the related treaties. Reinsurers' share of technical provisions is determined on the basis of technical provisions recognised under liabilities.

## **TAX CONSOLIDATION**

Coface SA has been a member of the Natixis tax consolidation group since 1 January 2003.

## **TRANSACTIONS WITH STATE GUARANTEES**

Some of the transactions carried out by Coface benefit from a State guarantee in application of Article L 432-2 of the French Insurance Code. This concerns mainly the following activities providing support and assisting the development of the French export trade:

- credit insurance, which covers an exporter or its bank against the risk of non-payment of an export trade credit,
- cover for investments, protecting against political risk, ownership risk and inability to collect the revenues generated by these investments,
- foreign exchange cover, against the risk of a fall in the exchange rate of the invoicing currency,
- prospection insurance protecting small and medium companies against the risk of failure of their prospection of foreign markets;
- exporter risk cover, which protects banks against the insolvency of an exporter for which they have issued guarantees (such as repayment of advance payments) or to which they have granted a pre-financing loan.

The risks arising on these transactions are irrevocably guaranteed by the State. Consequently,

- these transactions have not been recognised in the balance sheet or in the profit and loss account: only the management remuneration received is recognised in the profit and loss account based on the volume of business and the quality of the services provided to the insured and to the State;
- Coface has established specific accounts for these transactions, as provided for in Article 37 of the 1997 Finance Act. An agreement between Coface and the State sets out the terms and conditions for these accounts and the terms and conditions for the auditing and certification of these accounts by one or more independent auditors;
- without prejudice to the rights of holders of receivables arising from State guaranteed transactions, no creditor of Coface other than the State can pretend to a right of any kind on the assets and entitlements arising from these specific accounts, even under Act 85-98 of 25 January 1985 relating to the court-ordered liquidation of companies, Act 84-148 of 1 March 1984 relating to the prevention and amiable settlement of companies' difficulties, or Articles L. 310-25 and L. 326-2 to L. 327-6 of the French Insurance Code.

# Notes to the statutory financial statements

## III - KEY FIGURES

### Balance sheet

- a - Intangible assets
- b - Property investments
- c - Subsidiaries and affiliates
- d - Investments
- e - Summary of investments
- f - Debtors and creditors
- g - Shareholders' funds and reserves
- h - Provisions for liabilities and charges
- i - Claims expenses and changes in claims provisions
- j - Other prepayments and accrued income and accrued expenses relating to other creditors

### Profit and loss account

- k- Analysis of underwriting income and expense by business line
- l - Payroll costs
- m - Commissions
- n - Gross premiums written
- o - Analysis of investment income and expense
- p - Non-operating income and expense
- q - Analysis of general operating expenses by type
- r - Analysis of current and future tax charge

### Allocation of merger deficit

# Notes to the statutory financial statements

## GROSS INTANGIBLE ASSETS AT 31 DECEMBER 2008

(in thousands of euros)

	Opening balance	Acquisitions	Disposals	Translation differences	Assets brought into service	Total
Software development costs	47,519				755	48,274
Software development costs in progress	20,349	16,981	20,557		(755)	16,018
Head office	17,316	15,783	19,883		(755)	12,461
Internal costs	3,033	1,197	674			3,556
Software	13,573	924	352	(245)		13,900
Software - France	10,877	663	141			11,399
Software - branches	2,696	261	211	(245)		2,501
Cofacerating.com merger deficit	2,256					2,256
<b>INTANGIBLE ASSETS</b>	<b>83,697</b>	<b>17,905</b>	<b>20,909</b>	<b>(245)</b>	<b>0</b>	<b>80,448</b>

## AMORTISATION AND PROVISIONS

(in thousands of euros)

	Opening balance	Charges	Disposals	Translation differences other movements	Total
Software development costs	27,152	3,810			30,962
Provision for impairment of assets in progress		1,390			1,390
Software	9,304	1,643	391	(131)	10,426
Software - France	7,697	1,026	66		8,658
Software - branches	1,607	617	325	(131)	1,768
<b>TOTAL AMORTISATION AND PROVISIONS</b>	<b>36,457</b>	<b>6,843</b>	<b>391</b>	<b>(131)</b>	<b>42,778</b>

## INTANGIBLE ASSETS

(in thousands of euros)

	Gross	Accumulated amortisation and provisions	Net
Software development costs	48,274	30,962	17,311
Software development costs in progress	16,018		16,018
Provision for impairment of assets in progress		1,390	(1,390)
Software	13,900	10,426	3,474
Software - France	11,399	8,658	2,742
Software - branches	2,501	1,768	733
Cofacerating.com merger deficit	2,256		2,256
<b>INTANGIBLE ASSETS</b>	<b>80,448</b>	<b>42,778</b>	<b>37,670</b>

# Notes to the statutory financial statements

## PROPERTY INVESTMENTS AT 31 DECEMBER 2008

	Opening balance	Acquisitions and current account advances	Disposals and current account repayments	Total
Buildings not used in the business	21			21
Shares in property companies (not used in the business)	65	10	5	70
Buildings used in the business	313			313
<b>Total</b>	<b>398</b>	<b>10</b>	<b>5</b>	<b>404</b>

## PROVISIONS FOR IMPAIRMENT IN VALUE OF PROPERTY INVESTMENTS - YEAR ENDED 31 DECEMBER 2008

(in thousands of euros)

	Opening balance	Additions	Reversals	Total
Buildings not used in the business	7	0		7
Shares in property companies (not used in the business)	1		1	
Buildings used in the business	70	5		75
<b>TOTAL</b>	<b>78</b>	<b>5</b>	<b>1</b>	<b>83</b>

## DEPRECIATION – YEAR ENDED 31 DECEMBER 2008

(in thousands of euros)

	Opening balance	Additions	Reversals	Total
Shares in property companies (not used in the business)	10		2	8
<b>TOTAL</b>	<b>10</b>		<b>2</b>	<b>8</b>

## PROPERTY INVESTMENTS AT 31 DECEMBER 2008

(in thousands of euros)

	Gross	Impairment depreciation	Carrying amount	Realisable value
Buildings not used in the business	21	7	13	230
Shares in property companies (not used in the business)	70	8	62	93
Buildings used in the business	313	75	237	475
<b>Total</b>	<b>404</b>	<b>91</b>	<b>313</b>	<b>798</b>

# Notes to the statutory financial statements

## MOVEMENTS IN INVESTMENTS IN SUBSIDIARIES IN 2008

(in thousands of euros)	Opening balance	Acquisitions	Disposals	TOTAL	Provisions	Carrying amount
<b>KOMPASS INTERNATIONAL NEUENSCHWANDER</b>	13,670		13,670			
<b>UNISTRAT COFACE</b>	975	1		976		976
<b>COFACE SERVICES</b>	128,260	13,670		141,930		141,930
<b>COFINPAR</b>	29,270			29,270		29,270
<b>COFACE GESTION RESEAU INTERNATIONAL (Cogeri)</b>	38	0		38		38
<b>FIMIPAR</b>	7,576	0		7,576		7,576
<b>AXA ASSURCREDIT</b>	5,333	1,200		6,533		6,533
<b>KOMPASS POLOGNE</b>	2,913			2,913	1,895	1,018
<b>KOMPASS REUPUBLIQUE TCHEQUE</b>	1,108			1,108		1,108
<b>KOMPASS JAPAN</b>	928			928	928	
<b>KOMPASS TURKEY</b>	1,089			1,089	1,089	
<b>COFACE HOLDING AMERICA LATINA</b>	2			2		2
<b>UNISTRAT HOLDING BV</b>	2,942			2,942		2,942
<b>UNISTRAT CORPORATION OF AMERICA</b>	83			83		83
<b>COFACE SERVICES KOREA</b>	200			200	200	
<b>COFACE SERVICIOS ESPANA</b>	3			3		3
<b>COFACE SERVICES SUISSE (formerly COFACERATING.CH)</b>	66			66		66
<b>COFACE SERVICES JAPAN</b>	100			100	100	
<b>KOMPASS US</b>	1,736			1,736	1,736	0
<b>COFACE CENTRAL EUROPE HOLDING AG (formerly Coface Intercredit holding AG)</b>	4,563			4,563		4,563
<b>COFACE UK HOLDINGS LIMITED</b>	8,318			8,318		8,318
<b>COFACE ITALIA SRL</b>	3,971			3,971		3,971
<b>COFACE SERVICIOS Portugal (formerly COFACE MOPE)</b>	5,617			5,617		5,617
<b>COFACE NORTH AMERICA HOLDING COMPANY</b>	12,605			12,605		12,605
<b>COFACE HOLDING AKTIENGESELLSCHAFT</b>	91,254		14,000	77,254		77,254
<b>COFACE AUSTRIA HOLDING AG</b>	5,982			5,982		5,982
<b>COFACE SEGURO CREDITO MEXICO</b>	2,799			2,799		2,799
<b>COFACE SIGORTA AS</b>	5,241			5,241		5,241
<b>COFACE ASSICURAZIONI SPA</b>	32,662			32,662		32,662
<b>COFACE SOUTH AFRICA INSURANCE COMPANY LIMITED</b>	2,329			2,329		2,329
<b>COFACE SERVICES SOUTH ASIA PACIFIC PTE LTD</b>	6,073	1,500		7,574		7,574
<b>COFACE SERVICE TAIWAN</b>	32	954		986	32	954
<b>KOMPASS SEA</b>	964		964			
<b>KOMPASS CHINA INTERNATIONAL INFORMATION SERVICE</b>	92			92		92
<b>COFACE GREATER CHINA FINANCE (formerly COFACERATING.COM HONG KONG )</b>	1,043			1,043		1,043
<b>COFACE ARB LCC</b>	62			62		62
<b>BUSINESS DATA ISRAEL (BDI)</b>	199			199		199
<b>COFACE SOUTH AFRICA SERVICES</b>	877			877		877
<b>TOTAL</b>	<b>380,977</b>	<b>17,325</b>	<b>28,634</b>	<b>369,668</b>	<b>5,980</b>	<b>363,688</b>

# Notes to the statutory financial statements

## MOVEMENTS IN INVESTMENTS IN AFFILIATES IN 2008

(in thousands of euros)	Opening balance	Acquisitions	Disposals	Revaluation	TOTAL	Provisions	Carrying amount
<b>COFACREDIT</b>	1,372				1,372		1,372
<b>GRAYDON N.V.HOLDING</b>	5,250				5,250		5,250
<b>Sub-total - companies accounted for by the equity method</b>	<b>6,622</b>				<b>6,622</b>		<b>6,622</b>
<b>COFACE RBI</b>	76	0			76		76
<b>CERIP SERVICES BANQUES</b>	157				157		157
<b>CEMECA</b>	55				55		55
<b>PLANET RATING SAS</b>	100	75			175		175
<b>COFACE AMEEM SERVICES (CAMEEMS) (formerly SOARI)</b>	656	0			656		656
<b>COFACE SERVIS BILGI</b>	1,135				1,135		1,135
<b>COFACE EASTERM EUROPE HOLDING (formerly Coface IGK Holding)</b>	804				804		804
<b>KYRIBA CORPORATION</b>		2,444			2,444		2,444
<b>COFACE SERVICES Belgique HOLDING (formerly RBB)</b>	5,232				5,232		5,232
<b>SEGURADORA BRASILEIRA DE CREDITO A EXPORTACAO</b>	2,123	4,666			6,789		6,789
<b>COFACE INDIA CREDIT MANAGEMENT SERVICES</b>	16		16				
<b>COFACE GREATER CHINA SERVICES (formerly Coface Frontline)</b>	1,452				1,452		1,452
<b>COFACE SERVICES WEST AFRICA</b>	2				2		2
<b>SORENCO</b>	28				28		28
<b>RECOURS SA</b>	58				58		58
<b>Sub-total - other investments in affiliates</b>	<b>11,893</b>	<b>7,185</b>	<b>16</b>		<b>19,062</b>		<b>19,062</b>
<b>SUB TOTAL</b>	<b>18,515</b>	<b>7,185</b>	<b>16</b>		<b>25,684</b>		<b>25,684</b>
<b>Investments in branches</b>							
<b>COFACE CHILE SA</b>	3,569			(659)	2,910		2,910
<b>COFACE FACTORING CHILE</b>	1,149			(212)	936		936
<b>TOTAL</b>	<b>23,233</b>	<b>7 185</b>	<b>16</b>	<b>(871)</b>	<b>29,531</b>		<b>29,531</b>

# Notes to the statutory financial statements

## MOVEMENTS IN OTHER INVESTMENTS RELATING TO SUBSIDIARIES AND AFFILIATES IN 2008

(in thousands of euros)	Opening balance	Acquisitions	Disposals	Revaluation	TOTAL	Provisions	Carrying amount
<b>WARRANTS, BONDS, MONEY-MARKET SECURITIES AND OTHER FIXED-INCOME SECURITIES</b>							
<b>LOANS TO SUBSIDIARIES</b>							
COFACE HOLDING AKTIENGESELLSCHAFT (formerly AKCH)							
COFACE SERVICES KOREA	403	18			421	(421)	
	<b>403</b>	<b>18</b>			<b>421</b>	<b>(421)</b>	
KOMPASS POLAND (merger)	259		22	(32)	205		205
COFACE SERVICES COLOMBIA	24			1	25		25
COFACE SERVICES ECUADOR	59			3	62		62
COFACE SERVICES PERU	37			2	40		40
	379		22	(25)	332		332
	<b>782</b>	<b>18</b>	<b>22</b>	<b>(25)</b>	<b>753</b>		<b>753</b>
<b>LOANS TO SUBSIDIARIES</b>							
<b>DEPOSITS WITH BANKS</b>							
OTHER INVESTMENTS AND DEBTORS							
DEPOSITS WITH CEDING INSURERS :							
COFACE ASSICURAZIONI (formerly Viscontea Coface)	4,021	1,673			5,694		5,694
COFACE SOUTH AFRICA INS.		3,483		(88)	3,395		
<b>INVESTMENTS RELATING TO SUBSIDIARIES</b>	<b>4,803</b>	<b>5,174</b>	<b>22</b>	<b>(113)</b>	<b>9,842</b>	<b>(421)</b>	<b>9 421</b>
<b>WARRANTS, BONDS, MONEY-MARKET SECURITIES AND OTHER FIXED-INCOME SECURITIES</b>							
<b>LOANS :</b>							
COFACE IGK HOLDING	287				287		287
KOMPASS COTE D'IVOIRE							
COFACE CREDIT MANAGEMENT SERVICES (formerly Coface Infoasia Holding)							
COFACE SERVICES KOREA							
	287				287		287
DEPOSITS WITH BANKS							
OTHER INVESTMENTS AND DEBTORS							
DEPOSITS WITH CEDING INSURERS							
<b>DEPOSITS WITH CEDING INSURERS</b>	<b>287</b>				<b>287</b>		<b>287</b>
<b>TOTAL</b>	<b>5,090</b>	<b>5,174</b>	<b>22</b>	<b>(113)</b>	<b>10,129</b>	<b>(421)</b>	<b>9,708</b>

# Notes to the statutory financial statements

## MOVEMENTS IN PROVISIONS FOR IMPAIRMENT IN VALUE OF INVESTMENTS RELATING TO SUBSIDIARIES AND AFFILIATES IN 2008

(in thousands of euros)	Opening balance	Additions	Reversals	Other movements	Revaluation	Total
Subsidiaries	6,519		539			5,980
Affiliates	99		99			0
Loans and debtors - subsidiaries	403	18				421
Loans and debtors - affiliates						
<b>TOTAL</b>	<b>7,021</b>	<b>18</b>	<b>639</b>			<b>6,401</b>

## INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2008

(in thousands of euros)	Gross	Provisions for impairment	Net	Realisable value
Subsidiaries	369,668	5,980	363,688	1,062,960
Affiliates	29,531	0	29,531	92,863
<b>Sub-total</b>	<b>399,198</b>	<b>5,980</b>	<b>393,219</b>	<b>1,155,823</b>
Other investments in subsidiaries	9,842	421	9,421	9,421
Other investments in affiliates	287	0	287	287
<b>Sub-total</b>	<b>10,129</b>	<b>421</b>	<b>9,708</b>	<b>9,708</b>
<b>TOTAL</b>	<b>409,328</b>	<b>6,401</b>	<b>402,927</b>	<b>1,165,531</b>

## MOVEMENTS IN INVESTMENTS IN 2008

(in thousands of euros)	Opening balance	Acquisitions	Disposals	Other movements	Translation adjustment	Total
Listed French equities	20,460	9,623	4,109			25,974
Listed foreign equities	31,784	7,426	8,250		1,615	32,575
Money-market funds - France	34,119	777,111	677,204	(5,582)		128,444
Money-market funds - branches	37,945	5,640			(10,401)	33,185
COFAC2 money-market fund	5,942	11,109	5,582		414	
Equity funds	86,398	15,811	18,210	(13,441)		70,558
COFAC2 equity fund	2,645	596	13,441		15,490	
Shares in venture capital funds	1,650	1,013				2,663
Unlisted French and foreign equities	11,666	3,796		0	59	15,521
Government bonds	24,053		2,572			21,480
Listed convertible bonds	125,445	35,412	78,600			82,257
Indexed government bonds	1,732	10,768				12,501
Variable rate bonds	3,018	1,593	1,593			3,018
Listed bonds - branches	37,817	58,316	52,438		3,460	47,156
Treasury bills	11,169	3,667	14,836			
Treasury bills - branches	15,002	94,909	99,409			10,502
Commercial paper - medium-term notes and certificates of deposit	58,016	144,230	150,167			52,079
Certificates of deposit, money-market securities - branches	27,436	19,073		(859)	7,504	
<b>SUB-TOTAL</b>	<b>500,275</b>	<b>1,210,044</b>	<b>1,138,167</b>	<b>0</b>	<b>(6,539)</b>	<b>565,614</b>
Marketable securities lodged as collateral for ceding insurers	73					73
<b>Other deposits with banks</b>	<b>38,442</b>		<b>7,284</b>			<b>31,157</b>
<b>SUB-TOTAL</b>	<b>538,790</b>	<b>1,210,044</b>	<b>1,145,451</b>	<b>0</b>	<b>(6,539)</b>	<b>596,844</b>
Deposits with other ceding insurers	559	242				801
<b>TOTAL</b>	<b>539,349</b>	<b>1,210,286</b>	<b>1,145,451</b>	<b>0</b>	<b>(6,539)</b>	<b>597,645</b>

# Notes to the statutory financial statements

## MOVEMENTS IN PROVISIONS FOR IMPAIRMENT IN VALUE OF INVESTMENTS IN 2008

(In thousands of euros)	Opening balance	Additions	reservals	Other movements	Total
Unlisted equities	3,542		52		3,490
<b>TOTAL</b>	<b>3,542</b>		<b>52</b>		<b>3,490</b>

## INVESTMENTS AT 31 DECEMBER 2008

(In thousands of euros)	Gross	Provisions for impairment	Premium discount	Carrying amount	Realisable value
Listed French and foreign equities	58,549			58,549	42,480
Money-market funds	128,858			128,858	129,288
Money-market funds - branches	33,185			33,185	33,591
Other SICAV mutual funds and listed mutual fund units	86,048			86,048	56,774
Shares in venture capital funds	2,663			2,663	3,129
Unlisted French and foreign equities	15,521	3,490		12,031	16,063
Government bonds	21,480		(259)	21,221	20,542
Other listed securities - convertible bonds	82,257		(940)	81,318	83,061
Indexed government bonds	12,501		27	12,528	12,669
Variable rate bonds	3,018			3,018	2,802
Listed bonds - branches	47,156			47,156	47,087
Treasury bills - branches	10,502			10,502	10,608
Commercial paper and medium-term notes	52,079			52,079	52,054
Commercial paper - branches	4,292			4,292	4,311
Certificates of deposit, money-market securities - branches	7,504			7,504	7,512
<b>SUB-TOTAL</b>	<b>565,614</b>	<b>3,490</b>	<b>(1,172)</b>	<b>560,952</b>	<b>521,969</b>
Marketable securities lodged as collateral for ceding insurers	73			73	74
Other deposits with banks	31,157			31,157	31,157
<b>TOTAL</b>	<b>596,844</b>	<b>3,490</b>	<b>(1,172)</b>	<b>592,182</b>	<b>553,200</b>
Adjustment: premium/discount				1,172	
Derivatives / SWAPs				710	
<b>TOTAL</b>				<b>594,063</b>	

# Notes to the statutory financial statements

## ANALYSIS OF TOTAL INVESTMENTS AT 31 DECEMBER 2008

(in thousands of euros)	Gross	Carrying amount	Realisable value	Unrealised gains/(losses)
<b>BY CATEGORY</b>				
Marketable securities				
• Bonds and other fixed-income securities	240,862	240,862	240,719	(143)
• Bond premiums and discounts		(1,172)		
• Listed equities and other variable-income securities	58,549	58,549	42,480	(16,069)
• Unlisted equities and other variable-income securities	15,521	12,031	16,063	4,032
• Money-market funds	128,858	128,858	129,288	430
• Money-market funds - branches	33,185	33,185	33,591	406
• Equity funds	88,711	88,711	59,903	(28,808)
• Bond funds	0	0	0	0
Properties and shares in property companies	404	313	798	485
Loans	0	0	0	0
Shares in subsidiaries	369,668	363,688	1,062,960	699,272
Loans to subsidiaries	753	332	332	0
Shares in affiliates	29,531	29,531	92,863	63,332
Loans to affiliates	287	287	287	0
Tax-advantaged part share in ships	0	0	0	0
<b>Sub-total</b>	<b>966,329</b>	<b>955,176</b>	<b>1,679,283</b>	<b>722,936</b>
Other forward financial instruments and swaps	(177)	(177)	(177)	0
<b>Detailed analysis of investments: sub-total</b>	<b>966,152</b>	<b>954,999</b>	<b>1,679,106</b>	<b>722,936</b>
Other deposits with banks	31 157	31 157	31 157	0
<b>Sub-total</b>	<b>997,310</b>	<b>986,156</b>	<b>1,710,264</b>	<b>722,936</b>
Deposits with ceding insurers/subsidiaries	9,089	9,089	9,089	0
Deposits with other ceding insurers	801	801	801	0
Derivatives/swaps		710		
- Prepayments and accrued income		266		
+ Accrued charges and deferred income		1,438		
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,007,199</b>	<b>997,927</b>	<b>1,720,153</b>	<b>722,936</b>
Accruals on futures contracts	177	177	177	
<b>TOTAL INVESTMENTS RECORDED ON THE BALANCE SHEET</b>	<b>1,007,376</b>	<b>998,104</b>	<b>1,720,330</b>	

# Notes to the statutory financial statements

## ANALYSIS OF TOTAL INVESTMENTS AT 31 DECEMBER 2007

(in thousands of euros)	Gross	Carrying amount	Realisable value	Unrealised gains/(losses)
<b>BY CATEGORY</b>				
Marketable securities:				
• Bonds and other fixed-income securities	276,326	276,326	273,582	(2,744)
• Bond premiums and discounts		(1,212)		
• Listed equities and other variable-income securities	52,244	52,244	53,172	928
• Unlisted equities and other variable-income securities	11,666	8,124	9,092	968
• Money-market funds	34,119	34,119	43,681	9,562
• Money-market funds - branches	37,945	37,945	29,108	-8,837
• Equity funds	88,049	88,049	100,929	12,880
Properties and shares in property companies	398	309	758	449
Shares in subsidiaries	380,977	374,458	1,030,101	655,643
Loans to subsidiaries	782	379	379	
Shares in affiliates	23,232	23,133	75,000	51,867
Loans to affiliates	287	287	287	
Other forward financial instruments and swaps	8	8	(7)	(15)
<b>Sub-total</b>	<b>906,033</b>	<b>894,169</b>	<b>1,616,082</b>	<b>720,701</b>
Other deposits with banks	38,442	38,442	38,442	
<b>Sub-total</b>	<b>944,475</b>	<b>932,611</b>	<b>1,654,524</b>	<b>720,701</b>
Deposits with ceding insurers/subsidiaries	4,021	4,021	4,021	
Deposits with other ceding insurers	559	559	559	
Derivatives/swaps		65		
- Prepayments and accrued income		160		
+ Accrued charges and deferred income		1,372		
<b>TOTAL</b>	<b>949,055</b>	<b>938,468</b>	<b>1,659,104</b>	<b>720,701</b>

## ANALYSIS OF TOTAL INVESTMENTS AT 31 DECEMBER 2006

((in thousands of euros)	Gross	Carrying amount	Realisable value	Unrealised gains/(losses)
<b>BY CATEGORY</b>				
Marketable securities:				
• Bonds and other fixed-income securities	146,400	146,400		145,356
• Bond premiums and discounts		648		
• Listed equities and other variable-income securities	308	308		300
• Unlisted equities and other variable-income securities	11,603	8,085		9,607
• Money-market funds	160,728	160,728		164,197
• Money-market funds - branches	31,215	31,215		31,359
• Equity funds	132,994	132,994		173,979
• Bond funds	39,905	39,905		42,306
Properties and shares in property companies	396	313	727	414
Loans	0	0	0	0
Shares in subsidiaries	383,861	375,789	937,665	561,876
Loans to subsidiaries	22,714	22,325	22,325	
Shares in affiliates	20,677	19,993	56,455	36,462
Loans to affiliates	383	287	287	0
Tax-advantaged part-shares in ships	7,280	7,280	7,280	0
<b>Sub-total</b>	<b>958,464</b>	<b>946,270</b>	<b>1,591,843</b>	<b>645,573</b>
Other deposits with banks	26,733	26,733	26,733	0
<b>Sub-total</b>	<b>985,197</b>	<b>973,003</b>	<b>1,618,576</b>	<b>645,573</b>
Deposits with ceding insurers/subsidiaries	4,398	4,398	4,398	0
Deposits with other ceding insurers	2	2	2	0
- Prepayments and accrued income		1,378		
+ Accrued charges and deferred income		730		
<b>TOTAL</b>	<b>989,597</b>	<b>976,755</b>	<b>1,622,976</b>	

# Notes to the statutory financial statements

## DEBTOR AND CREDITOR MATURITY ANALYSIS

(in thousands of euros)

<b>DEBTORS</b>	<b>Within 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
Debtors arising from direct insurance operations					
• Accrued premiums	100,433			100,433	104,072
• Other	123,291			123,291	106,297
<i>o/w subsidiaries</i>					
Debtors arising from reinsurance operations	51,136			51,136	45,104
<i>o/w subsidiaries</i>					13,618
Other debtors					
• Recoverable personnel costs	785	82	8	875	227
• Recoverable taxes	5,876			5,876	7,286
• Sundry debtors	48,446	25,822		74,268	70,459
<i>o/w subsidiaries</i>	16,566	25,822		42,388	33,973
<b>TOTAL</b>	<b>329,967</b>	<b>25,904</b>	<b>8</b>	<b>355,879</b>	<b>333,444</b>

<b>CREDITORS</b>	<b>Within 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
Creditors arising from direct insurance operations	45,241			45,241	36,924
<i>o/w subsidiaries</i>					2,239
Creditors arising from reinsurance operations	72,724			72,724	70,219
<i>o/w subsidiaries</i>					3,756
<b>Bonds</b>					
Bank loans					
<b>Other creditors:</b>					
• Other loans and deposits	614	6,008	7,873	14,495	14,949
• Accrued personnel costs	26,462			26,462	29,262
• Accrued taxes	22,283			22,283	21,518
• Sundry creditors	151,161			151,161	100,696
<i>o/w subsidiaries</i>	108,510			108,510	53,827
<b>TOTAL</b>	<b>318,485</b>	<b>6,008</b>	<b>7,873</b>	<b>332,366</b>	<b>273,568</b>

# Notes to the statutory financial statements

## SHAREHOLDERS' FUNDS AND RESERVES

(in thousands of euros)	31/12/2008	31/12/2007
<b>Share capital (28,106,527 shares)<sup>(1)</sup></b>	<b>107,120</b>	<b>86,550</b>
o/w 28,069,030 shares held by Coface Holding, 33,664 by Natixis, 20 by directors and 3,813 by six individual shareholders		
<b>SHARE PREMIUM ACCOUNT</b>	<b>389,107</b>	<b>284,918</b>
Reserves:		
Crisis reserve	56,511	56,511
Capitalisation reserve	2,018	2,271
Construction gains reserve	488	488
Long-term capital gains reserve 15%, 19%, 25%		
Reserve for reinvested capital gains	144	144
Investment reserve	2,399	2,399
Contingency reserve <sup>(2)</sup>	116,324	187,856
Total reserves before deductions	177,884	249,669
Deduction from reserves (Provisions for retirement commitments)	(27,051)	(27,051)
<b>Total reserves after deductions</b>	<b>150,834</b>	<b>222,618</b>
<b>Retained earnings</b>		<b>0</b>
<b>Net profit for the year</b>	<b>78,804</b>	<b>92,037</b>
<b>- Interim dividend</b>		<b>(39,962)</b>
<b>Total shareholders' funds and reserves after deductions</b>	<b>725,865</b>	<b>646,161</b>

(1) Including 7,488 shares issued following the exercise of options under the 7 December 1999 stock option plan and 18,039 under the 3 December 2002 plan  
5,371,666 shares were issued at a price of €23.01 per share in respect of the scrip dividend

(2) €71,532 thousand was deducted from this reserve in 2008 for the scrip dividend payment

## PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)	31/12/2008	31/12/2007
Provisions for losses on investments in associates (Coface Services Japan)	514	1,120
Provisions for broker disputes (Brussels branch)	1,068	
Provisions for employee benefits (retirement, medical care, long-service awards)	27,831	26,335
o/w Japanese branch	917	620
Provision for stock options		192
Provision for employee-related disputes	1,578	1,578
Provision for foreign exchange losses*	0	16,363
Excess tax depreciation on development costs	9,407	9,182
<b>Total provisions</b>	<b>40,398</b>	<b>54,770</b>

\* Reversal under CRC 2007-07 of the provision for translation adjustments (see Significant events)

# Notes to the statutory financial statements

## CHANGE IN CLAIMS PROVISIONS

Claims provisions for prior-year claims and claims still outstanding amounted to €809,120 thousand at the closing date compared with €577,503 thousand at the opening date, corresponding to an increase of €231,617 thousand after settlements for the year.

### Claims expenses and change in claims provisions

Accounting year 2006 (in thousands of euros)	Loss year		
	2004	2005	2006
Claims net of recoveries	203,379	160,980	41,217
Provisions	41,900	71,706	182,673
<b>Total claims expenses</b>	<b>245,279</b>	<b>232,686</b>	<b>223,890</b>
Earned premiums	529,989	398,680	445,562
Loss ratio (in %)	46%	58%	50%

Accounting year 2007 (in thousands of euros)	Loss year			
	2004	2005	2006	2007
Claims net of recoveries	218,674	189,579	187,876	36,741
Provisions	23,380	24,828	63,164	238,998
<b>Total claims expenses</b>	<b>242,054</b>	<b>214,407</b>	<b>251,040</b>	<b>275,739</b>
Earned premiums	527,202	401,248	504,648	435,071
Loss ratio (in %)	46%	53%	50%	63%

Accounting year 2008 (in thousands of euros)	Loss year				
	2004	2005	2006	2007	2008
Claims net of recoveries	221,738	198,656	222,068	232,731	61,500
Provisions	15,521	21,095	34,999	83,887	371,984
<b>Total claims expenses</b>	<b>237,260</b>	<b>219,751</b>	<b>257,067</b>	<b>316,619</b>	<b>433,484</b>
Earned premiums	524,954	399,781	509,246	459,360	475,452
Loss ratio (in %)	45%	55%	50%	69%	91%

## OTHER PREPAYMENTS AND ACCRUED INCOME AND ACCRUED EXPENSES RELATING TO OTHER CREDITORS

### Other prepayments and accrued income :

(in thousands of euros)	31/12/2008	31/12/2007
Accrued premiums inward reinsurance (net of commissions)	6,569	4,334
Prepaid expenses	1,859	1,567
Other	77	184
<b>Total</b>	<b>8,505</b>	<b>6,085</b>

### Accrued expenses relating to other creditors :

(in thousands of euros)	31/12/2008	31/12/2007
Accrued personnel costs	22,072	23,435
Accrued taxes		
- Social security	7,830	8,651
- Other	3,744	4,810
	11,575	13,460
Sundry creditors	21,059	20,089
<b>Total</b>	<b>54,705</b>	<b>56,984</b>

# Notes to the statutory financial statements

## ANALYSIS OF UNDERWRITING INCOME AND EXPENSE BY BUSINESS LINE

	Legal protection	Operating losses	Transport	Credit Guarantees	Inward reinsurance	Total 31/12/2008	Total 31/12/2007	
<b>1 - EARNED PREMIUMS</b>	<b>212</b>		<b>268</b>	<b>493,699</b>	<b>5,263</b>	<b>95,851</b>	<b>595,291</b>	581,049
<b>1A - PREMIUMS</b>	<b>212</b>	<b>0</b>	<b>268</b>	<b>512,154</b>	<b>6,185</b>	<b>96,344</b>	<b>615,163</b>	587,721
-Premiums written	218		268	491,219	6,185	96,767	594,657	542,276
-Accrued premiums	(6)			(3,954)		(423)	(4,384)	21,994
-Policy fees				28,513			28,513	26,760
-Bad debts				(1,310)			(1,310)	(2,397)
-Change in provisions for doubtful premiums				(2,313)			(2,313)	(912)
<b>1B - CHANGE IN PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS</b>	<b>0</b>			<b>(18,456)</b>	<b>(922)</b>	<b>(493)</b>	<b>(19,871)</b>	(6,672)
<b>2 - CLAIMS EXPENSES</b>	<b>179</b>	<b>(1,478)</b>	<b>55</b>	<b>(304,048)</b>	<b>4,555</b>	<b>(71,040)</b>	<b>(371,777)</b>	<b>(313,945)</b>
<b>2A - PAID CLAIMS NET OF RECOVERIES</b>	<b>(6)</b>		<b>(46)</b>	<b>(254,184)</b>	<b>(1,356)</b>	<b>(46,646)</b>	<b>(302,238)</b>	<b>(230,524)</b>
<b>2B - CLAIMS PROVISIONS AND OTHER EXPENSES</b>	<b>185</b>	<b>(1,478)</b>	<b>101</b>	<b>(49,865)</b>	<b>5,911</b>	<b>(24,393)</b>	<b>(69,539)</b>	<b>(83,421)</b>
- Claims provisions	268		101	(178,506)	5,911	9 260	(162,965)	(25,897)
- Claims handling expenses	-83	(1,478)	0	(49,206)		0	(50,767)	(54,476)
- Other technical provisions							0	
- Change in claims equalisation provision				177,847		(33,653)	144,194	(3,048)
<b>AA - GROSS UNDERWRITING PROFIT/(LOSS) (1 - 2)</b>	<b>391</b>	<b>(1,478)</b>	<b>322</b>	<b>189,650</b>	<b>9,818</b>	<b>24,811</b>	<b>223,515</b>	<b>267,104</b>
<b>3 - BUSINESS ACQUISITION COSTS</b>	<b>(83)</b>	<b>(1,478)</b>	<b>(27)</b>	<b>(140,047)</b>	<b>(79)</b>	<b>(26,845)</b>	<b>(168,559)</b>	<b>(160,739)</b>
<b>4 - OTHER ADMINISTRATIVE EXPENSES</b>	<b>(99)</b>	<b>(268)</b>	<b>(120)</b>	<b>(22,173)</b>	<b>0</b>	<b>0</b>	<b>(22,660)</b>	<b>(28,160)</b>
- Administrative costs	(83)	(4,174)	(120)	(71,409)			(75,786)	(79,681)
- Other underwriting expenses	(16)	(298)		(18,901)			(19,215)	(13,060)
- Other underwriting income (including financial agreement and other related income)		4,204		68,137			72,341	64,581
<b>B - NET BUSINESS ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES (3 + 4)</b>	<b>(182)</b>	<b>(1,746)</b>	<b>(147)</b>	<b>(162,220)</b>	<b>(79)</b>	<b>(26,845)</b>	<b>(191,219)</b>	<b>(188,899)</b>
<b>5 - INVESTMENT INCOME</b>	<b>9</b>	<b>0</b>	<b>9</b>	<b>18,761</b>	<b>195</b>	<b>3,174</b>	<b>22,148</b>	<b>36,884</b>
<b>6 - POLICYHOLDERS' BONUSES</b>				<b>(1,828)</b>		<b>9</b>	<b>(1,820)</b>	<b>(1,239)</b>
<b>C - NET INVESTMENT INCOME (5 - 6)</b>	<b>9</b>	<b>0</b>	<b>9</b>	<b>16,933</b>	<b>195</b>	<b>3,183</b>	<b>20,328</b>	<b>35,645</b>
<b>7 - REINSURERS' SHARE OF EARNED PREMIUMS</b>	<b>0</b>	<b>0</b>	<b>(34)</b>	<b>(78,231)</b>	<b>(162)</b>	<b>(165,201)</b>	<b>(243,627)</b>	<b>(253,394)</b>
- Premiums			(34)	(76,034)	(163)	(174,231)	(250,461)	(260,783)
- Change in unearned premiums and unexpired risk provisions				(2,197)	1	9,030	6,834	7,389
<b>8 - REINSURERS' SHARE OF PAID CLAIMS</b>				<b>31,819</b>	<b>(181)</b>	<b>87,626</b>	<b>119,264</b>	<b>91,533</b>
<b>9 - REINSURERS' SHARE OF CLAIMS PROVISIONS</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>16,829</b>	<b>29</b>	<b>36,815</b>	<b>53,669</b>	<b>15,706</b>
- Claims provisions			(3)	16,829	29	36,815	53,669	15,706
- Other technical provisions							0	
- Change in claims equalisation provision							0	
<b>10 - REINSURERS' SHARE OF POLICYHOLDERS' BONUSES</b>				<b>210</b>		<b>566</b>	<b>775</b>	<b>2,062</b>
<b>11 - REINSURANCE COMMISSIONS RECEIVED</b>			<b>1</b>	<b>22,372</b>	<b>140</b>	<b>62,382</b>	<b>84,895</b>	<b>93,972</b>
<b>D - REINSURANCE RESULT (8 + 9 + 10 + 11 - 7)</b>	<b>0</b>	<b>0</b>	<b>(35)</b>	<b>(7,001)</b>	<b>(174)</b>	<b>22,187</b>	<b>14,976</b>	<b>(50,121)</b>
<b>UNDERWRITING PROFIT/(LOSS) (A + B + C + D)</b>	<b>218</b>	<b>(3,224)</b>	<b>149</b>	<b>37,362</b>	<b>9,759</b>	<b>23,335</b>	<b>67,600</b>	<b>63,729</b>

# Notes to the statutory financial statements

## PAYROLL COSTS

(in thousands of euros)	31/12/2008	31/12/2007
Salaries	87,817	80,910
Retirement benefits	76	82
Social security charges	37,232	34,184
Other expenses	254	167
Recharged marketing expenses	(7,970)	
<b>Total</b>	<b>117,410</b>	<b>115,344</b>

## COMMISSIONS

(in thousands of euros)	Direct insurance France	Direct insurance other EU countries	Direct insurance outside the EU	Direct insurance Total
<b>31/12/08</b>	28,540	17,909	21,013	67,462
<b>31/12/07</b>	29,820	12,204	18,100	60,124

## GROSS PREMIUMS WRITTEN

(in thousands of euros)	Direct insurance France	Direct insurance other EU countries	Direct insurance outside the EU	Direct insurance Total
<b>31/12/08</b>	259,780	125,553	123,124	508,457
<b>31/12/07</b>	265,579	98,710	95,056	459,345

## NON-OPERATING INCOME AND EXPENSE

(in thousands of euros)	31/12/2008			31/12/2007		
	Income	Expense	Net total	Income	Expense	Net total
Disposals of assets (Magellan)	19,957	19,957	0	8	36	(28)
Interest on arrears on tax relief (payroll taxes, professional taxes)	135		135			
Tax on claims liquidation surplus					1,232	(1,232)
Additions to and reversals of excess tax depreciation	1,784	2,009	-225	1,966	2,085	(120)
Additions to and reversals of excess tax depreciation (tax-advantaged part-shares in ships)					94	(94)
Losses/gains on stock options	1,260	27	1,233	1	32	(31)
Provisions and reversals of provisions for purchases of shares for allocation on exercise of stock options	192		192	155		155
Other	712	40	672	442	52	390
o/w branches	627	29	598	405	1	404
<b>TOTAL</b>	<b>24,040</b>	<b>22,033</b>	<b>2,007</b>	<b>2,572</b>	<b>3,532</b>	<b>(960)</b>

# Notes to the statutory financial statements

## ANALYSIS OF GENERAL OPERATING EXPENSES BY TYPE

(in thousands of euros)	31/12/2008	31/12/2007	% change
	Total	Total	
<b>COMMISSIONS</b>			
Commissions paid or due - direct insurance (excluding branches)	21,780	19,246	13.17
Commissions paid or due - inward reinsurance (excluding branches)	26,845	25,533	5.14
Unistrat commissions - direct insurance and inward reinsurance	6,768	10,564	(35.94)
Commissions paid or due (branches)	38,923	30,304	28.44
<b>Sub total</b>	<b>94,315</b>	<b>85,647</b>	<b>10.12</b>
Commission for rating management	13	2	482.77
<b>Total commissions</b>	<b>94,328</b>	<b>85,649</b>	<b>10.13</b>
<b>OTHER EXPENSES</b>			
<b>Payroll costs</b>			
<b>SALARIES AND BONUSES</b>			
Salaries	69,974	63,750	9.76
Transport vouchers	330	309	6.85
Other personnel-related costs	3,322	4,977	(33.25)
Holiday pay and company "Time Savings" plan	1,918	2,788	(31.23)
Salaries outside France (excluding branches)			
Expenses invoiced to the branches	(1,682)	(1,308)	28.59
Expenses invoiced to other entities outside France	(1,050)	(1,728)	(39.28)
Expenses invoiced to French entities	(3,826)	(5,755)	(33.52)
Salaries (branches)	18,908	17,960	5.28
<b>Sub total</b>	<b>87,894</b>	<b>80,992</b>	<b>8.52</b>
<b>Payroll taxes</b>			
Employee-welfare programmes	254	167	51.82
Works council	1,575	1,794	(12.22)
Restaurant	709	595	19.23
Other payroll taxes	32,656	29,809	9.55
Payroll taxes outside France (excluding branches)			
Payroll taxes (branches)	3,528	3,467	1.74
Expenses invoiced to French entities	(1,291)	(1,542)	(16.23)
<b>Sub total</b>	<b>37,430</b>	<b>34,291</b>	<b>9.15</b>
Provision for employee-related commitments (retirement indemnity, pensions, long-service awards, medical cover)	1,199	1,135	5.64
Sales costs invoiced to CS	(7,970)		
Internal expenses to be capitalised	(1,143)	(1,074)	6.38
<b>Total payroll costs</b>	<b>117,410</b>	<b>115,344</b>	<b>1.79</b>
<b>Taxes other than income tax</b>			
Business tax	4,168	2,535	64.41
Contribution for financial institutions			
Transport tax (gross)	1,683	1,520	10.71
Apprenticeship tax (gross)	532	421	26.33
Unrecovered and irrecoverable VAT	2,472	3,584	(31.02)
Wages tax (gross)	213	1,254	(82.99)
Transfer taxes	0	2	(80.64)
Land tax	464	473	(1.84)
Office tax	302	310	(2.58)
Solidarity tax	580	541	7.25
Contribution for disabled workers	270	170	58.26
Continuing education	354	321	10.15
Training leave	150	139	7.93
Other (including TVTS)	254	188	35.01
Annual minimum tax	110	33	235.88
Taxes payable outside France	13	4	225.34
Taxes other than income tax (branches)	1,520	1,815	(16.24)
<b>Total taxes other than income tax</b>	<b>13,085</b>	<b>13,309</b>	<b>(1.69)</b>

# Notes to the statutory financial statements

<b>Works, supplies, external services</b>	<b>31/12/2008</b>	<b>31/12/2007</b>	
<b>transport and travel</b>	<b>Total</b>	<b>Total</b>	<b>% change</b>
(in thousands of euros)			
Discounts and rebates obtained		(30)	(100.00)
Rent and service charges	17,605	16,067	9.57
Additional property expenses	1,180	1,376	(14.23)
Equipment, furniture and office systems rental	1,284	713	80.16
Computer equipment rental	4,432	3,218	37.70
Building maintenance and repairs	1,365	3,078	(55.66)
Vehicle maintenance	6		
Cleaning and flower arrangements in buildings	768	726	5.76
Other maintenance	3,417	3,148	8.55
Small appliances	209	335	(37.58)
Water, gas, electricity, heating	927	830	11.71
Insurance	302	240	25.87
Temporary staff	1,150	910	26.28
Seconded personnel	3,341	2,679	24.68
External works	6,031	7,840	(23.07)
Professional fees and royalties	21,302	19,858	7.27
Arbitration service - France	3,823	3,600	6.20
Works, supplies & external services invoiced outside France (excluding branches)	1,183	1,062	11.47
Works, supplies & external services foreign offices			
Works, supplies & external services (branches)	11,767	12,251	(3.95)
Personnel transport			
Travel expenses	2,621	2,432	7.80
Head office expenses invoiced	(11,656)	(11,026)	5.71
Globalliance service	54	1,787	(96.95)
Share of network costs	864	894	(3.45)
Expenses invoiced to third parties	(9,037)	(6,468)	39.72
Transport and travel expenses outside France			
Transport and travel expenses (branches)	827	959	(13.81)
<b>Total works, supplies, external services, transport and travel expenses</b>	<b>63,765</b>	<b>66,480</b>	<b>(4.08)</b>
Survey expenses	11,897	11,171	6.50
Marketing information	(25)	(39)	(35.58)
Options invoiced to Cogéri	(9,812)	(8,348)	17.54
Other expenses to be capitalised	(74)	(70)	6.34
<b>OVERALL TOTAL</b>	<b>65,751</b>	<b>69,195</b>	<b>(4.98)</b>
<b>Other administrative expenses</b>			
FIT supplies	40	11	251.71
Office supplies	441	442	(0.21)
Franking expenses	997	912	9.32
Telephone	712	617	15.33
Telex			
IT networks	2,005	1,746	14.88
Grants	317	285	11.04
Training	1,041	1,334	(21.96)
Entertaining	1,639	1,481	10.68
Advertising	1,427	1,982	(28.03)
Brochures	178	81	120.69
Job advertising	23	37	(35.98)
Documentation	382	346	10.33
Electronic data transmission subscriptions	365	431	(15.22)
Trade fairs	1,214	755	60.88
Business gifts	44	43	2.13
GIE expenses	618	644	(4.16)
Membership fees	399	386	3.29
Intern expenses	433	326	32.81
Meeting expenses	95	118	(19.15)

# Notes to the statutory financial statements

Other administrative costs outside France (excluding branches)			
Other administrative costs (branches)	8,582	11,315	(24.16)
<b>Total other administrative costs</b>	<b>20,951</b>	<b>23,291</b>	<b>(10.05)</b>
<b>Depreciation and amortisation</b>			
Equipment	138	143	(3.37)
Furniture	265	206	28.37
Fixtures and fittings	289	321	(10.01)
Vehicles	30	29	0.88
Equipment, furniture and fixtures and fittings outside France (excluding branches)		2	(100.00)
Equipment, furniture and fixtures and fittings (branches)	407	1,003	(59.44)
<b>Sub-total</b>	<b>1,129</b>	<b>1,705</b>	<b>(33.81)</b>
Software development costs (excluding branches)	4,836	4,813	0.48
Foreign software			
Software development costs (branches)	617	213	189.17
Capital increase costs			
Reversal of amortisation			
<b>Total depreciation and amortisation</b>	<b>6,581</b>	<b>6,731</b>	<b>(2.23)</b>
<b>Additions to provisions</b>			
Provision for liabilities and charges		984	(100.00)
Provision for repairs expenses		(1,726)	
Provision for non-current assets in progress	1,390		
<b>Reversal of provisions</b>			
Reversal of provision relating to brokers		(55)	
<b>TOTAL COMMISSIONS AND OTHER EXPENSES</b>	<b>319,496</b>	<b>312,722</b>	<b>2.17</b>

## ANALYSIS OF INVESTMENT INCOME AND EXPENSE

	Income and expense concerning investments in subsidiaries and associates	Other investment income and expense	Total 2008	Total 2007
(In thousands of euros)				
Income from investments in subsidiaries and associates (dividends)	5,182	33,398	38,581	38,200
Income from property investments		54	54	40
Income from other investments:				
- bonds, treasury bills and medium-term notes		8,106	8,106	6,594
- equities		1,879	1,879	2,015
- UCITS		1,387	1,387	-
- loans and deposits	1,126	4,238	5,363	8,203
- other financial income	22	205	227	126
Total des revenus des autres placements	1 148	15 814	16 963	16 939
<b>Total income from other investments</b>	<b>1,148</b>	<b>15,814</b>	<b>16,963</b>	<b>16,939</b>
<b>Total investment income</b>	<b>6,330</b>	<b>49,267</b>	<b>55,598</b>	<b>55,179</b>
Utilisation of provision for impairment	539	1,634	2,173	1,243
Gains on sales of investments		31,161	31,161	56,486
Merger gain				393
<b>Total realised gains on investments</b>	<b>539</b>	<b>32,795</b>	<b>33,334</b>	<b>58,121</b>
<b>Total income</b>	<b>6,870</b>	<b>82,062</b>	<b>88,932</b>	<b>113,300</b>
Property investment expenses		5	5	3
Financial expenses:				
- commissions, professional fees, interest and bank charges	1,129	2,042	3,171	4,144
- on securities		1,179	1,179	1,423
- unrealised losses on derivatives		193	193	
<b>Total financial expenses</b>	<b>1,129</b>	<b>3,420</b>	<b>4,548</b>	<b>5,570</b>
<b>Provision for impairment in value of investments</b>	<b>18</b>	<b>1,036</b>	<b>1,055</b>	<b>1,922</b>
Losses on sales of investments	549	24,098	24,646	15,054
Merger deficit				2,811
<b>Total realised losses on investments</b>	<b>549</b>	<b>24,098</b>	<b>24,646</b>	<b>17,864</b>
<b>Portfolio management expenses</b>		<b>1,629</b>	<b>1,629</b>	<b>1,564</b>
<b>Total expenses</b>	<b>1,696</b>	<b>30,183</b>	<b>31,879</b>	<b>26 920</b>
<b>NET INVESTMENT INCOME</b>	<b>5,174</b>	<b>51,879</b>	<b>57,053</b>	<b>86,380</b>

# Notes to the statutory financial statements

## I ) ANALYSIS OF 2008 TAX CHARGE

in thousands of euros

<b>1. Current taxes</b>	<b>20,340</b>
o/w branches:	(702)
<b>2. Long-term taxes</b>	<b>-</b>
<b>3. Tax on non-operating items</b>	<b>691</b>
<b>TOTAL</b>	<b>21,031</b>

## II ) DEFERRED TAXES(\*)

Short-term rate (\*) : 34,43%

Long-term rate (\*) : 1,72%

	Deferred tax assets	Deferred tax liabilities	Net
<b>1. Temporary differences</b>	<b>22,440</b>	<b>5,503</b>	<b>16,937</b>
Retirement commitments	8,756		
Holiday pay and company "Time Savings" plan	5,188		
Employee profit-sharing	1,660		
Solidarity tax contribution	196		
Non-deductible provisions	6,640		
Unistrat technical provisions	6,640		
For charges and repairs	-		
Provisions for foreign exchange losses	-		
Translation adjustments – CLD		-	
Unrealised losses on taxed mutual funds		5,503	
Unrealised gains on forward financial instruments			
<b>2. Tax losses carried forward</b>			<b>-</b>
<b>3. Long-term capital losses</b>	<b>-</b>		<b>-</b>
<b>Total</b>	<b>22,440</b>	<b>5,503</b>	<b>16,937</b>

\* excluding branches

# Notes to the statutory financial statements

## ALLOCATION OF MERGER DEFICITS AT 31 DECEMBER 2008 (CRC REGULATION 2004-01)

(in thousands of euros)

Asset	Carrying amount (gross)	Impairment	Net carrying amount	Actual value	Unrealised gains	Allocation of merger deficit in proportion to and capped at the level of unrealised gains
Assets recognised in the financial statements of:						
Cofacering.ch	66	-	66	3,178	3,112	303
Coface Services Espana	3	-	3	19,301	19,298	1,879
Coface Services South Asia Pacific	7,574	-	7,574	8,335	762	74
<b>TOTAL</b>	<b>7,643</b>	<b>-</b>	<b>7,643</b>	<b>30,814</b>	<b>23,171</b>	<b>2,257</b>

## IV - OTHER INFORMATION

### Information on employees and management

Average workforce during the year

Professional category	31/12/2008	31/12/2007
Non-management	426	477
Management	1,420	1,233
<b>TOTAL</b>	<b>1,846</b>	<b>1,710</b>

	Total remuneration for the period	Commitments for retirement benefits	Loans and advances granted during the period
To members of supervisory bodies	95		
To members of management bodies	4,415	498	

### Information on the financial statements

A French language version of the complete financial statements of Coface SA may be obtained from the Company.

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE A - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net	Recoverable value	Redemption value				
		Cost	Impairment							
<b>TOTAL TABLE A ARS</b>	ARS / EUR: 4.86314	21,781,667.50	0.00	21,781,667.50	21,775,298.00	21,781,667.50				
<b>TOTAL TABLE A CAD</b>	CAD / EUR: 1.6998	33,879,403.56	0.00	33,879,403.56	33,931,539.85	33,564,000.00				
<b>TOTAL TABLE A CHF</b>	CHF / EUR: 1.4885	34,190,074.68	0.00	34,190,074.68	34,039,844.78	33,527,105.00				
<b>TOTAL TABLE A EUR</b>	EUR / EUR: 1	181,837,939.72	-1,171,579.96	180,666,359.76	181,735,512.02	177,337,054.61				
<b>TOTAL TABLE A JPY</b>	JPY / EUR: 126.14	1,451,730,746.00	0.00	1,451,730,746.00	1,455,482,632.00	1,450,200,000.00				
<b>TOTAL TABLE A EUR EQUIVALENT</b>		<b>240,789,518.00</b>	<b>-1,171,580.00</b>	<b>239,617,938.00</b>	<b>240,645,029.00</b>	<b>235,635,763.00</b>				
<b>Number and description of investments</b>	<b>Currency Allo- cation</b>	<b>Loca- tion</b>	<b>Carrying amount</b>	<b>Net</b>	<b>Recoverable value</b>	<b>redemption value</b>				
			<b>Cost</b>	<b>impairment</b>						
<b>Total EUR</b>			<b>240,789,517.67</b>	<b>-1,171,579.96</b>	<b>239,617,937.71</b>	<b>240,645,028.58</b>				
<b>23 - INVESTMENTS</b>			<b>240,789,517.67</b>	<b>-1,171,579.96</b>	<b>239,617,937.71</b>	<b>235,635,762.56</b>				
231 - BONDS AND OTHER FIXED-INCOME SECURITIES			240,789,517.67	-1,171,579.96	239,617,937.71	240,645,028.58				
2310 - LISTED BONDS			119,257,005.32	-1,171,579.96	118,085,425.36	119,073,349.71				
900	BE0003000096	BELGIUM 5.50% 05.06.02/28.09.17	EUR	F	BEL	994,230.00	6,739.39	1,000,969.39	1,018,440.00	900,000.00
2,100	BE0003061650	BELGIUM 3.75 % 14.03.05/28.09.15	EUR	F	BEL	2,202,730.00	-31,768.77	2,170,961.23	2,126,250.00	2,100,000.00
950,000	FR0000187361	K5 5 % 02.02.01/25.10.16	EUR	F	FRA	1,030,560.00	-28,103.21	1,002,456.79	1,072,550.00	950,000.00
1,200,000	FR0000187874	GOVERNMENT BONDS 5 % 11.09.01/25.10.11	EUR	F	FRA	1,315,320.00	-72,452.91	1,242,867.09	1,290,000.00	1,200,000.00
1,650,000	FR0000570673	GOVERNMENT BONDS TEC 10 25.01.99/25.01.09	EUR	F	FRA	1,661,955.00	-11,655.63	1,650,299.37	1,644,637.50	1,650,000.00
1,460,000	FR0000571218	GOVERNMENT BONDS 5.5 % 12.03.98/25.04.29	EUR	F	FRA	1,618,660.00	-19,154.80	1,599,505.20	1,793,610.00	1,460,000.00
1,460,000	FR0010061242	GOVERNMENT BONDS 4% 06.04.04/25.04.14	EUR	F	FRA	1,440,728.00	7,853.24	1,448,581.24	1,543,512.00	1,460,000.00
980	GR0124021552	GREECE 4.60% 17.01.03/20.05.13	EUR	F	GRC	1,008,518.00	17,426.44	1,025,944.44	971,866.00	980,000.00
1,000	GR0124024580	GREECE 4.50 % 13.01.04/20.05.14	EUR	F	GRC	1,013,600.00	28,088.02	1,041,688.02	979,550.00	1,000,000.00
4,900	GR0124028601	GREECE 3.70 % 22.02.05/20.07.15	EUR	F	GRC	5,026,665.00	-38,580.96	4,988,084.04	4,590,565.00	4,900,000.00
3,080	GR0133002155	GREECE 5.90 % 24.04.02/22.10.22	EUR	F	GRC	3,803,864.50	-115,776.91	3,688,087.59	3,200,120.00	3,080,000.00
355	GR0338001531	GREECE 2.90 % 27.03.03/25.07.25	EUR	F	GRC	363,461.86	-1,583.12	361,878.74	310,554.00	355,000.00
<b>TOTAL EUR</b>			<b>21,480,292.36</b>	<b>-258,969.22</b>	<b>21,221,323.14</b>	<b>20,541,654.50</b>	<b>20,035,000.00</b>			
1,000,000	BE000305145	BELGIUM 3 % 18.01.2005 au 28.03.2010	EUR	F	BEL	975,000.00	7,731.53	982,731.53	1,009,700.00	1,000,000.00
5,000	DE0001135150	GERMANY 5.25 % 12.05.00/04.07.10	EUR	F	DEU	5,191,900.00	-103,940.91	5,087,959.09	5,248,500.00	5,000,000.00
3,000	DE0002574332	EUROHYPO 4.25 % 15.05.99/06.07.09	EUR	F	DEU	3,054,150.00	-45,367.30	3,008,782.70	2,970,000.00	3,000,000.00
2,000	DE0003211520	HVB REAL 4 % 20.04.99/20.04.09	EUR	F	DEU	2,021,540.00	-19,490.69	2,002,049.31	1,981,000.00	2,000,000.00
2,000,000	DE000LBW7XJ4	LBDK BADEN 4 % du 03.04.2007 AU 03.04.2009	EUR	F	DEU	1,988,000.00	7,839.30	1,995,839.30	2,006,400.00	2,000,000.00
5,000	ES0414970170	CAJA AHOR. BARC. 3.50 % 05.03.03/4.03.10	EUR	F	ESP	4,915,250.00	50,454.66	4,965,704.66	4,986,750.00	5,000,000.00
1,000,000	FR0000186561	CRH 5.75 % du 20.01.2000 au 25.04.2010	EUR	F	FRA	1,013,500.00	-4,670.34	1,008,829.66	1,031,252.80	1,000,000.00
6,000	FR0000188864	CRH 4 % 6.12.02/25.10.09	EUR	F	FRA	5,974,800.00	12,590.69	5,987,390.69	6,036,300.00	6,000,000.00
1,000	FR0010000604	CIF EUROMORT: 3.625 % du 16.07.2003 au 16.07.2011	EUR	F	FRA	988,050.00	7,631.50	975,681.50	1,004,250.00	1,000,000.00
1,600	FR0010093377	CADES 3.75 % 23.06.04/12.07.09	EUR	F	FRA	1,608,080.00	-6,895.30	1,601,184.70	1,609,760.00	1,600,000.00
1,400	FR0010114322	DEXIA MPAL 3.50 % du 21.09.2004 au 21.09.2009	EUR	F	FRA	1,376,340.00	5,210.03	1,381,550.03	1,401,540.00	1,400,000.00
4,000	FR0010295949	CADES 3.125 % 20.02.06/23.02.09	EUR	F	FRA	3,929,560.00	64,797.13	3,994,357.13	4,003,400.00	4,000,000.00
2,500,000	DEXIAPLAC	DEXIA 4.25 % 22.11.07/22.11.2010	EUR	F	FRA	2,465,000.00	7,460.64	2,472,460.64	2,540,500.00	2,500,000.00
4,000,000	FR0010585901	OAT 2.10 % 13.02.08 au 25.07.2023	EUR	F	FRA	3,976,002.06	-82,505.54	3,893,496.52	4,108,000.00	4,000,000.00
5,000	PTOTEHOE0008	PORTUGAL 5.85 % 21.01.00/20.05.10	EUR	F	PRT	5,270,500.00	-152,220.51	5,118,279.49	5,225,450.00	5,000,000.00
1,600,000	IT0004332521	BTPS 3.75 % 01.02.2008/01.02.2011	EUR	F	ITA	1,584,160.00	2,961.01	1,587,121.01	1,622,880.00	1,600,000.00
2,600,000	PORTU COFOB	PORTUGAL 5.85 % 20.01.2000/20.05.2010	EUR	F	PRT	2,793,719.19	-129,325.33	2,664,393.86	2,717,234.00	2,600,000.00
600,000	AT0000385356	AUSTRIA 5 % 15.01.2002/15.07.2012	EUR	F	AUT	621,480.00	-3,090.39	618,389.61	640,470.00	600,000.00
1,000,000	BE0000310194	BELGIUM 4% 02.05.2007/28.03.2013	EUR	F	BEL	1,020,515.85	-22,266.62	998,249.23	1,026,000.00	1,000,000.00
1,500,000	DE0001135200	GERMANY 5 % 04.07.2002 au 04.07.2012	EUR	F	DEU	1,527,675.00	-3,185.51	1,524,489.49	1,635,375.00	1,500,000.00
1,800,000	DE0001135218	GERMANY 4.50 % 04.01.2003/04.01.2013	EUR	F	DEU	1,804,932.13	1,327.99	1,804,260.12	1,946,160.00	1,800,000.00

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE A - ENTITY: COFACE - CURRENCY: EUR

1,000,000	DE000A0E83S0	KFW 4,375 % 04.07.2007/30.06.2009	EUR	F	DEU	1,022,438.07	-21,076.13	1,001,361.94	1,008,600.00	1,000,000.00
700,000	DE000LBW28C1	LDBK BAD.WUR 4,50 % 02.08.2007/04.12.2009	EUR	F	DEU	703,425.07	-2,050.37	701,374.70	711,200.00	700,000.00
1,000,000	ES0000012866	SPAIN 4,20 % 15.04.2003 au 30.07.2013	EUR	F	ESP	1,012,220.00	-4,616.18	1,007,603.82	1,042,150.00	1,000,000.00
500,000	FI0001005167	FINLAND 5,75 % 23.02.00 au 23.02.2011	EUR	F	FIN	523,675.00	-7,298.67	516,376.33	535,200.00	500,000.00
500,000	FI0001006066	FINLAND 3,875 % 30.05.2006/15.09.2017	EUR	F	FIN	492,077.91	-3,349.34	488,728.57	514,900.00	500,000.00
1,000,000	CRH.COF0B	CRH 4 % 06.12.2002/25.10.2009	EUR	F	FRA	997,990.87	-926.75	997,064.12	1,006,050.00	1,000,000.00
3,000,000	FR0000186603	OAT 5,50 % du 03.02.2000 au 25.04.2010	EUR	F	FRA	3,070,200.00	-22,106.02	3,048,093.98	3,131,400.00	3,000,000.00
2,000,000	FR0010011130	OAT 4 % 13.08.2003/25.10.2013	EUR	F	FRA	2,017,800.00	-2,455.43	2,015,344.57	2,112,500.00	2,000,000.00
500,000	FR0010112052	OAT 4 % 27.08.2004/25.10.2014	EUR	F	FRA	488,029.56	45.45	488,075.01	528,500.00	500,000.00
500,000	FR0010474189	CIE FINAN.FONC 4,25% 22.05.07/22.05.2009	EUR	F	FRA	511,182.84	-11,397.17	499,785.67	501,700.00	500,000.00
700,000	FR0010500298	CM CIC COVERED 4,75%27.07.2007/17.07.2012	EUR	F	FRA	718,927.43	-13,335.82	705,591.61	714,420.00	700,000.00
500,000	FR0010526396	CRH 4,375 % 11.10.07/11.10.2010	EUR	F	FRA	503,827.23	-3,689.39	500,137.84	508,100.00	500,000.00
600,000	FR0010532895	BNP 4,50 % 16.10.2007/16.10.2009	EUR	F	FRA	604,948.52	-4,490.35	600,458.17	605,790.00	600,000.00
500,000	FR0010547349	DEXIA 4,25% 22.11.07/22.11.2010	EUR	F	FRA	499,899.78	-414.38	499,485.40	508,100.00	500,000.00
1,500,000	GR0114021463	GREECE 4 % 26.03.08 au 20.08.2013	EUR	F	GRC	1,475,720.00	-81,657.21	1,394,062.79	1,442,700.00	1,500,000.00
2,500,000	GR0124006405	GREECE 6,30 % 20.01.1999/29.01.2009	EUR	F	GRC	2,694,768.75	-190,654.06	2,504,114.69	2,505,650.00	2,500,000.00
2,000,000	GR0124015497	GREECE 5,35 % 30.01.2001/18.05.2011	EUR	F	GRC	2,137,362.30	-80,753.40	2,056,608.90	2,049,900.00	2,000,000.00
1,700,000	IT0004254352	BTPS - ITALY 4,50 % 01.08.2007/01.08.2010	EUR	F	ITA	1,730,596.09	-19,055.83	1,711,540.26	1,742,160.00	1,700,000.00
500,000	IT0004284334	BTPS - ITALY 4,25 % 15.10.2007/15.10.2012	EUR	F	ITA	506,711.06	-3,697.85	503,013.21	511,275.00	500,000.00
3,500,000	IT0004365554	BTPS 4,25 % du 16.05.2008 au 15.04.2013	EUR	F	ITA	3,458,632.74	-2,990.26	3,455,642.48	3,582,425.00	3,500,000.00
1,000,000	NL0000102671	NETHERLANDS 5 % 15.02.2002/15.07.2012	EUR	F	NLD	1,063,035.52	-28,440.41	1,034,595.11	1,085,000.00	1,000,000.00
700,000	PTB031E0002	BOP 4,75 % 29.10.2007/29.10.2014	EUR	F	PRT	711,831.34	-4,979.48	706,851.86	716,870.00	700,000.00
800,000	PT01E10E0019	PORTUGAL 4,375 % 29.10.2003/16.06.2014	EUR	F	PRT	835,648.09	-25,993.03	809,655.06	832,328.00	800,000.00
400,000	XS0340217248	DEUTISCHE POSTBANK 4,25 % 16.01.2008/16.01.2013	EUR	F	LUX	398,360.00	562.41	398,922.41	412,960.00	400,000.00
<b>TOTAL EUR</b>						<b>82,257,462.40</b>	<b>-939,773.63</b>	<b>81,317,688.77</b>	<b>83,060,799.80</b>	<b>81,200,000.00</b>
185,000	FR0000186413	GOVERNMENT BONDS 3,40% 01.10.99/25.07.29	EUR	F	FRA	222,589.30	15,121.68	237,710.98	222,832.50	185,000.00
1,245,000	FR0000188013	GOVERNMENT BONDS 3% 31.10.01/25.07.12	EUR	F	FRA	1,509,877.60	3,232.77	1,513,110.37	1,287,828.00	1,245,000.00
<b>TOTAL EUR</b>						<b>1,732,466.90</b>	<b>18,354.45</b>	<b>1,750,821.35</b>	<b>1,510,660.50</b>	<b>1,430,000.00</b>
100	FR0000476533	COMPAGNIE DE FINANC.FONC.TX VAR. 08.07.03/08.07.15	EUR	F	LUX	1,000,000.00	0.00	1,000,000.00	837,300.00	1,000,000.00
100	XS0185626347	BNP PARIBAS 0% 13.02.04/13.02.14	EUR	F	LUX	1,000,000.00	0.00	1,000,000.00	956,400.00	1,000,000.00
1,000,000	FR0010451393	BNP PARIB. TV 22.03.2007/22.03.2010	EUR	F	FRA	1,018,376.72	0.00	1,018,376.72	1,007,950.00	1,000,000.00
<b>TOTAL EUR</b>						<b>3,018,376.72</b>	<b>0.00</b>	<b>3,018,376.72</b>	<b>2,801,650.00</b>	<b>3,000,000.00</b>
4,000,000	FR0010235176	OAT 1 % du 05.09.05/25.07.17	EUR	F	FRA	3,826,111.66	8,808.44	3,834,920.10	4,064,923.06	4,000,000.00
5,000,000	OAT3.40%PLAC	GOVERNMENT BONDS 3,40 % 01.10.99/25.07.29	EUR	F	FRA	6,942,295.28	0.00	6,942,295.28	7,093,661.85	5,000,000.00
<b>TOTAL EUR</b>						<b>10,778,406.94</b>	<b>8,808.44</b>	<b>10,777,215.38</b>	<b>11,158,584.91</b>	<b>9,000,000.00</b>
2311-LISTED BONDS BRANCHES						47,155,585.99	0.00	47,155,585.99	47,086,580.78	46,415,964.95
7,000	CA13509PAK99	CANDA HOUSING TRUST 3,55 % 15.09.08 au 15.03.09	CAD	F	CAN	7,031,570.00	0.00	7,031,570.00	7,038,766.00	7,000,000.00
3,462	CA13509PAN3	CANADA HOUSING 3,75 % du 03.12.08 au 15.03.10	CAD	F	CAN	3,544,395.60	0.00	3,544,395.60	3,571,863.07	3,462,000.00
5,000	CA803854HC54	SASKATCHEWAN 6,50 % du 03.12.08 au 112.11.09	CAD	F	CAN	5,216,500.00	0.00	5,216,500.00	5,228,275.00	5,000,000.00
5,517	CA110709FF43	BRITISH COLUMBIA 5,70 % du 01.02.2002 au 01.06.2009	CAD	F	CAN	5,664,248.73	0.00	5,664,248.73	5,621,916.78	5,517,000.00
<b>TOTAL CAD</b>						<b>21,456,714.33</b>	<b>0.00</b>	<b>21,456,714.33</b>	<b>21,460,820.85</b>	<b>20,979,000.00</b>
<b>TOTAL CAD EUR equivalent</b>						<b>12,623,081.73</b>	<b>0.00</b>	<b>12,623,081.73</b>	<b>12,625,497.62</b>	<b>12,342,040.23</b>
2,586.15	AT0000384821	REP.AUSTRIA 4 % du 23.02.99 AU 15.07.099	CHF	F	CHE	2,619,270.00	0.00	2,619,270.00	2,642,244.99	2,586,150.00
2,216.70	BE0000292012	BELGIUM 3,75 % du 01.02.99 au 28.03.09	CHF	F	CHE	2,231,503.00	0.00	2,231,503.00	2,284,561.99	2,216,700.00
3,900	CH0018169174	BANQUE LETTRES GAGE 1,625 % du 14.05.04 au 14.04.09	CHF	F	CHE	3,939,081.00	0.00	3,939,081.00	3,955,963.98	3,900,000.00
2,216.70	DE0001137198	GERMANY 4 % du 11.09.07 au 11.09.09	CHF	F	CHE	2,250,632.00	0.00	2,250,632.00	2,281,783.00	2,216,700.00
1,847.25	FR0106841887	BTAN REP.FRAN 3,5% 12.07.09	CHF	F	CHE	1,859,621.00	0.00	1,859,621.00	1,895,044.00	1,847,250.00
2,586.15	NL0000102416	NETHERLANDS 3,75 % du 19.01.99 au 15.07.09	CHF	F	CHE	2,608,273.00	0.00	2,608,273.00	2,590,324.97	2,586,150.00
1,477.80	XS0201606919	LANDWIRT. 3,375 % du 00.09.04 au 22.09.09	CHF	F	CHE	1,483,288.00	0.00	1,483,288.00	1,494,543.99	1,477,800.00
2,216.70	DE0001141455	GERMANY 3,50% du 27.08.04 au 09.10.2009	CHF	F	CHE	2,241,146.00	0.00	2,241,146.00	2,270,034.91	2,216,700.00

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE A - ENTITY: COFACE - CURRENCY: EUR

2,216.70	FR0000186199	OAT 4 % dt 15.05.99 au 25.10.99	CHF	F	CHE	F	2,248,137.99	0.00	2,248,137.99	2,259,792.98	2,216,700.00
400	CH0009046316	VILLE DE NEUCHÂTEL 3.75% 30.09.99/30.09.09	CHF	F	CHE	F	392,600.00	0.00	392,600.00	412,350.00	400,000.00
300	CH0009757417	VILLE DE ZÜRICH 3% 14.05.99/05.01.09	CHF	F	CHE	F	306,290.65	0.00	306,290.65	308,875.00	300,000.00
220.905	XS0094001921	ING BANQUE 4.25% 29.01.99/29.01.09	CHF	F	CHE	F	209,154.25	0.00	209,154.25	230,597.00	220,905.00
400	CH0001480083	CONFEDERATION SUISSE 4.25 % 06.01.94/01.01.14	CHF	F	CHE	F	456,467.05	0.00	456,467.05	467,317.00	400,000.00
1,000	CH0008399609	LETTRE GAGE BOUES CANT SUISSES 3.5% 10.12.98/10.02	CHF	F	CHE	F	1,025,500.00	0.00	1,025,500.00	1,037,411.00	1,000,000.00
1,000	CH0008435551	CONFEDERATION SUISSE 3.25 % 1998 / 11.02.2009	CHF	F	CHE	F	1,025,000.00	0.00	1,025,000.00	1,035,299.00	1,000,000.00
500	CH0009886646	BANQUE DES LETTRES DE GAGE 31.05.99/25.01.11	CHF	F	CHE	F	512,351.55	0.00	512,351.55	535,703.00	500,000.00
1,000	CH0010356878	BANQUE CANTONALE VAUDOISE 4.25 % 2000/10.02.2010	CHF	F	CHE	F	1,053,500.00	0.00	1,053,500.00	1,061,278.00	1,000,000.00
500	CH0010368329	CREDIT SUISSE 4.625 % 2000/10.02.2010	CHF	F	CHE	F	533,500.00	0.00	533,500.00	534,556.00	500,000.00
500	CH0012025646	CREDIT SUISSE 4.38 % 28.03.01/28.03.11	CHF	F	CHE	F	547,113.70	0.00	547,113.70	529,528.00	500,000.00
250	CH0012031123	BCV 4.50 % 22.03.01/22.03.11	CHF	F	CHE	F	274,279.55	0.00	274,279.55	269,188.00	250,000.00
300	CH0012616782	ZÜRICH VERSICHERUNGS 3.88 % 27.07.01/27.07.11	CHF	F	CHE	F	320,250.95	0.00	320,250.95	317,541.00	300,000.00
500	CH0014205071	BANQUE CANTONALE DE BALE 3.5% 14.06.02/14.06.10	CHF	F	CHE	F	517,923.50	0.00	517,923.50	526,778.00	500,000.00
300	CH0014259375	BOUE LETTRES GAGE ZÜRICH 3.5% 17.06.02/17.06.11	CHF	F	CHE	F	298,950.00	0.00	298,950.00	320,029.00	300,000.00
1,000	CH0019574620	SKYGUIDE SA MEYRIN 2.625% 19.10.04/19.10.11	CHF	F	CHE	F	1,012,500.00	0.00	1,012,500.00	991,177.00	1,000,000.00
790	DE0002760840	KREDITANSTALT FUER WIEDER.5 % 04.07.01/04.07.11	CHF	F	CHE	F	847,383.33	0.00	847,383.33	787,045.99	790,000.00
655	US225434AF69	NOTES CREDIT SUISSE 5.25 % dt 21.03.06/02.03.11	CHF	F	CHE	F	654,807.60	0.00	654,807.60	551,979.00	655,000.00
393	US298785DJ23	BANQUE EUROPEENNE INVEST 4 % 21.03.06/03.03.10	CHF	F	CHE	F	380,851.19	0.00	380,851.19	331,888.00	393,000.00
599.60	XS0099122821	ROCHE HOLDINGS INC 6.75% 18.10.04/06.07.09	CHF	F	CHE	F	679,118.40	0.00	679,118.40	555,659.00	599,600.00
220.95	XS0148941288	BANK FÜR ARBEIT UND WIRTSCHAFT 05.06.02/05.06.09	CHF	F	CHE	F	220,176.70	0.00	220,176.70	229,569.99	220,950.00
632	XS0161035943	GENERAL ELECTRIC 4.375 % 20.01.03/20.01.10	CHF	F	CHE	F	651,062.47	0.00	651,062.47	617,309.00	632,000.00
327.50	XS0181577213	EURO MEDIUM-TERM 3.5 % 05.01.03/05.01.09	CHF	F	CHE	F	317,422.24	0.00	317,422.24	275,164.00	327,500.00
474	XS0204870546	EURO MEDIUM BK AYSTRAKUA 3.375 % 12.11.04/12.11.09	CHF	F	CHE	F	472,919.56	0.00	472,919.56	439,308.00	474,000.00
<b>TOTAL CHF</b>							<b>34,190,074.68</b>	<b>0.00</b>	<b>34,190,074.68</b>	<b>34,039,844.78</b>	<b>33,527,105.00</b>
<b>TOTAL CHF EUR equivalent</b>							<b>23,023,619.31</b>	<b>0.00</b>	<b>23,023,619.31</b>	<b>22,922,454.40</b>	<b>22,577,175.07</b>
1	OB.JAP7	JBP BOND 0.80 % 12.2009	JPY	F	JPN	F	500,980,000.00	0.00	500,980,000.00	502,240,000.00	500,000,000.00
1	OB.JAP	JAPAN GOVERNMENT BOND 1.90% 24.02.99/20.03.09	JPY	F	JPN	F	199,945,746.00	0.00	199,945,746.00	200,832,632.00	200,200,000.00
1	OB.JAP5	JBP BOND 0.8 % 15.04.2007 au 15.04.2009	JPY	F	JPN	F	249,925,000.00	0.00	249,925,000.00	250,335,000.00	250,000,000.00
1	OB.JAP6	JBP BOND 1 % 15.08.2007 AU 15.08.2009	JPY	F	JPN	F	500,880,000.00	0.00	500,880,000.00	502,075,000.00	500,000,000.00
<b>TOTAL JPY</b>							<b>1,451,730,746.00</b>	<b>0.00</b>	<b>1,451,730,746.00</b>	<b>1,455,482,632.00</b>	<b>1,450,200,000.00</b>
<b>TOTAL JPY EUR equivalent</b>							<b>11,508,884.95</b>	<b>0.00</b>	<b>11,508,884.95</b>	<b>11,538,628.76</b>	<b>11,496,749.65</b>
2316 - NEGOTIABLE DEBT SECURITIES AND TREASURY BILLS							74,376,926.36	0.00	74,485,098.09	74,554,797.61	
1,010,000	BBVA64	TREASURY BILLS 3.98 % dt 25.11.08 au 23.02.09	EUR	F	ESP	F	1,000,184.49	0.00	1,009,976.80	1,010,000.00	
2,519,000	CAXA115	CAIXA TREASURY BILLS 4.68% dt 06.11.08 au 03.02.09	EUR	F	ESP	F	2,500,452.12	0.00	2,518,920.74	2,519,000.00	
2,024,000	CAXA116	CAIXA TREASURY BILLS 4.67% dt 0.11.08 au 05.02.09	EUR	F	ESP	F	2,000,958.82	0.00	2,023,934.10	2,024,000.00	
4,046,000	CAXA117	CAIXA TREASURY BILLS 4.68% dt 06.11.08 au 03.02.09	EUR	F	ESP	F	4,000,349.99	0.00	4,045,872.70	4,046,000.00	
1,009,000	CAXA118	TREASURY BILLS 3.70 % dt 05.12.08 au 03.03.09	EUR	F	ESP	F	1,000,078.74	0.00	1,008,983.38	1,009,000.00	
<b>TOTAL EUR</b>							<b>10,502,024.16</b>	<b>0.00</b>	<b>10,607,687.72</b>	<b>10,608,000.00</b>	
7,438,000	CA6832Z5MK3	BILLET DE TRESORERIE dt 14..11.08 au 23.10.09	CAD	F	CAN	F	7,295,711.06	0.00	7,328,059.00	7,438,000.00	
<b>TOTAL CAD</b>							<b>7,295,711.06</b>	<b>0.00</b>	<b>7,328,059.00</b>	<b>7,438,000.00</b>	
<b>TOTAL CAD EUR equivalent</b>							<b>4,292,099.69</b>	<b>0.00</b>	<b>4,311,130.13</b>	<b>4,375,808.92</b>	
1,225,947.12	FR0107674006	BILLET TRESO.AN.2.50 % dt 27.06.05 au 12.07.10	EUR	F	FRA	F	1,225,947.12	0.00	1,223,079.26	1,225,947.12	
1,175,107.49	FR0107674007	BILLET TRESO.AN.2.50 % dt 27.06.05 au 12.07.10	EUR	F	FRA	F	1,175,107.49	0.00	1,172,358.56	1,175,107.49	
600,000	FR0109970386	BILLET TRESO.AN. 3.75 % DU 21.05.07/12.01.12	EUR	F	FRA	F	615,371.50	0.00	595,353.90	600,000.00	
500,000	FR0113087466	BILLET TRESO.AN. 3.75 % dt 13.08.08 au 12.01.09	EUR	F	FRA	F	502,593.11	0.00	499,990.89	500,000.00	
400,000	FR0114683776	BTF dt 08.10.08 au 26.02.09	EUR	F	FRA	F	396,891.02	0.00	401,134.57	400,000.00	
<b>TOTAL EUR</b>							<b>3,915,910.24</b>	<b>0.00</b>	<b>3,891,917.18</b>	<b>3,901,054.61</b>	
1,014,000	ARGENTINA14	CD ARGENTINA14 - 1.5% dt 18.11.08 au 19.12.08	ARS	F	ARG	F	1,014,000.00	0.00	1,014,000.00	1,014,000.00	
1,014,000	ARGENTINA15	CD ARGENTINA15 - 1.5% dt 27.11.08 au 05.06.09	ARS	F	ARG	F	1,014,000.00	0.00	1,013,992.00	1,014,000.00	

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## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE A - ENTITY: COFACE - CURRENCY: EUR

4,500,000	ARGENTINA17	CD ARGENTINA17 - 20% du 18.11.08 au 19.12.08	ARS	F	ARG	4,500,000.00	0.00	4,500,000.00	4,500,000.00	4,500,000.00
1,216,767	ARGENTINA18	CD ARGENTINA18 - 20% du 20.11.08 AU 05.06.09	ARS	F	ARG	1,216,767.00	0.00	1,216,767.00	1,214,615.00	1,216,767.00
8,456,243	ARGENTINA19	CD ARGENTINA19 1.25 % du 03.12.08 au 05.01.09	ARS	F	ARG	8,456,243.00	0.00	8,456,243.00	8,456,243.00	8,456,243.00
4,080,657.50	ARGENTINA20	CD ARGENTINA20 17.5 % du 11.12.08 au 12.06.09	ARS	F	ARG	4,080,657.50	0.00	4,080,657.50	4,077,821.00	4,080,657.50
1,500,000	ARGENTINA21	CD ARGENTINA20 18 % du 05.12.08 au 05.06.09	ARS	F	ARG	1,500,000.00	0.00	1,500,000.00	1,498,627.00	1,500,000.00
<b>TOTAL ARS</b>						<b>21,781,667.50</b>	<b>0.00</b>	<b>21,775,298.00</b>	<b>21,775,298.00</b>	<b>21,781,667.50</b>
<b>TOTAL ARS EUR equivalent</b>						<b>4,487,667.91</b>	<b>0.00</b>	<b>4,487,667.91</b>	<b>4,486,355.60</b>	<b>4,478,930.79</b>
5,147,000	CA7800Z3AM3	CERTIFICAT DE DEPOT du 19.11.08 au 20.01.09	CAD	F	CAN	5,126,978.17	0.00	5,126,978.17	5,142,660.00	5,147,000.00
<b>TOTAL CAD</b>						<b>5,126,978.17</b>	<b>0.00</b>	<b>5,126,978.17</b>	<b>5,142,660.00</b>	<b>5,147,000.00</b>
<b>TOTAL CAD EUR equivalent</b>						<b>3,016,224.36</b>	<b>0.00</b>	<b>3,025,450.05</b>	<b>3,028,003.29</b>	<b>3,028,003.29</b>
3,163,000	CDPOSSOFRAS	CDPOS CIC - SOFRASCAU du 05.12.2008 au 05.01.2009	EUR	F	FRA	3,163,000.00	0.00	3,163,000.00	3,162,997.30	3,163,000.00
15,000,000	FR0115695639	CDN 5.099707 % du 30.09.08 au 02.01.09	EUR	F	FRA	15,000,000.00	0.00	15,000,000.00	14,999,944.63	15,000,000.00
15,000,000	FR0115696652	CDN 5.322881 % du 30.09.08 au 02.01.09	EUR	F	FRA	15,000,000.00	0.00	15,000,000.00	14,999,939.67	15,000,000.00
15,000,000	XS0393655377	CDN 5.099707 % du 09.10.08 au 13.01.09	EUR	F	FRA	15,000,000.00	0.00	15,000,000.00	14,999,675.81	15,000,000.00
<b>TOTAL EUR</b>						<b>48,163,000.00</b>	<b>0.00</b>	<b>48,163,000.00</b>	<b>48,162,557.41</b>	<b>48,163,000.00</b>

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Change	Carrying amount			Recoverable value
		Cost	Impairment	Net	
<b>TOTAL TABLE B CHF</b>	1,485	6,743,360.00	0.00	6,743,360.00	5,512,650.00
<b>TOTAL TABLE B CLP</b>	898,59375	3,456,403,738.00	0.00	3,456,403,738.00	5,569,565,867.81
<b>TOTAL TABLE B EUR</b>	1	672,383,653.20	-9,981,637.68	662,402,015.52	1,389,328,736.00
<b>TOTAL TABLE B GBP</b>	0,9525	21,670,027.57	0.00	21,670,027.57	21,569,100.71
<b>TOTAL TABLE B PLN</b>	4,1535	853,348.83	0.00	853,348.83	853,348.83
<b>TOTAL TABLE B TND</b>	1,85425	100.00	0.00	100.00	100.00
<b>TOTAL TABLE B USD</b>	1,3917	30,254,629.10	0.00	30,254,629.10	22,928,095.00
<b>TOTAL TABLE B EUR equivalent</b>		<b>725,466,620.00</b>	<b>-9,981,638.00</b>	<b>715,484,982.00</b>	<b>1,438,564,165.00</b>

Number and description of investments	Allo-cation	Currency	Location	Carrying amount		Recoverable value
				Cost	Impairment	
<b>Total EUR</b>				<b>725,466,619.59</b>	<b>-9,981,637.68</b>	<b>715,484,981.91</b>
<b>21 - PROPERTY INVESTMENTS</b>				<b>403,540.06</b>	<b>-90,765.94</b>	<b>312,774.12</b>
212 - BUILDINGS (EXCLUDING THOSE USED IN THE BUSINESS)				20,561.61	-7,451.68	13,109.93
2122 - LAND AND BUILDINGS ACQUIRED BEFORE 1.1.82				20,561.61	-7,451.68	13,109.93
1		EUR	FRA	20,561.61	-7,451.68	13,109.93
						230,000.00
<b>TOTAL EUR</b>				<b>20,561.61</b>	<b>-7,451.68</b>	<b>13,109.93</b>
213 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES - USED IN THE BUSINESS				70,457.96	-8,175.40	62,282.56
2130 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES				70,457.96	-8,175.40	62,282.56
1		EUR	FRA	70,457.96	-8,175.40	62,282.56
						30,645.04
1		EUR	FRA	5,469.96	-5,128.02	341.94
						30,645.04
1		EUR	FRA	195.43	0.00	195.43
						0.00
1		EUR	FRA	2,849.20	-2,849.20	0.00
						0.00
700		EUR	FRA	21,039.49	0.00	21,039.49
500		EUR	FRA	7,622.45	0.00	7,622.45
150		EUR	FRA	2,286.74	0.00	2,286.74
99		EUR	FRA	151.47	0.00	151.47
40		EUR	FRA	60.98	-60.98	0.00
90		EUR	FRA	137.20	-137.20	0.00
<b>TOTAL EUR</b>				<b>70,457.96</b>	<b>-8,175.40</b>	<b>62,282.56</b>
						<b>92,508.44</b>

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

219 - BUILDINGS USED IN THE BUSINESS			312,520.49	-75,138.86	237,381.63	475,000.00
2192 - BUILDINGS			312,520.49	-75,138.86	237,381.63	475,000.00
1	NC270	DIJON - AVENUE MARECHAL FOCH	EUR	F	FRA	126,962.02
1	NC271	STRASBOURG - LE SEBASTOPOL	EUR	F	FRA	110,429.61
<b>TOTAL EUR</b>			<b>312,520.49</b>	<b>-75,138.86</b>	<b>237,381.63</b>	<b>475,000.00</b>
23 - INVESTMENTS			324,823,997.50	-3,490,023.45	321,333,974.05	281,323,863.64
230 - EQUITIES AND OTHER VARIABLE-INCOME SECURITIES			324,823,997.50	-3,490,023.45	321,333,974.05	281,323,863.64
2300 - LISTED EQUITIES AND SECURITIES			58,549,065.56	0.00	58,549,065.56	42,479,855.99
28,000	FR0000120503	BOUYGUES	EUR	F	FRA	1,336,421.63
34,000	FR0000130403	DIOR SA (CHRISTIAN)	EUR	F	FRA	1,345,880.72
34,000	FR0000125684	ZODIAC	EUR	F	FRA	1,529,549.63
16,500	FR0000120073	AIR LIQUIDE	EUR	F	FRA	1,407,103.77
38,000	FR0000121667	ESSILOR INTL	EUR	F	FRA	1,591,585.89
20,000	FR0000120321	OREAL	EUR	F	FRA	1,491,073.83
17,000	FR0000120693	PERNOD-RICARD	EUR	F	FRA	1,207,236.92
50,000	FR0000120271	TOTAL	EUR	F	FRA	2,708,783.05
3,000	FR000052292	HERMES INTERNATIONAL SA	EUR	F	FRA	218,520.00
25,000	FR0000131104	BNP PARIBAS	EUR	F	FRA	1,968,070.30
38,000	FR000053225	M6 - METROPOLE TELEVISION	EUR	F	FRA	708,231.51
40,000	FR0000120172	CARREFOUR	EUR	F	FRA	1,695,432.38
20,000	FR0000120578	SANOFI-AVENTIS	EUR	F	FRA	1,086,163.95
55,000	FR0000120628	AXA	EUR	F	FRA	1,417,367.43
20,000	FR0000120644	GROUPE DANONE	EUR	F	FRA	1,066,523.99
30,000	FR0000120859	IMERYS	EUR	F	FRA	1,651,554.18
13,000	FR0000121139	CASINO GUICHARD PERRACHON - ADP -	EUR	F	FRA	821,592.50
28,000	FR0006174348	BUREAU VERITAS	EUR	F	FRA	970,672.90
80,000	FR0010307819	LEGRAND	EUR	F	FRA	1,752,533.19
<b>TOTAL EUR</b>			<b>25,974,297.77</b>	<b>0.00</b>	<b>25,974,297.77</b>	<b>18,235,680.00</b>
22,000	CH0012005267	NOVARTIS	CHF	F	CHE	1,377,600.00
8,500	CH0012032048	ROCHE HOLDING BJ	CHF	F	CHE	1,812,200.00
45,000	CH0038663350	NESTLE NOM.CHF 0.10	CHF	F	CHE	2,083,500.00
1,000	CH0002497458	SGS NOM.	CHF	F	CHE	1,470,060.00
<b>TOTAL CHF</b>			<b>6,743,360.00</b>	<b>0.00</b>	<b>6,743,360.00</b>	<b>5,512,650.00</b>
<b>TOTAL CHF EUR equivalent</b>			<b>4,540,983.16</b>	<b>0.00</b>	<b>4,540,983.16</b>	<b>3,712,222.22</b>
35,000	FI0009013403	KONE NCL.B	EUR	F	FIN	633,237.38
13,332	BE0005591624	FORTIS STRIP WPR DROITS	EUR	F	FRA	0.00
20,000	DE0006048408	HENKEL AG AND CO.	EUR	F	DEU	603,380.00
40,000	IT0003132476	ENI SPA	EUR	F	ITA	887,780.50
24,000	DE0005003404	ADIDAS	EUR	F	DEU	966,041.60
20,000	DE0007236101	SIEMENS	EUR	F	DEU	1,465,160.44
50,000	GB00B03MILX29	ROYAL DUTCH SHELL CL.A	EUR	F	GBR	1,398,500.00
63,000	IT0000062957	MEDIOBANCA	EUR	F	ITA	868,490.00
<b>TOTAL EUR</b>			<b>6,822,589.92</b>	<b>0.00</b>	<b>6,822,589.92</b>	<b>4,691,168.33</b>
20,000	GB0000566504	BHP BILLITON	GBP	F	GBR	283,400.00
47,000	GB00B2PF6M70	CADBURY GBP NPV	GBP	F	GBR	360,911.86
<b>TOTAL GBP</b>			<b>644,311.86</b>	<b>0.00</b>	<b>644,311.86</b>	<b>543,385.00</b>
<b>TOTAL GBP EUR equivalent</b>			<b>676,442.90</b>	<b>0.00</b>	<b>676,442.90</b>	<b>570,482.94</b>
15,000	US1941621039	COLGATE PALMOLIVE	USD	F	USA	1,000,290.00
24,000	US2910111044	EMERSON ELECTRIC	USD	F	USA	1,124,438.40
40,000	US3696041033	GENERAL ELECTRIC	USD	F	USA	1,561,200.00
						648,000.00

# Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

8,500	US4592001014	IBM CORP	USD	F	USA	698,615.00	0.00	698,615.00	715,360.00
25,000	US4781601046	JOHNSON AND JOHNSON	USD	F	USA	1,523,240.00	0.00	1,523,240.00	1,495,750.00
18,000	AN8068571086	SCHLUMBERGER LTD	USD	F	USA	1,456,423.40	0.00	1,456,423.40	761,940.00
25,000	US0258161092	AMERICAN EXPRESS	USD	F	USA	1,333,782.00	0.00	1,333,782.00	463,750.00
18,000	US1667641005	CHEVRON	USD	F	USA	1,510,020.00	0.00	1,510,020.00	1,331,460.00
18,000	US3023161022	EXXON MOBIL CORP	USD	F	USA	1,533,240.00	0.00	1,533,240.00	1,436,940.00
20,000	US5949181045	MICROSOFT	USD	F	USA	590,400.00	0.00	590,400.00	388,800.00
25,000	US7427181091	PROCTER GAMBLE	USD	F	USA	1,582,500.00	0.00	1,582,500.00	1,545,500.00
22,000	US88579Y1010	3M	USD	F	USA	1,725,634.00	0.00	1,725,634.00	1,265,880.00
33,000	US9130171096	UNITED TECHNOLOGIES	USD	F	USA	2,299,521.90	0.00	2,299,521.90	1,768,800.00
15,000	US9497461015	WELLS FARGO	USD	F	USA	516,300.00	0.00	516,300.00	442,200.00
27,000	US0374111054	APACHE	USD	F	USA	1,292,480.00	0.00	1,292,480.00	1,192,480.00
16,000	US0530151036	AUTOMATIC DATA PROCESSING	USD	F	USA	1,282,770.00	0.00	1,282,770.00	1,062,180.00
40,000	US0640581007	BK NY MELLON	USD	F	USA	1,576,765.50	0.00	1,576,765.50	1,133,200.00
20,000	US1344291091	CAMPBELL SOUP	USD	F	USA	669,035.50	0.00	669,035.50	600,200.00
15,000	US5658491064	MARATHON OIL	USD	F	USA	753,980.80	0.00	753,980.80	410,400.00
25,000	US7134481081	PEPSICO	USD	F	USA	1,670,994.00	0.00	1,670,994.00	1,369,250.00
35,000	US8832031012	TEXTRON	USD	F	USA	1,770,331.20	0.00	1,770,331.20	485,450.00
15,000	US9113121068	UNITED PARCEL SERVICE CL. B.	USD	F	USA	1,106,252.40	0.00	1,106,252.40	827,400.00
<b>TOTAL USD</b>						<b>28,578,214.10</b>	<b>0.00</b>	<b>28,578,214.10</b>	<b>21,251,680.00</b>
<b>TOTAL USD EUR equivalent</b>						<b>20,534,751.81</b>	<b>0.00</b>	<b>20,534,751.81</b>	<b>15,270,302.50</b>
2301 - UNITS IN MUTUAL FUNDS invested exclusively in fixed-income securities									
141	FR0000293714	NATIXIS TRESO EURIBOR 3 MOIS	EUR	F	FRA	5,613,572.55	0.00	5,613,572.55	5,636,651.25
186	FR0000027864	NATIXIS INSTIT.JOUIR C	EUR	F	FRA	7,148,429.78	0.00	7,148,429.78	7,230,206.88
410	FR0000099301	IXIS MONETAIRE	EUR	F	FRA	1,704,763.60	0.00	1,704,763.60	1,717,198.90
160	FR0000972259	NATIXIS EURO TRESOR.	EUR	F	FRA	5,496,361.18	0.00	5,496,361.18	5,506,047.89
621	FR0007084926	NATIXIS CASH EURO PART R.	EUR	F	FRA	79,210,270.12	0.00	79,210,270.12	79,218,175.50
70	FR0010298943	NATIXIS CASH EONIA IC	EUR	F	FRA	7,642,941.90	0.00	7,642,941.90	7,740,096.00
107	FR0010322438	NATIXIS CASH A1P1 3DEC	EUR	F	FRA	12,092,611.03	0.00	12,092,611.03	12,269,961.52
85	FR0010157834	NATIXIS CASH PREM 3 DEC	EUR	F	FRA	9,535,158.00	0.00	9,535,158.00	9,554,851.53
36	SICAVSUC/BEL	NATIXIS CASH A1P1 3	EUR	F	BEL	4,039,110.75	0.00	4,039,110.75	4,128,211.35
9	SICAVSUC/ESP	NATIXIS TRESO 3 MOIS	EUR	F	ESP	2,043,057.69	0.00	2,043,057.69	2,329,709.31
45	CASHPREM/BEL	NATIXIS CASH PREM 3 DEC	EUR	F	BEL	5,028,117.54	0.00	5,028,117.54	5,058,450.81
<b>TOTAL EUR</b>						<b>139,554,394.14</b>	<b>0.00</b>	<b>139,554,394.14</b>	<b>140,389,560.94</b>
21,025,716	FUNDS GBP	FUNDS STERLING (SUCCUR)	GBP	F	GBR	21,025,715.71	0.00	21,025,715.71	21,025,715.71
<b>TOTAL GBP</b>						<b>21,025,715.71</b>	<b>0.00</b>	<b>21,025,715.71</b>	<b>21,025,715.71</b>
<b>TOTAL GBP EUR equivalent</b>						<b>22,074,242.22</b>	<b>0.00</b>	<b>22,074,242.22</b>	<b>22,074,242.22</b>
100	FR0010263244	OBJECTIF SECURITE FCP	EUR	F	FRA	413,995.00	0.00	413,995.00	414,651.00
<b>TOTAL EUR</b>						<b>413,995.00</b>	<b>0.00</b>	<b>413,995.00</b>	<b>414,651.00</b>
2302 - UNITS IN OTHER MUTUAL FUNDS									
20	FR0010599357	CALYON 0% 2008/2015 DJ EUROS TOXX50	EUR	F	FRA	88,711,116.85	0.00	88,711,116.85	59,902,716.88
74,891	FR0000437808	FRUCTIFDS INTERNATION. OR 2DEC	EUR	F	FRA	4,000,000.00	0.00	4,000,000.00	3,975,600.00
80,495	FR0000437824	FRUCTIFONDS VAL.JAP	EUR	F	FRA	1,684,124.44	0.00	1,684,124.44	2,077,551.23
119	FR0010144634	NATIXIS EURO OPPORTUNITES C.	EUR	F	FRA	20,269,266.58	0.00	20,269,266.58	10,636,548.44
333	FR0010160507	FRUCTIFDS VAEURS EURO.I FCP	EUR	F	LUX	39,482,316.75	0.00	39,482,316.75	26,551,033.99
7,100	FR0010262436	FCP OBJECTIF SMALL CAPS	EUR	F	FRA	2,950,524.00	0.00	2,950,524.00	3,693,136.00
<b>TOTAL EUR</b>						<b>70,557,919.85</b>	<b>0.00</b>	<b>70,557,919.85</b>	<b>47,934,969.88</b>
30,000	FR0000004012	OBJECTIF JAPON	EUR	F	FRA	5,964,000.00	0.00	5,964,000.00	3,253,200.00
5,500	FR0010586024	OBJECTIF DIVIDENDES FCP	EUR	F	FRA	791,065.00	0.00	791,065.00	797,335.00
21,000	FR0000174310	OB.SMALL CAPS EURO	EUR	F	FRA	8,734,860.00	0.00	8,734,860.00	4,788,420.00
<b>TOTAL EUR</b>						<b>15,489,925.00</b>	<b>0.00</b>	<b>15,489,925.00</b>	<b>8,838,955.00</b>

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

245,250	NC118	LCF ROTHSCHILD LBO FUNDS	EUR	F	FRA	1,221,000.00	0.00	1,221,000.00	0.00	1,221,000.00	1,613,745.00
2,500	NC119	LCF ROTHSCHILD LBO PARTS (B)	EUR	F	FRA	25,000.00	0.00	25,000.00	0.00	25,000.00	97,775.00
10,200	NC145	FCPR VENTIECH CAPITAL 3 (A)	EUR	F	FRA	1,020,000.00	0.00	1,020,000.00	0.00	1,020,000.00	1,020,000.00
19,960	NC160	LCF ROTHSCHILD FUNDS II PARTS A	EUR	F	FRA	363,272.00	0.00	363,272.00	0.00	363,272.00	363,272.00
4,000	NC161	LCF ROTHSCHILD FUND II PARTS B	EUR	F	FRA	4,000.00	0.00	4,000.00	0.00	4,000.00	4,000.00
30,000	NC146	FCPR VENTIECH CAPITAL 3 (B)	EUR	F	FRA	30,000.00	0.00	30,000.00	0.00	30,000.00	30,000.00
<b>TOTAL EUR</b>						<b>2,663,272.00</b>	<b>0.00</b>	<b>2,663,272.00</b>	<b>0.00</b>	<b>2,663,272.00</b>	<b>3,128,792.00</b>
2305 - UNLISTED EQUITIES AND OTHER SECURITIES			EUR	F	FRA	15,521,183.73	-3,490,023.45	12,031,160.28			16,062,836.61
2,652	NC110	CASHWARE	EUR	F	FRA	1,002,456.00	-1,002,456.00	0.00	0.00	0.00	0.00
845	NC112	OSEO GARANTIE	EUR	F	FRA	28,340.27	0.00	28,340.27	0.00	28,340.27	28,340.27
403,500	NC124	LA FINANCIERE PATRIMONIALE D'INVESTISSEMENT	EUR	F	FRA	4,559,550.00	0.00	4,559,550.00	0.00	4,559,550.00	7,953,411.50
1	NC135	SCPI	EUR	F	FRA	2,079.86	-2,079.86	0.00	0.00	0.00	0.00
401,244	NC39	SFBT (G.F.F.)	EUR	F	FRA	2,494,784.74	-2,248,181.40	246,603.34	0.00	246,603.34	246,590.52
15,000	NC40	COPRA	EUR	F	FRA	231,975.66	-231,975.66	0.00	0.00	0.00	0.00
50	NC42	SEMAH	EUR	F	FRA	762.25	-762.25	0.00	0.00	0.00	0.00
332,214	NC50	PROPARCO	EUR	F	FRA	5,601,305.21	0.00	5,601,305.21	0.00	5,601,305.21	6,239,132.07
<b>TOTAL EUR</b>						<b>13,921,253.99</b>	<b>-3,485,455.17</b>	<b>10,435,798.82</b>			<b>14,467,474.36</b>
2	NC46	DEXNET DE NLG 5000	EUR	F	NLD	4,537.80	-4,537.80	0.00	0.00	0.00	0.00
<b>TOTAL EUR</b>						<b>4,537.80</b>	<b>-4,537.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
1,50	NC144	TRADE CARD INC	USD	F	USA	1,500,000.00	0.00	1,500,000.00	0.00	1,500,000.00	1,500,000.00
<b>TOTAL USD</b>						<b>1,500,000.00</b>	<b>0.00</b>	<b>1,500,000.00</b>	<b>0.00</b>	<b>1,500,000.00</b>	<b>1,500,000.00</b>
<b>TOTAL USD EUR equivalent</b>						<b>1,077,818.50</b>	<b>0.00</b>	<b>1,077,818.50</b>	<b>0.00</b>	<b>1,077,818.50</b>	<b>1,077,818.50</b>
2	NC162	COFACE EGYPT INFORMATION AND ECONOMIC CONSULTANTS	EUR	F	EGY	275.00	0.00	275.00	0.00	275.00	275.00
2	NC58	S.I.C.R.	EUR	F	CIV	30.48	-30.48	0.00	0.00	0.00	0.00
1	NC154	COFACE INDIA CREDIT MANAGEMENT SERVICES	EUR	F	IND	0.25	0.00	0.25	0.00	0.25	1.03
<b>TOTAL EUR</b>						<b>305.73</b>	<b>-30.48</b>	<b>275.25</b>	<b>0.00</b>	<b>275.25</b>	<b>276.03</b>
1	NC123	SORENCO INTERNATIONAL	TND	F	TUN	100.00	0.00	100.00	0.00	100.00	100.00
<b>TOTAL TND</b>						<b>100.00</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>	<b>100.00</b>
<b>TOTAL TND EUR equivalent</b>						<b>53.93</b>	<b>0.00</b>	<b>53.93</b>	<b>0.00</b>	<b>53.93</b>	<b>53.93</b>
33,927	NC83	STE D'ASSURANCE DE CONSOLIDATION DES RETRAITES	EUR	F	FRA	517,213.78	0.00	517,213.78	0.00	517,213.78	517,213.79
<b>TOTAL EUR</b>						<b>517,213.78</b>	<b>0.00</b>	<b>517,213.78</b>	<b>0.00</b>	<b>517,213.78</b>	<b>517,213.79</b>
<b>25 - INVESTMENTS IN ASSOCIATES</b>						<b>370,421,093.78</b>	<b>-6,400,846.29</b>	<b>364,020,245.49</b>	<b>1,063,292,629.83</b>	<b>1,063,292,629.83</b>	
250 - SHARES OR EQUIVALENTS						369,667,756.22	-5,979,725.91	363,688,030.31	1,062,960,414.65	1,062,960,414.65	
2505 - SHARES IN UNLISTED FRENCH ASSOCIATES						186,322,758.19	0.00	186,322,758.19	239,938,590.53	239,938,590.53	
61,370	NC121	UNISTRAT COFACE	EUR	F	FRA	975,703.59	0.00	975,703.59	24,269,980.77	24,269,980.77	
6,764,750	NC129	COFACE SERVICES	EUR	F	FRA	141,930,056.65	0.00	141,930,056.65	146,620,598.57	146,620,598.57	
1,919,999	NC16	COFINPAR	EUR	F	FRA	29,270,196.04	0.00	29,270,196.04	44,434,579.10	44,434,579.10	
249	NC94	COFACE GESTION RESEAU INTERNATIONAL	EUR	F	FRA	38,028.39	0.00	38,028.39	8,191,634.14	8,191,634.14	
494,799	NC98	FIMPAR	EUR	F	FRA	7,576,178.52	0.00	7,576,178.52	10,978,691.75	10,978,691.75	
81,428	ZZ0007945700	AXA ASSURCREDIT	EUR	F	FRA	6,532,595.00	0.00	6,532,595.00	5,443,106.20	5,443,106.20	
<b>TOTAL EUR</b>						<b>186,322,758.19</b>	<b>0.00</b>	<b>186,322,758.19</b>	<b>239,938,590.53</b>	<b>239,938,590.53</b>	
2506 - SHARES IN UNLISTED FOREIGN ASSOCIATES						183,344,998.03	-5,979,725.91	177,365,272.12	823,021,824.12	823,021,824.12	
200	NC152	KOMPASS POLOGNE	EUR	F	POL	2,912,923.29	-1,894,523.29	1,018,400.00	1,018,400.00	1,018,400.00	
100	NC153	KOMPASS REPUBLIQUE TCHEQUE	EUR	F	CSK	1,107,777.78	0.00	1,107,777.78	1,597,355.77	1,597,355.77	
2,000	NC155	KOMPASS JAPAN	EUR	F	JPN	928,040.86	-928,040.86	0.00	0.00	0.00	1.00
2,433	NC156	KOMPASS TURKEY	EUR	F	TUR	1,089,145.26	-1,089,145.26	0.00	0.00	0.00	1.00
25,000	NC125	COFACE HOLDING AMERICA LATINA SA DE CV (CHAL)	EUR	F	MEX	1,651.16	0.00	1,651.16	4,662.68	4,662.68	
10,417	NC128	COFACE AUSTRIA HOLDING AG	EUR	F	AUT	5,982,350.50	0.00	5,982,350.50	16,906,762.02	16,906,762.02	
5,000	NC133	UNISTRAT HOLDING BV	EUR	F	NLD	2,942,266.03	0.00	2,942,266.03	2,942,266.03	2,942,266.03	
1,500	NC134	UNISTRAT CORPORATION OF AMERICA	EUR	F	USA	83,405.22	0.00	83,405.22	83,405.22	83,405.22	
40,000	NC137	COFACE SERVICES KOREA	EUR	F	KOR	199,501.67	-199,501.67	0.00	0.00	0.00	0.00
310	NC138	COFACE SERVICIOS ESPANA SL	EUR	F	ESP	3,100.00	0.00	3,100.00	19,300,645.34	19,300,645.34	

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

1,000	NC139	COFACE SERVICES SUISSES	EUR	F	CHE	66,467.77	0.00	66,467.77	3,178,211.72
200	NC143	COFACE SERVICES JAPAN	EUR	F	JPN	100,099.55	-100,099.55	0.00	0.00
15,000	NC151	KOMPASS US	EUR	F	USA	1,736,053.34	-1,736,052.34	1.00	1.00
4	NC29	COFACE CENTRAL EUROPE HOLDING AG	EUR	F	AUT	4,562,844.10	0.00	4,562,844.10	26,033,766.02
99,999	NC51	COFACE UK HOLDINGS LIMITED	EUR	F	GBR	8,317,827.99	0.00	8,317,827.99	20,094,834.15
1,000,000	NC57	COFACE ITALIA SRL	EUR	F	ITA	3,970,564.38	0.00	3,970,564.38	19,795,401.18
39,980	NC76	COFACE SERVICIOS PORTUGAL	EUR	F	PRT	5,617,038.58	0.00	5,617,038.58	6,559,130.79
10,000	NC77	COFACE NORTH AMERICA HOLDING COMPANY	EUR	F	USA	12,604,965.92	0.00	12,604,965.92	77,313,587.75
1	NC80	COFACE HOLDING AKTIENGESELLSCHAFT	EUR	F	DEU	77,253,941.19	0.00	77,253,941.19	513,406,085.45
<b>TOTAL EUR</b>						<b>129,479,964.59</b>	<b>-5,947,362.97</b>	<b>123,532,601.62</b>	<b>708,234,517.12</b>
37,635,000	NC148	COFACE SEGURO DE CREDITO MEXICO	EUR	F	MEX	2,798,856.76	0.00	2,798,856.76	2,830,678.89
10,299,999	NC149	COFACE SIGORTA AS	EUR	F	TUR	5,240,801.35	0.00	5,240,801.35	10,678,101.66
16,600,000	NC34	COFACE ASSICURAZIONI Spa	EUR	F	ITA	32,662,499.71	0.00	32,662,499.71	72,481,924.60
<b>TOTAL EUR</b>						<b>40,702,157.82</b>	<b>0.00</b>	<b>40,702,157.82</b>	<b>85,990,705.15</b>
7	NC131	COFACE SOUTH AFRICA INSURANCE COMPANY LIMITED	EUR	F	ZAR	2,328,786.33	0.00	2,328,786.33	7,570,385.18
<b>TOTAL EUR</b>						<b>2,328,786.33</b>	<b>0.00</b>	<b>2,328,786.33</b>	<b>7,570,385.18</b>
60	NC120	KOMPASS CHINA INTERNATIONAL INFORMATION SERVICE	EUR	F	CHN	92,182.93	0.00	92,182.93	249,637.95
11,669,000	NC126	COFACE GREATER CHINA FINANCE LTD	EUR	F	HKG	1,043,376.31	0.00	1,043,376.31	3,744,453.74
2,123,250	NC132	COFACE ARB LCC	EUR	F	RUB	61,987.49	0.00	61,987.49	61,986.16
15,000,000	NC141	COFACE SERVICES SOUTH ASIA PACIFIC PTE LTD	EUR	F	SGP	7,573,591.32	0.00	7,573,591.32	8,335,140.00
3,999,993	NC142	COFACE SERVICE TAIWAN	EUR	F	TWN	986,125.37	-32,362.94	953,762.43	0.00
20	NC147	BDI (BUSINESS DATA ISRAEL)	EUR	F	ISR	199,445.40	0.00	199,445.40	906,797.07
501,000	NC99	COFACE SOUTH AFRICA SERVICES	EUR	F	ZAR	877,380.47	0.00	877,380.47	7,928,201.75
<b>TOTAL EUR</b>						<b>10,834,089.29</b>	<b>-32,362.94</b>	<b>10,801,726.35</b>	<b>21,226,216.67</b>
252 - LOANS						753,337.56	-421,122.38	332,215.18	332,215.18
2520 - LOANS TO ASSOCIATES						753,337.56	-421,122.38	332,215.18	332,215.18
1	PCOFRATCOREE	COFACE SERVICES KOREA	EUR	L	KOR	421,122.38	-421,122.38	0.00	0.00
<b>TOTAL EUR</b>						<b>421,122.38</b>	<b>-421,122.38</b>	<b>0.00</b>	<b>0.00</b>
1	PKOMPPOLAND	KOMPASS POLAND	PLN	F	POL	853,348.83	0.00	853,348.83	853,348.83
<b>TOTAL PLN</b>						<b>853,348.83</b>	<b>0.00</b>	<b>853,348.83</b>	<b>853,348.83</b>
<b>TOTAL PLN equivalent EUR</b>						<b>205,452.95</b>	<b>0.00</b>	<b>205,452.95</b>	<b>205,452.95</b>
1	PCOFSECOLOM	COFACE SERVICES COLOMBIA	USD	F	COL	35,000.00	0.00	35,000.00	35,000.00
1	PCOFSEECUAD	COFACE SERVICES ECUADOR	USD	F	ECS	86,415.00	0.00	86,415.00	86,415.00
1	PCOFSEPERU	COFACE SERVICES PERU	USD	F	PER	55,000.00	0.00	55,000.00	55,000.00
<b>TOTAL USD</b>						<b>176,415.00</b>	<b>0.00</b>	<b>176,415.00</b>	<b>176,415.00</b>
<b>TOTAL USD equivalent EUR</b>						<b>126,762.23</b>	<b>0.00</b>	<b>126,762.23</b>	<b>126,762.23</b>
<b>26 - INVESTMENTS IN EQUITY AFFILIATES</b>						<b>29,817,988.25</b>	<b>0.00</b>	<b>29,817,988.25</b>	<b>93,150,162.71</b>
260 - UNLISTED SHAREHOLDINGS						29,530,633.22	0.00	29,530,633.22	92,862,807.68
2605 - FRENCH SHAREHOLDINGS						2,490,735.11	0.00	2,490,735.11	25,857,082.54
4,999	NC115	COFACE RBI	EUR	F	FRA	76,234.74	0.00	76,234.74	3,619,019.26
1,000	NC13	CERIP SERVICES BANQUES	EUR	F	FRA	156,909.56	0.00	156,909.56	156,909.56
1,000	NC130	CEMECA	EUR	F	FRA	55,000.00	0.00	55,000.00	55,000.00
87,000	NC140	PLANET RATING SAS	EUR	F	FRA	175,000.00	0.00	175,000.00	175,000.00
72,000	NC15	COFACREDIT	EUR	F	FRA	1,372,041.15	0.00	1,372,041.15	20,895,507.14
243	NC55	COFACE AMEEM SERVICES	EUR	F	FRA	655,549.66	0.00	655,549.66	955,646.08
<b>TOTAL EUR</b>						<b>2,490,735.11</b>	<b>0.00</b>	<b>2,490,735.11</b>	<b>25,857,082.54</b>
2606 - FOREIGN SHAREHOLDINGS						27,039,898.11	0.00	27,039,898.11	67,005,725.14
1,879	NC103	COFACE SERVIS BILGI	EUR	F	TUR	1,134,943.87	0.00	1,134,943.87	1,135,633.15
453	NC111	COFACE EASTERM EUROPE HOLDING	EUR	F	DEU	803,742.75	0.00	803,742.75	1,549,812.58

# Notes to the statutory financial statements

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE B - ENTITY: COFACE - CURRENCY: EUR

4,441	NC163	KYRIBA CORPORATION	EUR	F	USA	0.00	2,443,997.02	0.00	2,443,997.02	2,443,997.02
412,500	NC28	GRAYDON N.V.HOLDING	EUR	F	NLD	0.00	5,249,724.85	0.00	5,249,724.85	38,170,085.66
7,500	NC97	COFACE SERVICES BELGIUM HOLDING (ex. RBB)	EUR	F	BEL	0.00	5,231,771.47	0.00	5,231,771.47	6,744,596.33
<b>TOTAL EUR</b>						<b>0.00</b>	<b>14,864,179.96</b>	<b>0.00</b>	<b>14,864,179.96</b>	<b>50,044,124.74</b>
5,062	NC159	COFACE CHILE SUCCUR	CLP	F	CHL	0.00	2,614,911,741.00	0.00	2,614,911,741.00	4,714,199,260.33
<b>TOTAL CLP</b>						<b>0.00</b>	<b>2,614,911,741.00</b>	<b>0.00</b>	<b>2,614,911,741.00</b>	<b>4,714,199,260.33</b>
<b>TOTAL CLP EUR equivalent</b>						<b>0.00</b>	<b>2,910,004.37</b>	<b>0.00</b>	<b>2,910,004.37</b>	<b>5,246,196.36</b>
6,899,992	NC91	SEGURADORA BRASILEIRA DE CREDITO A EXPORTACAO SA	EUR	F	BRA	0.00	6,789,213.60	0.00	6,789,213.60	5,569,956.44
<b>TOTAL EUR</b>						<b>0.00</b>	<b>6,789,213.60</b>	<b>0.00</b>	<b>6,789,213.60</b>	<b>5,569,956.44</b>
83,998	NC158	COFACE FACTORING CHILE SUCCUR	CLP	F	CHL	0.00	841,491,997.00	0.00	841,491,997.00	855,366,607.48
<b>TOTAL CLP</b>						<b>0.00</b>	<b>841,491,997.00</b>	<b>0.00</b>	<b>841,491,997.00</b>	<b>855,366,607.48</b>
<b>TOTAL CLP EUR equivalent</b>						<b>0.00</b>	<b>936,454.32</b>	<b>0.00</b>	<b>936,454.32</b>	<b>951,894.68</b>
500,000	NC106	COFACE GREATER CHINA SERVICES	EUR	F	HKG	0.00	1,451,964.33	0.00	1,451,964.33	3,978,837.00
200	NC127	COFACE SERVICE WEST AFRICA	EUR	F	CMR	0.00	1,524.49	0.00	1,524.49	774,330.71
305	NC31	SORENCO	EUR	F	TUN	0.00	28,269.15	0.00	28,269.15	327,204.95
6,260	NC35	RE SA	EUR	F	MAR	0.00	58,287.89	0.00	58,287.89	113,180.26
<b>TOTAL EUR</b>						<b>0.00</b>	<b>1,540,045.86</b>	<b>0.00</b>	<b>1,540,045.86</b>	<b>5,193,552.92</b>
262 - LOANS						0.00	287,355.03	0.00	287,355.03	287,355.03
2620 - LOANS TO AFFILIATES						0.00	287,355.03	0.00	287,355.03	287,355.03
1	PIGK	COFACE EASTERN EUROPE HOLDING	EUR	L	DEU	0.00	287,355.03	0.00	287,355.03	287,355.03
<b>TOTAL EUR</b>						<b>0.00</b>	<b>287,355.03</b>	<b>0.00</b>	<b>287,355.03</b>	<b>287,355.03</b>

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2008: TABLE F - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Change	Carrying amount		Recoverable value
		Cost	Impairment	
<b>TOTAL TABLE F EUR</b>	<b>1</b>	<b>72,814.37</b>	<b>0.00</b>	<b>72,814.37</b>
<b>TOTAL TABLE F EUR equivalent</b>	<b>EUR / EUR:</b>	<b>72,814.00</b>	<b>0.00</b>	<b>72,814.00</b>

Number and description of investments	Allo- Currency cation	Location	Carrying amount		Recoverable value
			Cost	Impairment	
<b>Total EUR</b>			<b>72,814.37</b>	<b>0.00</b>	<b>72,814.37</b>
<b>23 - INVESTMENTS</b>			<b>72,814.37</b>	<b>0.00</b>	<b>72,814.37</b>
234 - OTHER INVESTMENTS			72,814.37	0.00	72,814.37
2342 - DEBTORS ARISING FROM LOANED SECURITIES			72,814.37	0.00	72,814.37
130.7022	FR0010137323	PALATINE MONETAIRE	68,041.49	0.00	68,041.49
36	FR0000930455	UNI HOUCHE C 3 DEC	4,772.88	0.00	4,772.88
<b>TOTAL EUR</b>			<b>72,814.37</b>	<b>0.00</b>	<b>72,814.37</b>

# Notes to the statutory financial statements

## SUMMARY OF TOTAL INVESTMENTS AT 31 DECEMBER 2008 - Entity: COFACE - Currency: EUR

Type of investment	Cost	Net	Recoverable value
<b>1. Property investments and property investments in progress</b>	403,540.06	312,774.12	797,508.44
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>2. Equities and other variable-income securities other than mutual fund units</b>	473,268 638.73	463,798 889.37	1,214,365,914.93
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>3. Mutual fund units (other than those referred to in 4)</b>	250,753,748.21	250,753,748.21	222,781,171.04
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>4. Units of mutual funds invested exclusively in fixed-income securities</b>	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>5. Bonds and other fixed-income securities</b>	240,862,332.04	239,690,752.08	240,718,982.11
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>6. Mortgage loans</b>	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>7. Other loans</b>	1,040,692.59	619,570.21	619,570.21
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>8. Deposits with ceding insurers</b>	0.00	0.00	0.00
<b>9. Cash deposits and guarantees and other investments (deposits other than those mentioned in 8.)</b>	0.00	0.00	0.00
<b>10. Assets representing a unit-linked contract</b>	0.00	0.00	0.00
- Property investments	0.00	0.00	0.00
- Variable-income securities other than mutual fund units	0.00	0.00	0.00
- Mutual funds invested exclusively in fixed-income securities	0.00	0.00	0.00
- Other mutual funds	0.00	0.00	0.00
- Bonds and other fixed-income securities	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>11. Other forward financial instruments</b>	-182,785.00	-182,785.00	-182,785.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	-182,785.00	-182,785.00	-182,785.00
Forward financial instruments: other	0.00	0.00	0.00
<b>12. TOTAL 1 to 11</b>	966,146,166.63	954,992,948.99	1,679,100,361.73
<b>a) of which:</b>	966,146,166.63	954,992,948.99	1,679,100,361.73
- investments valued in accordance with Article R. 332-19 and related forward financial instruments	0.00	0.00	0.00
- investments valued in accordance with Article R. 332-20 and related forward financial instruments	966,328,951.63	955,175,733.99	1,679,283,146.73
- investments valued in accordance with Article R. 332-5 and related forward financial instruments	0.00	0.00	0.00
- investments valued in accordance with Article 28 of Decree 2004-342 of 21 April 2004	0.00	0.00	0.00
- other forward financial instruments	-182,785.00	-182,785.00	-182,785.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	-182 785,00	-182 785,00	-182 785,00
<b>b) of which:</b>	966,146 166.63	954,992,948.99	1,679,100,361.73
- securities representing technical provisions other than those listed below	966,146 166.63	954,992,948.99	1,679,100,361.73
- securities pledged to cover commitments to providential insurance companies or covering managed investment funds	0.00	0.00	0.00
- securities deposited with assignors (including securities deposited with assignors whose company has provided jointly liable surety)	0.00	0.00	0.00
- securities allocated to special technical provisions for transactions carried out in the context of a fiduciary trust in France	0.00	0.00	0.00
- including technical provisions for transactions of branch 27	0.00	0.00	0.00
- including technical provisions for PERPs, except for annuity PERPs and "euro diversified" PERPs	0.00	0.00	0.00
- of which technical provisions for annuity PERPs	0.00	0.00	0.00
- of which technical provisions for "euro diversified" PERPs	0.00	0.00	0.00
- of which technical provisions for other transactions carried out in connection with a fiduciary trust	0.00	0.00	0.00
- Other allocations or unallocated	0.00	0.00	0.00
- Provisions for risk of calls on technical commitments, recorded on overall net losses on R332-20 securities	0.00	0.00	0.00
<b>c) of which:</b>	966,146,166.63	954,992,948.99	1,679,100,361.73
- investments and forward financial instruments within the OECD	934,464,381.23	923,964,181.06	1,627,131,355.92
- investments and forward financial instruments outside the OECD	31,681,785.40	31,028,767.93	51,969,005.81

# Notes to the statutory financial statements

## SECURITIES LODGED AS COLLATERAL BY REINSURERS AT 31 DECEMBER 2008

(in thousands of euros)

Number of securities	Code	Description	Net value	Recoverable value
MARKETABLE SECURITIES				
<b>BONDS</b>				
850,000	DE0001135200	5% BUNDESREP.DEUTSCHL.ANL.V	927	927
700	FR0000098022	AIRES C SI	199	199
830,000	ZZP001135234	Germany 3.75%03-13	895	895
2,784,000	ZZP001135317	Germany 3.75%06-040117	3,062	3,062
550,000	ZZP001134468	Germany 6%86-15 E.II	680	680
304,000	US912828BZ20	UNITED STATES 3%04-09	222	222
10,800	GB0032785924	UNITED KINGDOM 4% 09	12	12
1,300,000	XS0238514581	ARLO TV12 MTN	109	109
30	IE0031572484	BFT ALTER. OLYMPIA	373	373
16,202,000	FR0108847049	BTAN FRA BT 3,5%	16,899	16,899
3,000,000	FR0114683792	BTF FRA.BT 0809	2,966	2,966
4,500,000	IT0004014855	CASSA DEPOS 3%09	4,557	4,557
2,005,000	FR0010011130	GOVERNMENT BONDS 4%1013 OAT	2,129	2,129
398,570	FR0000188690	GOVERNMENT BONDS 4.75%02 OAT	428	428
899,200	FR0000187874	GOVERNMENT BONDS 5%01 OAT	976	976
4,231,000	ES0000012916	SPAIN 4.40%04-15	4,628	4,628
1,800,000	ES0317044008	FONDO CED. 3.625 % 09	1,833	1,833
15,302,300	FR0106589437	FRA BT BNT 12010	15,312	15,312
3,230,290	FR0108354806	FRA BT BNT 3.00	3,312	3,312
1,800,000	FR0107369672	FRANKREICH BTAN 3% V04	1,818	1,818
1,400,000	XS0143875523	GENERAL ELECTRIC CAPITAL CORP	1,402	1,402
5,237	FR0000971301	HSBC ETAT 3DEC	8,270	8,270
2,000,000	XS0231937797	HSBC BK TV 15 EMTN	2,000	2,000
31,393	FR0000285561	HSBC FRENCH GOVERNMENT BONDS C SI. I	11,587	11,587
48,686	FR0000096166	HSBC FRENCH GOVERNMENT BONDS D SI. I	10,975	10,975
1,293	FR0007486634	HSBC MONETAIRE FCP	3,936	3,936
111,000	E000A0E83L5	KDTA WIED TV240718	108	108
1,000,000	DE0002760923	KFW INTERNATIONAL FINANCE INC	1,003	1,003
917,000	ZZ3010288357	OAT 3.25% 06-25-04-2016	946	946
2,000,000	FR0000188989	OAT 4%03-13	2,161	2,161
2,776,000	FR0000571432	OAT 4%98-09	2,854	2,854
597,750	FR0000186603	OAT 5.5%00-10	647	647
17,187,260	DE0001141471 E	OBL Germany 2.50% 10	175	175
1,500,000	XS0193891974	QUARTZ FIN.TV09	1,500	1,500
2,347	FR0010696195	SFEF 3%101210	2,369	2,369
1,000	FR0010687707	SFEF 3.50%08-11	1,018	1,018
116,000	SE000459539	SWEDEN 5% 98-09	122	122
		<b>Total bonds</b>	<b>112,408</b>	<b>112,408</b>
<b>MUTUAL FUNDS</b>				
5,031	LU0094219127	BNP INSTICASH EUR	688	688
1,682	FR0010076521	BNP PAR OBL.C 3 DEC	7,889	7,889
1,214	FR0000016263	CAAM MON CAS. ACTIONS E SI 3 DEC SI	12,379	12,379
2,418	FR0007040084	CEZANNE OBL.FCP	849	849
2,510	FR0000292443	CHATEAUDUN OBL.SI.	1,006	1,006
1,833,550	FR0007448568	FRACOM FCP	39,605	39,605
360,000	FR0007474259	GERVAFRANC FCP 3DEC (GLOBAL RUCK)	295	295
33,148	U0100598282	INVESCO PAN.EU.C	263	263
121	FR0007436654	MUNICH RE PLAC FCP	2,755	2,755
1,618	LU0086914446	PVEOMEDTEBDCD 3DEC	160	160
3	FR0000991234	STRATOBLIG FCP	4	4
61,300	GG00B1GHHH78	VOLTA FINANCE	31	31
		<b>Total mutual funds</b>	<b>65,923</b>	<b>65,923</b>
<b>EQUITIES</b>				
33,166	LU0094219127	BNP INSTICASH EUR INST CAPIT	4,535	4,535
203	FR0000131104	BNP PARIBAS	6	6
38,280	LU0324447506	E SWISS I FIX INC	37,960	37,960
1,300	LU0353175895	E SWISS RE GL. BDS	1,383	1,383
12,204	FR0000121667	ESSILOR INTL	410	410
11,474	FR0000120693	PERNOD RICARD	608	608
2,648	FR0000121485	PPR	133	133
111,871	FR0000130577	PUBLICIS GROUPE	2,058	2,058
1,725	FR0000120578	SANOFIS AVENTIS	78	78
6,409	FR0000121220	SODEXHO ALLIANCE	254	254
3,000	FR0000120271	TOTAL	117	117
2,642	FR0000120354	VALLOUREC	214	214
		<b>Total equities</b>	<b>47,756</b>	<b>47,756</b>

# Notes to the statutory financial statements

(in thousands of euros)

Number of securities	Code	Description	Net value	Recoverable value
<b>LETTERS OF CREDIT AND CASH DEPOSITS</b>				
		STAND-BY LETTER OF CREDIT	1,232	1,232
		LETTER OF CREDIT	3,000	3,000
		LETTER OF CREDIT	7,185	7,185
		LETTER OF CREDIT	1,580	1,580
		Cash deposit	1,562	1,562
		Cash deposit	58	58
		<b>Total letters of credit and cash deposits</b>	<b>14,618</b>	<b>14,618</b>
<b>SOFRASCAU pledges</b>				
97	FR0000292443	CHATEAUDUN OBL SI	39	39
32,400	GR0124015497	GREECE 5.35%11	34	34
		<b>Total SOFRASCAU pledges</b>	<b>73</b>	<b>73</b>
<b>TOTAL MARKETABLE SECURITIES</b>			<b>240,778</b>	<b>240,778</b>

# Statutory auditors' report on the financial statements

## STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December 2008

*This is a free translation into English of the statutory auditor's report issued in French (ou: in the French language) and is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### COFACE

12, Cours Michelet  
La Défense 10- 92800 PUTEAUX

### To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying financial statements of;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### 1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as 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.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, as of 31 December 2008, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

### 2. Justification of our assessments

As indicated in Note 1 to the financial statements and the management report, the main effects of the financial and economic crisis have been an exceptional increase in volatility, a sharp drop in liquidity in certain markets and problems in assessing the financial and economic outlook. This situation resulted in the Company having to address certain specific problems as regards the preparation of the financial statements and, in particular, the accounting estimates made. In the light of this uncertain environment and in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we draw to your attention the following matters:

- Certain technical account items for the insurance and reinsurance businesses, including technical provisions and subrogation and salvage, are estimated based on statistical data. The methods used to

determine these items are described in Note II to the financial statements ("Accounting principles and methods").

Our audit consisted in assessing the data, assumptions and methods of calculation upon which these accounting estimates are based, particularly in relation to the Company's experience and its economic environment, and in reviewing the calculations made by the Company.

- Your Company has detailed in Note II to the financial statements ("Accounting principles and methods") the methods used to measure financial instruments.

We have analysed the control procedures implemented in respect of the identification and measurement of said instruments, and the appropriateness of the information disclosed in the aforementioned note.

- The provision for lasting impairment of value of the investment portfolio is determined in accordance with the methods detailed in Note II to the financial statements ("Accounting principles and methods").

Our work has involved an assessment of the data and assumptions used to determine the recoverable amounts and, in particular, the intended investment periods and your Company's ability to hold said investments for such periods.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the formation of our opinion, which is expressed in the first part of this report.

### 3. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information given in the management report of the Board of Directors in respect of remunerations and benefits granted to the relevant directors and any commitments given to them in connection with, or after, their appointment, termination or change in function.

In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders were given in the management report of the Board of Directors.

Paris La Défense and Neuilly sur Seine, 3 April 2009

The Statutory Auditors

SALUSTRO REYDEL  
Member of KPMG International

Michel SAVIOZ  
Partner

DELOITTE & ASSOCIES

Damien LEURENT  
Partner

François Arbey  
Partner

# Statutory auditors' special report on regulated agreements and commitments with third parties

## **STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES**

Year ended 31 December 2008

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### **To the Shareholders,**

In our capacity as Statutory Auditors' of Coface SA, we hereby report to you on regulated agreements and commitments with related third parties.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided to us, about the main terms and conditions of agreements and commitments that have been disclosed to us. We are not required to comment on whether they are relevant or justified. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

### **Agreements and commitments authorised during the year**

We hereby inform you that we have not been advised of any agreements or commitments entered into during the year subject to the provisions of Article L.225-38 of the French Commercial Code.

### **Agreements and commitments authorised during previous years which remained in force during the year**

In accordance with the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years, which remained in force during the year ended 31 December 2008.

### **Service agreement with Coface SCRL (now Coface Services) concerning the merger of sales forces**

Under the terms of an agreement entered into on 4 February 2002 and amended annually since that date by means of a rider, the most recent of which was signed on 23 January 2009, Coface and Coface SCRL (now Coface Services) perform certain services related to the sale of their products, on their own behalf and on behalf of their partner, within the context of their joint sales network.

In application of this agreement, Coface billed a total of €7,969,500 (excluding taxes) to Coface Services in respect of the year ended 31 December 2008.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted of verifying that the information provided to us is consistent with the relevant source documents.

Paris La Défense and Neuilly-sur-Seine, 6 April 2009

The Statutory Auditors

SALUSTRO REYDEL  
Member of KPMG International

Michel SAVIOZ  
Partner

DELOITTE & ASSOCIES

Damien LEURENT  
Partner

François Arbey  
Partner

# Risk management

Coface's activities expose it to two principal types of risk. The first is underwriting risk, which is the risk of losses arising from claims in respect of the Group's insurance portfolio. The second is financial risk, which is the risk that unfavourable movements in interest rates, exchange rates or the market value of securities or real estate might generate losses for Coface. The Group has developed sophisticated tools to manage and strictly control these risks to ensure they remain within prudent limits.

Underwriting risk has a potential impact on Coface's underwriting result, which consists of the results of insurance activities (earned premiums, less claims expenses, business acquisition and administrative costs). Given the rise in claims, the operating margin on insurance business (excluding insurance related services), which had represented approximately 33% of Coface's current operating profit (including finance costs) in 2006 and 2007, was negative in 2008.

Net investment or financial income (excluding finance costs), which represented around 40% of the Group's current operating profit from 2005 to 2007, is exposed to financial risk. The weight of net investment income in current operating profit rose sharply, to 71%, in 2008. The risk management tools put in place by Coface are designed to maintain tight control over financial risk and keep the impact of negative market trends on net investment income within the prudential limits set by the Group.

## 1. Underwriting risk

### Credit risk

Credit risk corresponds to the risk of losses on the insurance portfolio. It is managed globally for all of the Group's insurance companies, based on the impact of stress scenarios that measure the effect of "frequency risk" and "catastrophe risk".

Frequency risk is the risk of a sudden, sharp increase in debt default by a high number of debtors. It is essentially covered by technical provisions, and is measured using a statistical loss experience model that simulates loss ratios based on observed trends and current loss experience data.

Catastrophe risk is the risk of abnormally "large" losses in a single year in respect of a single debtor (or group of debtors), or a high accumulation of losses suffered in one year in a single country that is exposed to country risk (excluding the more developed countries). The main purpose of Coface's reinsurance strategy is to cover this risk. It is measured by the following:

- Indicators of probability of default, through credit ratings adapted to major corporate and country risks ("B2F" ratings and country ratings);
- The level of loss given default;
- A combined indicator that incorporates the two indicators described above.

These indicators are monitored regularly and included in the Group's risk reports. In addition, Coface has developed a model for economic capital allocated to insurance risks. This model, which still has to be fine-tuned, is based on Coface's historical claims experience and is used to quantify the capital employed as a result of the Group's underwriting decisions.

Coface's "major risks" correspond to risks whose loss given default (after proportional reinsurance) exceeds 3% (approximately) of the Group's revalued shareholders' funds, i.e., €30 million. The combined indicator for these risks, which takes into account the probability of default, is over €15 million.

These thresholds are used for the cumulative risks of the Coface Group's various entities, including Coface SA.

Coface's risk management policy is to ensure that none of the three stress scenarios, i.e. frequency risk, catastrophe debtor risk and catastrophe country risk, results in an underwriting loss.

To avoid this, Coface draws on the following strategies:

- Effectively diversifying credit risks;
- Implementing measures aimed at sharing risks with the insured;
- Using a sophisticated risk management system, which notably includes Group-wide monitoring of credit risk ratings and the levels of corporate and country loss given default;
- Adopting a prudent approach in terms of provisions;
- Taking out reinsurance with top-ranking reinsurers.

#### (i) Diversification of credit risks

Coface maintains a diversified insurance portfolio, so as to minimise the risk that default by a given debtor, a downturn in any particular industry or an adverse credit event in any particular country might have a significant impact on its loss ratio. In addition, the great majority of Coface's exposure is short-term, and the insurance policies contain clauses enabling credit limits to be reduced during the term of the contract. Consequently, debtor risks can be extinguished or reduced relatively rapidly in the event of any deterioration in the debtor's solvency. Since early 2003, risk concentration has been monitored via Group-level reporting schedules.

The Group's credit insurance portfolio covers a wide range of industry sectors, with no one sector accounting for over 10% of the total portfolio at 31 December 2008.

At the same date, the credit insurance portfolio consisted primarily of short-term risks, with over 90% represented by amounts of less than 6 months in duration.

### Exposure to debtor risk

Coface's insurance policies cover the risk of non-payment by more than 2.4 million debtors worldwide. At 31 December 2008, the average exposure per debtor was €164,673.

More than 70% of debtors covered by Coface's credit insurance policies are located in Europe, mainly in Germany, France, Italy, the United Kingdom and Spain.

The vast majority of debtors, taken individually, do not represent a material risk since no individual debtor represents more than 1% of the portfolio. The following table analyses debtors at 31 December 2008, based on Coface's total credit risk exposure, excluding guarantees, in each case:

# Risk management

Exposure band (in thousands of euros)	Exposure (in thousands of euros)	Number of limits	Number of debtors	In %
Rejection	0	609,185	464,770	0.00
1 - 10	3,975,463	560,900	524,630	0.99
11 - 20	6,798,835	487,309	400,071	1.69
21 - 30	4,435,906	261,394	167,186	1.10
31 - 40	4,078,647	203,073	110,969	1.01
41 - 50	5,654,109	188,445	117,399	1.40
51 - 60	3,291,800	127,897	58,071	0.82
61 - 70	2,828,663	102,907	42,539	0.70
71 - 80	3,449,069	99,193	44,744	0.86
81 - 90	2,091,186	70,351	24,260	0.52
91 - 100	6,352,876	112,388	64,261	1.58
101 - 150	12,696,639	291,931	101,365	3.15
151 - 200	11,437,561	206,627	64,343	2.84
201 - 300	17,543,313	277,516	70,530	4.36
301 - 400	14,227,763	190,039	40,622	3.53
401 - 500	12,054,323	141,999	26,674	2.99
501 - 800	27,502,023	281,669	43,368	6.83
801 - 1,500	40,349,248	317,609	37,182	10.02
1,501 and above	223,853,952	678,212	41,988	55.60
<b>Total</b>	<b>402,621,376</b>	<b>5,208,644</b>	<b>2,444,972</b>	<b>100.00</b>

## Average

### exposure

per debtor €164 673

## Geographical distribution of risks

The debtors covered by Coface's credit insurance policies are mainly concentrated in Western Europe, particularly Germany, France, Italy and the United Kingdom, which together represented slightly more than half of the Group's total credit insurance exposure at 31 December 2008. More than 75% of the debtors covered by the Group's insurance policies are located in Europe, in particular in Germany, France, Italy, the United Kingdom and Spain. Debtors outside the OECD represented around 25% of the Group's exposure at the end of 2008, and 95% of exposure is to countries with investment grade ratings.

The Group's exposure to debtor risk by country at 31 December 2008 is provided in the table below.

Country/région	Exposure (in € million)	%
GERMANY	68,060	16.3
FRANCE	53,965	13.0
ITALY	46,610	11.2
Other OCDE	34,396	8.3

## Country/region

Country/region	Exposure (in millions of euros)	%
GERMANY	68,060	16.3
FRANCE	53,965	13.0
ITALY	46,610	11.2
Other OECD countries	34,396	8.3
SPAIN	27,764	6.7
UNITED KINGDOM	23,883	5.7
UNITED STATES	24,942	6.0
NETHERLANDS	11,550	2.8
AUSTRIA	8,994	2.2
BELGIUM	8,443	2.0
JAPAN	6,637	1.6
<b>TOTAL OECD</b>	<b>315,242</b>	<b>75.7</b>
AFRICA	7,086	1.7
CENTRAL AND SOUTH AMERICA	19,053	4.6
ASIA	31,090	7.5
CENTRAL AND EASTERN EUROPE	25,633	6.2
NEAR AND MIDDLE EAST	18,522	4.4
<b>TOTAL</b>	<b>416,627</b>	<b>100.0</b>

## Duration of risks

The Group's credit insurance portfolio consists primarily of short-term risks, with over 90% of the Group's exposure at 31 December 2008 represented by risks of less than 180 days in duration. Nearly 60% of risks with a duration of more than one year concern domestic credit insurance business (mainly in Italy).

The table below analyses debtor risk by duration at 31 December 2008.

Duration	Credit insurance	Guarantees	Exposure in 2008	%
1 to 3 months	39,254		39,254	9.65
3 to 6 months	325,520	1,888	327,408	80.46
6 to 12 months	19,445		19,445	4.78
> 1 year	8,714	12,118	20,832	5.12
<b>Total</b>	<b>363,937</b>	<b>14,864</b>	<b>378,801</b>	<b>100.0</b>

### (ii) Risk sharing with the insured

The aim of credit insurance is to prevent losses insofar as possible, in the common interest of the insured and the insurer. The service offered includes not only cover for realised losses, but also loss prevention services and assistance in developing a profitable customer base. This community of interest is present at different levels and reflected in several aspects of Coface's risk management policies.

## Decision sharing

In principle, Coface approves each new debtor presented by the insured, and establishes a maximum exposure level for that debtor. As mentioned above, Coface at all times has the option of reducing or cancelling credit limits for new sales to a given debtor. On an exceptional basis, depending on the expertise of the insured, Coface may allow certain policyholders some discretion for setting credit limits, up to a ceiling stipulated in the policy.

## Sales-based premiums

As premiums are generally expressed as a percentage of the insured party's sales, it is in Coface's interest to help its insured clients develop their business.

# Risk management

## Risk-based premiums and bonuses

Premiums are fixed according to both the statistical loss experience for the profile of a population of policyholders with similar characteristics, and the insured's actual loss experience. Premiums are reviewed on policy renewal (generally annually) based on the actual loss experience. In addition, a number of policies have built-in bonus schemes, giving insured companies an incentive to monitor the credit quality of their customer base.

## Deductibles

In general, between 10% and 15% of the risk is borne by the insured. Policies may also provide for a per-loss deductible and, occasionally, an annual deductible. In addition, all sales in a given zone are covered in most cases, without the insured being able to select coverage of individual risks.

Coface requires the majority of its clients to assign it responsibility for collection of unpaid receivables, thereby giving this responsibility to the party bearing the financial risk. Coface begins its recovery procedures immediately upon non-payment with a view to limiting the extent of the losses and, as far as possible, maintaining the insured's commercial relations with the debtor. Negotiations and, if necessary, legal recovery procedures are initiated through the worldwide collection network, which includes the internal resources of the Coface Group and its CreditAlliance partners, as well as collection agencies and a network of lawyers. The effectiveness of these procedures is demonstrated by the amounts recovered. In 2008, for example, nearly 40% of amounts due as a result of export defaults were recovered within six months. Coface RBI – a subsidiary of Coface SA – also participates in the collection of large losses for all of the Group's entities.

### *(iii) Proprietary underwriting system (Common Risk System)*

Underwriting decisions are made by underwriters located in various underwriting centres, working online in real time on a sophisticated system that centralises internal and external information, known as the Common Risk System (the "CRS"). The CRS issues automatic underwriting decisions up to specified limits for known debtors. New debtors and larger amounts are referred directly to the underwriting staff. Coface's insured clients can also obtain guarantees by consulting their debtors' rating scores.

As underwriters are in direct contact with the insured, the Group's clients know the person responsible for underwriting decisions, and are able to provide explanations and additional information. Each underwriter is assigned an approval limit, depending on his or her expertise and scope of responsibility. Decisions above these individual limits are made by an underwriting committee. The CRS automatically blocks underwriting decisions in excess of the limit assigned to an underwriter.

The CRS consists of proprietary software and a database developed by Coface and its main subsidiaries, which is used to manage more than 5.2 million credit limits granted to over 2.4 million debtors. At the end of 2008 it also provided access to information relating to more than 50 million businesses located throughout the world, permitting rapid underwriting decisions relating to purchasers not covered by existing policies but included in the system.

These underwriting decisions comply with the overall underwriting standards established for the Group as a whole.

In addition, any corporate risks that exceed a certain level are assigned a B2F rating similar to that of the rating agencies, which measures the quality of the risk and the probability of default.

A Group risk management function was created in 2002, headed up by a Group risk director and a Major Risks Committee which manages the main risk exposure to groups of debtors, and monitors country risk strategy and risk management guidelines. It also sets overall limits for each major corporate or country risk, and allocates these by underwriting centre.

Reinsurance accepted is underwritten in accordance with the same procedures as direct origination. Coface's policy is to reinsure only specifically accepted risks within the CRS.

### *(iv) Provisions*

Coface maintains claims provisions against possible losses arising on its credit insurance portfolio. Specific provisions are made in respect of claims that have been reported at the year end but not settled. In addition, Coface records provisions to reflect estimates of future claims it will have to settle on the basis of events that have occurred up to the year end. Estimates are based on statistical models using historical loss experience in relevant industries and countries, adjusted to take account of major events that will have an impact on Coface's claims experience, as determined by management.

Under IFRS, the claims equalisation provision, which is a general provision to cover unusual fluctuations in claims experience, is included directly in equity (after taxes). This provision is also recorded separately in the entities' individual accounts.

### *(v) Intercompany risk sharing and reinsurance*

Coface's risk management system operates through a sophisticated intercompany risk-sharing mechanism implemented in each Group company to cover abnormally high levels of losses, and a centralised reinsurance system operated by Coface against both frequency losses and catastrophe losses. The system works as follows:

- Risk coverage for Coface network entities

The subsidiaries and branches of the Coface Group are covered by Coface La Défense against abnormally high losses through an inter-company stop-loss treaty, under which all losses in a given year above a certain loss ratio level are borne by Coface La Défense. Premiums invoiced by Coface La Défense for this protection of its network take into account both the portion of the Group's total reinsurance expenses represented by each ceding entity as well as its risk exposure. The annual treaties are designed to encourage the subsidiaries and branches to manage risk carefully as the collection costs for any past losses are invoiced to them.

- Centralised coverage of the Group's frequency risks and catastrophe risks

The cumulative risks of the Group – i.e., the risks relating to insurance policies underwritten directly by Group entities and the risks associated with Coface SA's reinsurance of the Group's CreditAlliance partners – are covered by a centralised reinsurance programme which involves a quota-share treaty based on gross premiums written and a Group excess loss treaty programme, which covers the risks retained by the Group

# Risk management

after ceded quota-share reinsurance, against losses in excess of certain thresholds by debtor or by country. These Group treaties are described below.

## Group quota-share treaty

Under this treaty, which covers gross written premiums, the Group undertakes to cede to its reinsurers 22% of total premiums written in 2008, as well as the same proportion of corresponding losses. The reinsurers pay the Group a fixed commission of 41% of premiums ceded in the 2008 underwriting year.

## Group excess loss treaty programme

The Group excess loss treaty covers an accumulation of losses on retained risks (after ceded reinsurance under the quota share treaty) for Coface and its CreditAlliance partners, through two types of coverage. Debtor coverage protects the Group against losses resulting from the default of a debtor or a group of debtors representing over €32 million in retained risks per debtor. Country coverage protects Coface against any annual accumulation of losses in a given country representing over €25 million in retained risks, after the proportional reinsurance and debtor excess loss mechanisms have kicked in. The maximum coverage in both cases is sufficient to cover the maximum probable debtor or country loss.

The excess loss programme deductibles (€32 million per debtor or €25 million per country) are set so that the maximum probable excess loss borne by the Group in relation to any one claim resulting from catastrophic events in a single year is limited to around 3% of consolidated shareholders' funds.

Coface's external reinsurance is provided by a total of 15 reinsurers. The reinsurers that cover the largest share of the risks are Hannover Re, Swiss Re and Partner Re. Standard & Poor's rated the claims paying ability of these principal reinsurers at 'AA-' at 31 December 2008. All of Coface's other reinsurers in 2008 had ratings of between 'A-' and 'AAA' from a major international rating agency. Coface has never made a claim under its excess loss reinsurance treaty.

## Claims equalisation provision

In the parent company accounts, Coface's French claims equalisation provision is used to provide additional protection against all credit risks (net of reinsurance) whether they are underwritten in France, or by subsidiaries, branches or CreditAlliance partners, or return to Coface through inwards reinsurance. All of these risks contribute to additions to the provision, through the allocation of 75% of overall underwriting profit. In turn, all risks are protected, as the provision fully covers any underwriting loss.

## Loss ratio

The Group measures its loss experience mainly by reference to its loss ratio. The loss ratio corresponds to the ratio of paid claims, claims handling expenses and changes in technical provisions, to gross written premiums. The Group's overall loss ratio, calculated on the basis of consolidated accounting data, was 73% in 2008 compared with 49% in both 2006 and 2007.

Claims expenses for a given year correspond to losses incurred over several underwriting years. An analysis of cash flows relating to claims

expenses shows that approximately 20% of total claims paid during the year relate to losses incurred in the same underwriting year, while 50% relate to losses incurred in y-1, 15% to losses incurred in y-2, and 15% to losses incurred in y-3 or earlier.

## 2. Financial risks

The Group is exposed to financial risk with respect to its net investment income and to risks relating to different classes of assets. The Group manages its financial risk using stress scenarios. For each main class of assets (property, equities and fixed-income securities), the stress scenario is based on the highest reduction of value in a single year based on longest available statistical data. The confidence interval applied is 97.5% which means that the predicted maximum loss (Value at Risk) calculated should only occur once in 40 years. The Group policy consists of strictly limiting financial risk, measured on the basis of 3-month VaR for all Group financial assets, other than shares in non-consolidated companies included in admissible assets. The policy sets a ceiling on 3-month VaR of 3.3% of the Group's net assets, corresponding to €38.5 million at 31 December 2008. Actual VaR at that date stood at €31.5 million, an amount significantly below the ceiling. For example, an immediate 100 basis point increase in bond interest rates would produce a decrease of approximately €11.2 million in unrealised capital gains, i.e. less than 1% of the Group's total unrealised capital gains at 31 December 2008.

The Group implements its policy through strict control of exposure to currency, liquidity and counterparty risk, optimal allocation between investment instruments, and conservative profit-taking policies.

### Control of risk exposure

#### Currency risk

The vast majority of Coface's investment instruments are euro-denominated. The currency risk on assets underlying liabilities in euros but whose related instruments are denominated in other currencies is hedged with a view to maintaining no open currency positions.

Coface directly manages currency futures involving the Swiss franc and the Japanese yen and traded on regulated markets with permanent liquidity, to hedge currency risk relating to equities held in connection with the Lazard discretionary asset management agreement and denominated in currencies other than the euro. The hedges seek to protect the Group from adverse exchange rate fluctuations and hedging positions are reviewed on a quarterly basis. Coface's trading room is responsible for carrying out and monitoring these transactions.

#### Counterparty risk

Over 95% of the bonds and other fixed-income instruments held by Coface at 31 December 2008 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

#### Liquidity risk

More than 99% of listed equities held by Coface are quoted on an exchange in an OECD country. Consequently, Coface considers its investment portfolio to be sufficiently liquid to cover the funds it may require to meet its obligations.

# Risk management

## **Optimal allocation between investment instruments**

In view of Coface SA's dual role as a holding company for investments in subsidiaries and affiliates and for operating insurance companies, it considers its investment allocation policy to apply only to property investments and financial instruments, which excludes all long-term investments.

The carrying amounts of investments included in the portfolio totalled €632.2 million at 31 December 2008, including cash and cash equivalents, compared with €617.8 million at 31 December 2007.

The investment allocation policy complies with legal requirements applicable in the countries in which the Group operates. This policy is also aimed at obtaining an optimal balance between risks and return. The most significant aspects of the policy are as follows:

- The Group invests only in property used in the business. For reasons of asset/liability management, during the 1990s, the Group decided to dispose of substantially all of its investment property. As a result, the current property portfolio is essentially composed of buildings used in connection with the Group's activities.
- At 31 December 2008 the maximum authorised limit for investments in equities or equity funds was 16% of total financial assets. Investments in equities accounted for less than 10% of the portfolio at the end of 2008.

The maximum amount of equities and equity funds that Coface is permitted to include in its portfolio must also respect the monthly VaR calculations as described above.

## **3. Legal risks**

- Coface's private market insurance operations are subject to the specific regulations in force within the countries in which it operates.

The creation of the Single Market has resulted in greater harmonisation of regulations within the European Union. Under European Council Directive no. 92-49 dated 18 June 1992 pertaining to non-life insurance, which was signed into French law under Act no. 94-5 dated 4 January 1994, an insurance company licensed to write insurance business in an EU member state can write one or several classes of insurance business in any other EU member state, directly or through branches, without seeking authorisation from the regulatory authorities of that member state.

Under the same European Council Directive of 18 June 1992, an insurance company's financial and accounting procedures are governed by the legislation in force within the company's home member state.

As an insurance company, Coface SA is subject to the provisions of the French Insurance Code and is regulated by the Treasury Department of the French Ministry of Finance and the *Autorité de Contrôle des Assurances et des Mutuelles*, or ACAM (French insurance supervisory authority). This independent supervisory body ensures that insurance companies comply with all the legal and regulatory requirements relative to the insurance industry. It is also responsible for verifying that insurers can at all times honour commitments to policyholders and that they meet the required solvency margins. In accordance with Decree no. 2006-287 dated 13 March 2006, insurance companies are required to provide ACAM with an annual report on internal control.

Nevertheless, the insurance policies underwritten by Coface SA are subject to contract law rather than to the specific provisions of the French Insurance Code, apart from the provisions pertaining to pre-contractual information and obligatory clauses.

In addition to writing insurance business on its own account, Coface covers and manages international trade risks on behalf of the French State, under the latter's supervision. It carries out this mission under the terms and conditions provided for in French Act no. 49-874 of 5 July 1949, Decree no. 94-376 dated 14 May 1994, the agreement on public procedures management and the attached financial agreement between Coface and the French State, last signed on 9 June 2008.

- All underwriting income and expenses concerning public procedures management, excluding the related management fees received by Coface, are segregated in the Company's accounts, in accordance with Article L. 432-4 of the French Insurance Code.
- Company information and receivables management services are not subject to any specific regulations, apart from the debt collection business exercised on behalf of third parties, which is subject to the specific provisions of the Decree dated 18 December 1996.

### **\* Litigation**

No claims or litigation are in progress or pending that would be likely to have a material impact on the financial position of Coface SA or the Group.

\* Coface is required to comply with the general principles relating to business confidentiality.

\* To the best of Coface's knowledge, it is not dependent on any other companies, or any marketing, distribution or manufacturing contracts or licences for the conduct of its business.

## **4. Industrial and environmental risks**

To the best of Coface's knowledge, it is not subject to any environmental risk that could have a significant impact on the Group's financial position, business or results of operations.

## **5. Insurance**

Coface SA is covered by the insurance policies taken out by the Natixis Group with regard to business liability, the liability of its corporate officers and fraud. The specific risks covered concern business liability resulting from operations of the business, environmental risks and professional indemnity insurance, particularly for debt collection services provided to clients, and internal and/or external fraud.

Coface SA has also taken out specific policies to cover the various other risks to which its businesses, employees and assets are exposed.

The amounts of insurance cover taken out reasonably cover the financial and other consequences of any losses that may arise. Coface has also set up disaster recovery plan contracts with specialist companies, to avoid any lasting interruption of its business following a major incident.

# Risk management

## 6. Operational risks

In 2006, Coface set up a new organization structure and rolled out operational risk control procedures at all of its entities aimed at developing self-assessment and control of an operational risk by business line managers.

Coface defines operational risk as the risk of losses resulting from inadequate or failed internal processes, people in all areas of business except credit and financial, and from internal systems or external events.

A Central Operational Risks unit within the Coface Holdings Organisation and Production department develops guidelines and procedures (operational risk mapping, inventory of incidents and losses, second level controls, updating and testing of business continuity plans, action plans designed to reduce operational risk), coordinates the work of local control and compliance staff, and provides support with regard to methodology and best practices. It also monitors the progress of action plans, acts as secretary to the Operational Risk and Compliance Committee and reports to Coface Holding's management bodies.

At local level, the control and compliance correspondents appointed at the main entities and departments, under the supervision of their management, are responsible for risk management systems and for achieving risk reduction and control targets in compliance with the guidelines. They report to Coface Holding's senior management through the Operational Risk department. In 2008, the control and compliance correspondents attended a collegial work meeting.

The Operational Risks and Compliance Committee created in 2006, and chaired by Coface Holding's Chief Executive Officer, meets on a quarterly basis. The committee comprises permanent members, a representative of Natixis's operational risk department and other participants invited according to the agenda set for the meeting. The committee approves measures aimed at reducing exposure to identified risks, monitors their implementation, complies with recommendations resulting from audit assignments and deals with issues of principle.

### Operational risk mapping

To improve knowledge of operational risk at all its entities, Coface has developed an operational risk mapping approach based on an independent appraisal method recommended by a specialist firm of consultants for the Credit Insurance, Business Information and Trade Receivables Management and Collection business lines.

At end-2008 the operational risk map of the various entities covered 95% of Group turnover.

A quantitative mapping approach based on a model provided by Natixis has been rolled out at Natixis Factor and Coface Finanz, the Group's main factoring entities and skill centres. At the end of 2008, 90% of this mapping had been completed. This work was carried out using the Osirisk software provided by Natixis.

The mapping is updated based on the completion of action plans and the resulting control of risk.

### Centralisation of incidents and losses

An incident is the occurrence of an operational risk that could result or might have resulted in a financial loss, an unjustified gain, or other non-financial consequences.

Since June 2007, all operating incidents and losses identified by any member of the staff at Coface entities are reported to the Operational Risks department. This reporting system, implemented in the third quarter of 2007, was initially done quarterly.

In March 2008, a monthly summary reporting system for incidents and losses was put in place at all Coface's entities throughout the world.

### Level two controls

In addition to the information gathered from mapping and the reporting of incidents and losses, in December 2007 the Group rolled out level two control programmes targeting key control objectives.

In the framework of the COLOR (COntrol Level ORganisation) project, a first procedure memorandum relating to second level control of commercial contracts was published in June 2008. At the end of 2008, the recommended controls had been carried out for the Credit Insurance business in the Group's six main countries of operation (France, Germany, Austria, Italy, the United Kingdom and the United States).

Under a procedure drawn up by Coface Holding's Legal and Compliance department, all new products are examined by the New Products Committee.

### Business continuity plan

Coface has prepared a business continuity plan to deal with any prolonged or permanent unavailability of its headquarters building at 12, cours Michelet, La Défense, France, or the unavailability of its IT systems.

The continuity plan was developed with the help of a specialist external firm of consultants, and is based on a detailed survey of user needs and generally accepted business continuity practices. Offsite data back up and IT facilities used by Coface are provided by a Coface subsidiary.

A backup site run by a specialist firm is available to Coface's headquarters employees in the event of a crisis. The "information systems" component of the business continuity plan is tested twice a year.

A blueprint was drawn up in 2007 for developing a system of business continuity management throughout the Group. The 'master document' is consistent with the methods used by Natixis. In 2008, the operational elements (crisis management plan and business line continuity plans) were rolled out at all Coface entities.

### Action plans and reports

Action plans are the result of all the initiatives described above and are designed to reduce or contain operational risk. The Operational Risks unit is in charge of all risk reporting.

# Risk management

# Liquidity and Capital Resources

In the insurance business, liquidity generally defines a company's ability to generate – in the normal course of business and through the management of its investment portfolio – sufficient liquidity to meet its financial commitments. These commitments correspond mainly to the company's obligations towards policyholders under the terms of the policies written by the company. The bulk of the resources of the Group's insurance business consists of premiums and net investment income (including realised gains). These resources are used primarily to settle claims and to cover claims handling expenses as well as other general operating expenses. Net cash provided by operating activities generally represents a substantial amount, because premiums are collected before any claims are incurred or settled.

The standard measurement of an insurance company's liquidity is based on its ability to fulfil its financial commitments. Coface generally satisfies the minimum regulatory requirements. Coface's consolidated liquidity position with regard to the minimum regulatory requirements is as follows:

**Solvency margin:** the solvency margin corresponds to the required level of shareholders' funds, taking into account activity levels as measured by premium income weighted by the average loss ratio. Coface is required to maintain its solvency margin at or above the level set in the insurance regulations. Coface has calculated its minimum solvency margin requirement in accordance with French regulations, as set out in Decree no.

2002-360 dated 14 March 2002 concerning the additional supervision of insurance companies (Ministry of the Economy, Finance and Industry). At 31 December 2008, the Group's solvency margin stood at €564.5 million, representing nearly four times the required minimum of €144.4 million, compared with €585.7 million at end-2007, representing nearly four times the required minimum of €139.4 million.

**Excess of admissible assets over regulated liabilities:** current regulations require the Group's insurance companies to hold assets that fulfil the criteria of admissibility in terms of quality, liquidity and risk diversification to cover their regulated liabilities, consisting essentially of technical provisions. At 31 December 2008, the Coface Group's admissible assets exceeded its regulated liabilities by €283 million on a consolidated basis.

The resources of the business information and receivables management business are derived mainly from the sale of credit reports and credit monitoring services, as well as from receivables management fees. The business's primary use of funds is for general operating expenses. There is no significant time-lag between the collection of revenues and settlement of the related expenses.

In public procedures management, the main source of funds is the remuneration received from the French State, and general operating expenses represent the main use of funds. In this case also, there is no significant time-lag between the collection of revenues and settlement of the related expenses.

# General information about the company

## Company name and registered office

Company name:

COMPAGNIE FRANÇAISE D'ASSURANCE POUR LE COMMERCE  
EXTÉRIEUR – COFACE

Registered office: 12 Cours Michelet, La Défense 10, 92800 Puteaux

Tel.: (33) 1 49 02 20 00

## Legal form and applicable legislation

The Company is governed by the French Insurance Code, including the Decree of 14 May 1994, the provisions of the French Commercial Code and the provisions of French Act no. 49-874 of 5 July 1949.

## Date of incorporation and term

The Company was founded on 1 May 1948 for a period of ninety-nine years. It may be wound up in advance or its term extended.

## Corporate purpose

In accordance with article 4 of the Articles of Association, the Company's corporate purpose is to:

1. Cover credit insurance risk and the proper completion of commercial and financial operations, and also all related insurance and/or reinsurance services and/or services which may encourage the development of said operations;
2. Cover and manage, in the interest of France's foreign trade, risks linked to international exchange, commercial, political, monetary

and disaster risks, and also certain risks referred to as extraordinary risks, on behalf of and under the control of the State. These risks are covered by the State's guarantee, as are the operations concerning the management of rights and/or obligations relating thereto, under Article L. 432-2 of the French Insurance Code;

3. And, more generally, to carry out all civil, commercial, industrial, financial, personal and/or real property operations, which may be connected directly or indirectly with the above-mentioned objects.

## Financial year

The financial year begins on 1 January and ends on 31 December.

## Disclosure threshold

As Coface provides a public service, in accordance with Article R. 442-6 of the French Insurance Code, any acquisition of 10% of the Company's share capital or voting rights must be discussed by the Board of Directors and then submitted for approval to the Minister of the Economy. This specific provision applies in addition to the general disclosure requirements applicable to insurance companies which stipulate that in the event of any transaction which causes any person or entity to acquire effective control over the management of the Company or to cross the disclosure thresholds of one half, one third, one fifth or one tenth of voting rights, said person or entity must disclose this situation to the Insurance Industry Committee which has three months to veto the transaction.

# General information about the company's capital

## Share capital

At 31 December 2008, the Company's share capital amounted to €107,065,801.66 divided into 28,106,527 shares.

## Changes in the Company's capital over the last five years

Dates		Number of shares issued	Increase in share capital (€)	Premium per share (€)	Total premiums (€)	Total share capital (€)	Total number of shares	Par value (€)
31 January 2003	Exercise of 4,550 options granted under the 7 December 1999 plan, in connection with the July 2002 public tender offer by Natexis Banques Populaires <sup>(1)</sup>	4,550	17,341.07	38.19	40,619,408.86	49,736,107.13	13,049,899	3.811225
20 July 2004	Exercise of 12,400 options granted under the 7 December 1999 plan, in connection with the May 2004 public buyout offer by Natexis Banques Populaires <sup>(2)</sup>	11,900	47,259.19	38.19	41,095,305.85	49,783,366.32	13,062,299	3.811225
31 December 2004	Exercise of 3,350 options granted under the 7 December 1999 plan <sup>(3)</sup>	3,350	12,767.60	38.19	41,223,238.25	49,796,133.92	13,065,649	3.811225
20 May 2005	Exercise of 1,455 options granted under the 7 December 1999 plan	1,455	15,073.39	38.19	41,278,804.68	49,811,207.31	13,067,104	3.811225
September 2005	Capital increase via dividend payment in respect of 2004	1,345,840	5,129,299.05	31.15	83,200,072.03	54,940,506.36	14,415,444	3.811225
29 December 2005	Exercise of 4,186 options granted under the 7 December 1999 plan	4,186	15,953.79	38.19	83,359,930.24	54,956,460.15	14,419,630	3.811225
30 December 2005	Exercise of 200 options granted under the 3 December 2002 plan <sup>(4)</sup>	200	762.25	42.90	83,368,510	54,957,222.40	14,419,830	3.811225
30 June 2006	Exercise of 8,618 options granted under the 7 December 1999 plan	8,618	32,845.13	38.19	83,697,620.87	54,990,067.53	14,428,448	3.811225
13 September 2006	Capital increase via dividend payment in respect of 2005	3,877,459	14,777,868.68	30.14	185,786,366.45	69,797,936.21	18,305,907	3.811225
28 December 2006	Exercise of 1,035 options granted under the 7 December 1999 plan	1,035	3,944.62	38.19	185,825,891.40	69,771,880.83	18,306,942	3.811225
29 December 2006	Exercise of 6,175 options granted under the 3 December 2002 plan <sup>(5)</sup>	6,175	23,534.31	42.90	186,090,791.78	69,795,415.14	18,313,117	3.811225
3 September 2007	Exercise of 2,549 options granted under the 7 December 1999 plan	2,549	9,714.81	38.19	186,188,134.96	69,805,129.95	18,315,666	3.811225
5 September 2007	Exercise of 19,112 options granted under the 3 December 2002 plan	19,112	72,834.34	42.90	187,008,016.35	69,877,964.29	18,334,778	3.811225
6 September 2007	Capital increase via dividend payment in respect of 2006	4,367,694	16,646,264.56	22.33	284,533,272.94	86,524,228.85	22,702,472	3.811225
27 December 2007	Exercise of 1,118 options granted under the 7 December 1999 plan	1,118	4,260.95	38.19	284,575,967.99	86,528,480.80	22,703,590	3.811225
28 December 2007	Exercise of 5,744 options granted under the 3 December 2002 plan	5,744	21,891.68	42.90	284,822,378.55	86,550,381.48	22,709,334	3.811225
1 <sup>st</sup> July 2008	Exercise of 3,563 options granted under the 7 December 1999 plan	3,563	13,579.39	38.19	284,958,445.15	86,563,960.87	22,712,897	3.811225
31 July 2008	Exercise of 7,665 options granted under the 3 December 2002 plan	7,665	29,213.04	42.90	285,287,264.26	86,593,173.91	22,720,562	3.811225
4 September 2008	Capital increase via dividend payment in respect of 2007	5,371,666	20,472,627.75	19.20	388,416,671.17	107,065,801.66	28,092,228	3.811225
23 December 2008	Exercise of 3,925 options granted under the 7 December 1999 plan	3,925	14,959.05	38.19	388,566,562.11	107,080,760.71	28,096,153	3.811225
24 December 2008	Exercise of 10,374 options granted under the 3 December 2002 plan	10,374	39,537.65	42.90	389,011,594.00	107,122,203.97	28,106,527	3.811225

(1) The Extraordinary General Meeting of 7 December 1999 authorised the Board of Directors to issue 62,466 stock options. Under the terms of the 7 December 1999 stock option plan, the options could be exercised in advance in the event of a tender offer for the Company's shares. Further to Natexis Banques Populaires' tender offer of 19 July 2002, 4,550 options were exercised, representing a capital increase of €17,341.07.

(2) Under the terms of the 7 December 1999 stock option plan, the options could be exercised in advance in the event of a public tender or exchange offer for the Company's shares. Further to Natexis Banques Populaires' public buyout offer followed by a compulsory buyout procedure on 23 April 2004, 11,900 options were exercised, representing a capital increase of €45,353.58.

(3) Under the terms of the 7 December 1999 stock option plan, the options could be exercised as from 7 December 2004.

(4) Under the terms of the 3 December 2002 stock option plan, the options could be exercised in advance (before 3 December 2006) by the heirs of any beneficiary who dies. The heirs of one beneficiary exercised that person's options by subscribing for 200 shares.

(5) Under the terms of the 3 December 2002 stock option plan, the options could be exercised as from 3 December 2006.

# Capital and voting rights

## **OWNERSHIP STRUCTURE AT 31 DECEMBER 2008**

The Articles of Association do not contain any clauses allowing for shares to carry double voting rights or setting a ceiling on the number of voting rights that may be exercised at General Meetings. To the best of the Company's knowledge, the Company's shares have not been pledged or otherwise encumbered.

Shareholders	Number of shares	Percentage interest	Percentage voting rights
Coface Holding SAS	28,069,030	99.866%	99.866%
Natixis	33,664	0.12%	0.12%
Other	3,833	0.014%	0.014%
<b>Total</b>	<b>28,106,527</b>	<b>100.00%</b>	<b>100.00%</b>

## **CHANGES IN OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS**

Shareholders	31 December 2006			31 December 2007			31 December 2008		
	Number of shares	% interest	% Voting rights	Number of shares	% interest	% Voting rights	Number of shares	% interest	% Voting rights
Natixis	18,312,226	99.995	99.995	6,439	0.028	0.028	33,664	0.12	0.12
Coface Holding SAS				22,701,877	99.967	99.967	28,069,030	99.866	99.866
Other	894	0.005	0.005	1,018	0.005	0.005	3,833	0.014	0.014
<b>Total</b>	<b>18,313,117</b>	<b>100</b>	<b>100</b>	<b>22,709,334</b>	<b>100</b>	<b>100</b>	<b>28,106,527</b>	<b>100</b>	<b>100</b>

## **DIVIDENDS**

### **Dividends paid in the last three years and related tax credit**

Year	Number shares	Net dividend in euros
2005	14,427,980	8.10
2006	18,327,083	6.23
2007	22,709,334	7.20

# Corporate governance

## COMPOSITION AND OPERATION OF CORPORATE GOVERNANCE BODIES

### Board of Directors

The Company is managed by a Board of Directors which met four times in 2008. In accordance with the Company's Articles of Association, Directors remain in office for five years.

The Board of Directors currently comprises 21 members, of which 18 were elected by the General Meeting and three were elected by employees in accordance with article 11 of the Articles of Association and Articles L. 225-27 to L. 225-34 of the French Commercial Code.

The following table provides information on the directorships and functions of Coface's Directors as at 31 December 2008.

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
<b>François David</b>	27 July 1994	AGM called to approve the financial statements for 2011	Chairman		<ul style="list-style-type: none"> <li>* Chairman of the Board of Directors of:               <ul style="list-style-type: none"> <li>. Coface Services</li> <li>. Coface Assicurazioni SpA (Italy)</li> </ul> </li> <li>* Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany)</li> <li>* Vice-Chairman of the Supervisory Board of Natixis Finance</li> <li>* Chairman of:               <ul style="list-style-type: none"> <li>. La Librairie Electronique (LLE)</li> <li>. Centre d'Etudes Financières</li> <li>. Or Informatique</li> </ul> </li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Vinci</li> <li>. Natixis Coficiné</li> </ul> </li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Rexel</li> <li>. Areva</li> <li>. Lagardère</li> </ul> </li> <li>* Director of the Coface Trade Aid association</li> </ul>
<b>Jérôme Cazes</b>	15 March 1999	AGM called to approve the financial statements for 2011	Chief Executive Officer		<ul style="list-style-type: none"> <li>* Member of the Executive Committee of Natixis</li> <li>* Chief Executive Officer of:               <ul style="list-style-type: none"> <li>. Coface Holding SAS</li> </ul> </li> <li>* Chairman of the Board of Directors of:               <ul style="list-style-type: none"> <li>. Kompass International Neuenschwander</li> <li>. Coface North America Holding Cy (USA)</li> <li>. Coface Italia SRL (Italy)</li> <li>. Coface UK Holdings Ltd (UK)</li> </ul> </li> <li>* Chairman of the Supervisory Board of Coface Intercredit Information Holding (Austria)</li> <li>* Vice-Chairman and Director of Cerved Business Information SpA (Italy)</li> <li>* Vice-Chairman of:               <ul style="list-style-type: none"> <li>. Coface Austria Kreditversicherung AG (Austria)</li> <li>. Coface Assicurazioni SpA (Italy)</li> </ul> </li> <li>* Director of Coface Services</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Coface Kreditversicherung AG (Germany)</li> </ul> </li> <li>* Permanent representative of Natixis on the Board of Directors of Natixis Factor</li> <li>* Director of the Coface Trade Aid association</li> </ul>

# Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
<p><b>Natixis</b></p> <p>Represented by Dominique Ferrero since 28 May 2008</p>	Became Director on 30 June 2000 to replace Natixis Banques Populaires (formerly BFCE) which it took over. Natixis Banques Populaires had been a Director of the Company since 23 February 1949. NBP became Natixis following the merger with Ixis, Groupe Caisse d'Epargne (November 2006)	AGM called to approve the financial statements for 2011		Chairman of the Management Board of Natixis	<ul style="list-style-type: none"> <li>* Chairman of Coface Holding</li> <li>* Director of Vinci</li> <li>* Permanent representative of Natixis on the Board of Directors of: <ul style="list-style-type: none"> <li>. Natixis Global Asset Management</li> <li>. Natixis Private Equity</li> </ul> </li> </ul>
<b>Martine Bianchi</b>	4 September 2008	AGM called to approve the financial statements for 2011	Local Service Manager, Coface Client Relationships and Marketing department		
<b>Pierre Carli</b>	4 September 2008	AGM called to approve the financial statements for 2011		Chairman of the Management Board, Caisse d'Epargne de Midi-Pyrénées	<ul style="list-style-type: none"> <li>* Chairman of the Board of Directors and Chief Executive Officer of Promo Gestion</li> <li>* Chairman of the Board of Directors of: <ul style="list-style-type: none"> <li>. Midi Foncière</li> <li>. Toulouse Télévision</li> </ul> </li> <li>* Chairman of the Supervisory Board of: <ul style="list-style-type: none"> <li>. Sotel</li> <li>. Midi 21</li> <li>. Capitole Finance – Tofinso</li> <li>. Ecureuil Service</li> <li>. GCE Car Lease</li> </ul> </li> <li>* Chairman of: <ul style="list-style-type: none"> <li>. Midi Epargne</li> <li>. Sorepar SAS</li> <li>. Comité des Banques de Midi Pyrénées</li> </ul> </li> <li>* Deputy Chairman of the Supervisory Board of Promologis</li> <li>* Director of: <ul style="list-style-type: none"> <li>. SACCEF</li> <li>. FIRCE Stratégie GIE</li> <li>. Midi Capital</li> <li>. Groupe Ecole Supérieure de Commerce de Toulouse</li> </ul> </li> <li>* Member of the Supervisory Board of: <ul style="list-style-type: none"> <li>. GIRCE Ingénierie GIE</li> <li>. Ecureuil Négoce</li> <li>. La Compagnie 1818-Banquiers privés</li> </ul> </li> <li>* Permanent representative of Caisse d'Epargne Midi Pyrénées on the Board of Directors of: <ul style="list-style-type: none"> <li>. Ecureuil Lease</li> <li>. Association Promo Accueil</li> </ul> </li> </ul>

# Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
					<ul style="list-style-type: none"> <li>. Association Eurosud Transport</li> <li>. Tofinso Investissement</li> <li>* Permanent representative of SA Midi Foncière on the Board of Directors of SAS Saint Exupéry Montaudran</li> <li>* Non-voting member of the Board of:               <ul style="list-style-type: none"> <li>. Semest</li> <li>. Semeccel</li> <li>. Smat</li> </ul> </li> <li>* Technical advisor to the Regional Chamber of Trade and Industry</li> </ul>
<b>Claude Cordel</b>	16 May 2006	AGM called to approve the financial statements for 2011		Chairman of the Board of Directors of Banque Populaire du Sud	<ul style="list-style-type: none"> <li>* Chairman of the Board of Directors of Natixis Factor</li> <li>* Chairman of:               <ul style="list-style-type: none"> <li>. SAS CPSL</li> <li>. SAS Holding Clobia</li> <li>. SAS Holding Vigie</li> </ul> </li> <li>* Vice-president of:               <ul style="list-style-type: none"> <li>. Banque Dupuy, de Parseval</li> <li>. Banque Marze</li> </ul> </li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Natixis Pramex International</li> <li>. ABPCD (Association des Banques pour la Coopération et le Développement)</li> <li>. Banque Chaix</li> <li>. SAS Dupleix</li> </ul> </li> <li>* Member of the Supervisory Board of Foncia</li> <li>* Manager of L'Oasis</li> </ul>
<b>Jean Criton</b>	5 November 2002	AGM called to approve the financial statements for 2011		Chief Executive Officer of Banque Populaire Rives de Paris	<ul style="list-style-type: none"> <li>* Chairman and CEO of Sud Participation SA</li> <li>* Chairman of the Board of Directors of Turbo SA</li> <li>Director of:               <ul style="list-style-type: none"> <li>. Natixis Private Equity</li> <li>. Natixis Assurances</li> <li>. Natixis Private Banking</li> <li>. Société Marseillaise de Crédit</li> </ul> </li> <li>* Permanent representative of Banque Populaire Rives de Paris, Chairman of SAS Sociétariat Banque Populaire Rives de Paris</li> <li>* Permanent representative of Banque Populaire Rives de Paris, Vice President of i-BP (Informatique Banques Populaires)</li> <li>* Permanent representative of Banque Populaire Rives de Paris, shareholder and manager of S.A.M.M.</li> <li>* Director, Fondation d'entreprise Groupe Banque Populaire</li> </ul>
<b>Edouard Esparbès</b>	11 May 2004	AGM called to approve the financial statements for 2011		Honorary Chief Executive Officer of Calyon	<ul style="list-style-type: none"> <li>* Chairman of Attijariwafa Bank Europe</li> </ul>
<b>Steve Gentili</b>	5 November 2002	AGM called to approve the financial statements for 2011		Chairman of the Board of Directors of BRED Banque Populaire	<ul style="list-style-type: none"> <li>* Chairman of the Board of Directors of:               <ul style="list-style-type: none"> <li>. Bred Gestion</li> <li>. Natixis Pramex International</li> <li>. Compagnie financière de la Bred – Cofibred</li> <li>. Spig</li> </ul> </li> <li>* Chairman of the Supervisory Board of Banque internationale de Commerce - Bred</li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Banque Fédérale des Banques Populaires (Vice President)</li> </ul> </li> </ul>

## Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
					<ul style="list-style-type: none"> <li>. Bercy Gestion Finances +</li> <li>. Bred Cofilease</li> <li>. Natixis Algéri</li> <li>. Natixis Pramex Italia SRL</li> <li>. Prepar IARD</li> <li>. Promepar Gestion</li> <li>. Société Marseillaise de Crédit</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Natixis</li> <li>. Prepar Vie</li> </ul> </li> <li>* Permanent representative of Bred Banque Populaire on the Board of Directors of:               <ul style="list-style-type: none"> <li>. BICEC</li> <li>. Banque Commercial Internationale (BCI Congo)</li> <li>. NRJ Invest</li> </ul> </li> </ul>
<b>Daniel Karyotis</b>	20 February 2007	AGM called to approve the financial statements for 2011		Chairman of the Management Board of Banque Palatine	<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board and President of the Remuneration Committee of Palatine Asset Management</li> <li>* Vice-Chairman of the Supervisory Board and Chairman of the Remuneration Committee of Eurosic</li> <li>* Deputy Chairman of the Board of Directors, Cicobail</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Financière Océor</li> <li>. Natixis Epargne Financière</li> <li>. Natixis Epargne Financière Gestion</li> </ul> </li> <li>* Permanent representative of Banque Palatine on the Board of Directors of:               <ul style="list-style-type: none"> <li>. Ecureuil Gestion FCP</li> <li>. OCBF</li> </ul> </li> <li>* Permanent representative of Banque Palatine on the Supervisory Board of:               <ul style="list-style-type: none"> <li>. La Compagnie 1818 – Banquiers privés</li> <li>. GCE Capital</li> </ul> </li> <li>* Chairman of the Executive Committee, Trade Exploitation.</li> </ul>
<b>Olivier Klein</b>	20 February 2007	AGM called to approve the financial statements for 2011		Chairman of the Management Board of Caisse d'Epargne Rhône Alpes	<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board of Rhône Alpes PME Gestion</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Natixis</li> <li>. La Compagnie 1818 – Banquiers privés</li> </ul> </li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Neptune Technologies</li> <li>. Natixis Global Asset Management</li> <li>. Natixis Consumer Finance</li> <li>. Natixis Financement</li> </ul> </li> <li>* Permanent representative of CERA on the Supervisory Board of :               <ul style="list-style-type: none"> <li>. Société des Trois Vallées</li> <li>. GCE Business Services</li> </ul> </li> <li>* Permanent representative of CNCE on the Supervisory Board of Compagnie des Alpes</li> <li>* Permanent representative of CERA on the Board of Directors of Fédération Nationale des Caisses d'Epargne (FNCE)</li> <li>* Permanent representative of CERA, manager of SNC Terrae</li> </ul>
<b>Alain Lacroix</b>	4 December 2008	AGM called to approve the financial statements for 2011		Member of the Executive Committee of the Caisse Nationale des Caisses d'Epargne	<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board and Chairman of the Remuneration Committee of:               <ul style="list-style-type: none"> <li>. GCE Habitat</li> <li>. La Compagnie 1818 – Banquiers privés</li> </ul> </li> </ul>

## Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
					<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board of GCE Newtec</li> <li>* Chairman of the Board of Directors of :               <ul style="list-style-type: none"> <li>. A.C.E</li> <li>. Natixis Consumer Finance</li> <li>. Natixis Financement</li> <li>. Natixis Epargne Financière</li> <li>. Natixis Epargne Financière Gestion</li> </ul> </li> <li>* Chairman of:               <ul style="list-style-type: none"> <li>. GCE Fidélisation</li> <li>. Natixis Consumer Finance IT</li> </ul> </li> <li>* Member of the Supervisory Board, the Audit Committee and the Remuneration Committee of Natixis Garanties</li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Natixis Asset Management</li> <li>. Natixis Global Asset Management</li> <li>. Natixis Securities</li> <li>. Nexity</li> <li>. Banque des Antilles Françaises</li> <li>. Banque de la Réunion</li> <li>. Erixel</li> <li>. SACCEF</li> </ul> </li> <li>* Permanent representative of CNCE, member of the Supervisory Board of Caisse d'Epargne Garanties Entreprises</li> <li>* Permanent representative of CNCE on the Board of Directors of Ecureuil Vie Développement</li> <li>* Member of the Partnership Committee, CEMM</li> </ul>
<b>Yvan de La Porte du Theil</b>	5 November 2002	AGM called to approve the financial statements for 2011		Chief Executive Officer of Banque Populaire Val de France	<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board of MA Banque</li> <li>* Deputy Chairman of the Board of Directors of Banque Fédérale des Banques Populaires</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Natixis</li> <li>. Foncia</li> </ul> </li> <li>* Director of Natixis:               <ul style="list-style-type: none"> <li>. Private Banking</li> <li>. Crédit Commercial du Sud-Ouest</li> </ul> </li> <li>* Permanent representative of Banque Populaire Val de France on the Board of Directors of i-BP (Informatique Banques Populaires)</li> <li>* Member of the Executive Committee of CIBP (Confédération Internationale des Banques Populaires)</li> </ul>
<b>Bruno Mettling</b>	28 February 2008	AGM called to approve the financial statements for 2011		Advisor to the Chairman of Banque Fédérale des Banques Populaires	<ul style="list-style-type: none"> <li>* Chairman of the Supervisory Board of Foncia</li> <li>* Chairman of:               <ul style="list-style-type: none"> <li>. ABPCE</li> <li>. SAS BP Création</li> </ul> </li> <li>* Vice President of Société Marseillaise de Crédit</li> <li>* Member of the Executive Committee, CIBP</li> <li>* Member of the Supervisory Board of:               <ul style="list-style-type: none"> <li>. Natixis</li> <li>. MA Banque</li> <li>. Fonds de Garantie des Dépôts</li> </ul> </li> <li>* Director of:               <ul style="list-style-type: none"> <li>. Natixis Financement</li> <li>. Natixis Consumer Finance</li> <li>. Natixis Assurances</li> <li>. Natixis Private Banking</li> <li>. BICEC</li> </ul> </li> <li>* Manager of Bankeo</li> <li>* Member of the Forecasting Committee (Commission de Prospective), FBF (Fédération Bancaire Française – French banking association)</li> </ul>

# Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company:	Other directorships or functions held:
<b>Nicole Notat</b>	4 December 2008	AGM called to approve the financial statements for 2011		Chair of VIGEO	* Member of the Board of Directors of IEFP (Institut pour l'Education Financière du Public)
<b>Laurence Parisot</b>	20 February 2007	AGM called to approve the financial statements for 2011		Vice President of the Board of Directors of IFOP	* Chair of Medef * Member of the Supervisory Board of Michelin SCA * Director of BNP Paribas
<b>Dominique Remy</b>	20 February 2007	AGM called to approve the financial statements for 2011		Head of Structured Finance – BNP Paribas Member of the Executive Committee of CIB	* Director of: . BNP Paribas ZAO (Russia) . BNP Paribas Switzerland SA
<b>Bruno Retif</b>	4 December 2008	AGM called to approve the financial statements for 2011	Administration and Facilities Management, Coface HR & Admin. Department		
<b>Laurent Roubin</b>	4 December 2008	AGM called to approve the financial statements for 2011		Head of sales and marketing events, Groupe Banque du Développement Régional	* Director of : . Natixis Securities . Cicobail . Alpha Demeter / Sofirem Member of the Supervisory Board of: . GCE Capital . Banque Palatine . Palatine Asset Management * Member of the Audit Committee of: . Palatine Asset Management . Alpha Demeter / Sofirem
<b>Jean-Louis Warnet</b>	11 May 2004	AGM called to approve the financial statements for 2008	Assistant Manager in the Coface Risk Management Department		* Member of the Supervisory Board of NRA Coface ARB (Russia)

## Independent

The Board of Directors comprises four independent directors, Edouard Esparbès, Nicole Notat, Laurence Parisot and Dominique Remy.

## Directors elected by employees

In accordance with article 11 of the Company's Articles of Association, the Board of Directors includes three directors elected by employees. The status and method of election of these directors are specified in Articles L. 225-27 to L. 225-34 of the French Commercial Code and in the Company's Articles of Association.

In 2008, the three directors elected by employees were Martine Bianchi (replacing Alain Régnier from 4 September 2008), Bruno Rétif (replacing Eric Pernon from 4 December 2008) and Jean-Louis Warnet.

## Committees set up by the Board of Directors

The Board of Directors established three committees on 22 June 1998. An independent director sits on each committee.

The Strategy Committee issues an opinion on the Group's development strategy, investment policies and product strategy. The current members are Yvan de la Porte du Theil (Committee Chairman since May 2006), Christian Blanc (until his resignation from the Board of Directors on 8 April 2008), Jérôme Cazes, Olivier Klein and François Ladam. The Strategy Committee met twice in 2008.

The Audit Committee reviews the Company's accounts and the controls and procedures carried out by the Statutory Auditors. The current members are Edouard Esparbès (Committee Chairman since May 2006), Jean Criton, Daniel Karyotis and Alain Régnier (until 29 August 2008). The Audit Committee met four times in 2008.

# Corporate governance

The main task of the Compensation Committee is to submit recommendations to the Board of Directors relating to the compensation of Company officers. The current members are François Ladam (Committee Chairman since May 2006), Steve Gentili and Nicolas Mérindol (until his resignation on 3 December 2008). The Compensation Committee met once in 2008.

## Attendance fees paid to the Company's officers who were also officers of Natixis in 2008

In euros	Coface		Natixis	
	Fixed portion	Variable portion	Fixed portion	Variable portion
Steve Gentili	7,000	7,000	10,000	14,000
Yvan de La Porte				
du Theil	8,000	8,000	20,000	25,000
Nicolas Mérindol	5,000	5,000	12,500	12,500
Bruno Mettling	3,000	3,000	20,000	24,000
Charles Milhaud	1,500	1,500	10,000	14,000

## Group Executive Committee

This Committee decides the Group's overall strategies and reviews major Group issues. The Committee is made up of the managers of the main Group companies and meets at monthly intervals.

**The members of the Committee, in addition to François David, Chairman, and Jérôme Cazes, Chief Executive Officer, are:**

François Meunier, Deputy Chief Executive Officer;  
 Thierry Coldefy, Company Secretary, Holding;  
 Catherine Halberstadt, Chief Executive Officer, Natixis Factor;  
 Daniel Garcia, Director, Information Systems;  
 Corine Troncy, Director, Sales and development, Holding;  
 Fouad Bitar, Director, organisation and production, Holding;  
 Mike Ferrante, Chairman and CEO, Coface North America;  
 Stefan Brauel, Member of the Coface Kreditversicherung Management Board;  
 Benoît Claire, Chairman of the Coface Kreditversicherung Management Board;  
 Norbert Langenbach, Member of the Coface Kreditversicherung Management Board;  
 Lionello Albertazzi, Chief Executive Officer, Coface Assicurazioni;  
 Franz Michel, Chief Executive Officer, Coface Finanz;  
 Martina Dobringer, Chairman of the Executive Committee and Chief Executive Officer, Coface Austria;  
 Xavier Denecker, Chief Executive Officer, Coface UK.

## Management of main Group entities

In addition to Jérôme Cazes, Chief Executive Officer, the members of the Coface Holding Executive Committee responsible for the international network are as follows:

Thierry Coldefy, Company Secretary, Holding;  
 Fouad Bitar, Director, Organisation and Production, Holding;  
 Frédéric Bourgeois, Director, Finance, Holding;  
 Jenny Clei, Director, Internal Audit;  
 Daniel Garcia, Director, Information Systems;

Martine Haas, Director, Communications;  
 Olivier Humbert, Director, HR, Holding;  
 Emmanuel Lejeune, Director, Receivables Recovery and Management, Holding;  
 Laurene Lottmann, Director, Marketing, Holding;  
 Carole Lytton, Director, Legal Affairs and Compliance;  
 Didier Morand, Director, Risks, Holding;  
 Corine Troncy, Director, Sales and Development, Holding;  
 Eric Vaingnedroye, Director, Information, Holding.

**In addition to François David, Chairman, and Jérôme Cazes, Chief Executive Officer, the members of the Coface SA Executive Committee for France are as follows:**

François Meunier, Deputy Chief Executive Officer;  
 Sylvie Amautu, Director, Risk Cover;  
 Alain Camilleri, Director, Commercial Development;  
 Jenny Clei, Director, Internal audit;  
 Daniel Garcia, Director, Information Systems;  
 Sylvia Greisman, Chief Executive Officer, Unistrat Coface,  
 Martine Haas, Director, Communications;  
 Christophe Herrmann, Director, Human Resources and Administration;  
 Guy Lepage, Chief Executive Officer, Coface RBI,  
 Philippe Liszewski, Director, Litigation;  
 Carole Lytton, Director, Legal Affairs and Compliance;  
 Marc Murcia, Director, Public guarantees;  
 Carine Pichon, Director, Finance,  
 Olivier Poncet, Director, Client Relationships and Marketing.

**In addition to François David, Chairman, the members of the Coface Services Executive Committee are:**

Jean-Yves Bajon, Chief Executive Officer;  
 Jérôme Boulay, Director, Information Research and Development;  
 Philippe Brocca, Director, Receivables Recovery and Management;  
 Jean-Luc Brizard, Director, Information Systems;  
 Gérard Créton, Deputy, Information Systems;  
 Michèle Hégron, Director, Public Information;  
 Micheline Hélon, Deputy, Production;  
 Emmanuel Lejeune, Director, Receivables Recovery and Management, Holding;  
 Sylvain Morellet, Director, Human Resources and Administration;  
 Isabelle Rabaron, Director, Audit;  
 Jacques Tapié de Celeyran, Director, Finance;  
 Emmanuel Texier, Director, Production;  
 Eric Vaingnedroye, Director, Information, Holding.

# Corporate governance

## *Coface Kreditversicherung*

Chairman of the Management Board: Benoît Claire  
Members of the Management Board: Stefan Brauel, Norbert Langenbach;

## *Coface Belgium*

Chief Executive Officer: Olivier Nifle

## *Coface Holding America Latina*

Chief Executive Officer: Bart Pattyn

## *Coface Hong Kong*

Chief Executive Officer: Richard Burton

## *Coface Iberica*

Chief Executive Officer: Juan Saborido

## *Coface Central Europe Holding*

Chairman of the Management Board and Chief Executive Officer:  
Martina Dobringer  
Member of the Management Board: Christian Berger

## *Coface Japan*

Chief Executive Officer: Hiroyuki Motohashi

## *Coface Nederland*

Chief Executive Officer: Roy Oenen

## *Coface Singapore*

Chief Executive Officer: Jean-Claude Speitel

## *Coface South Africa*

Chief Executive Officer: Garth de Klerk

## *Coface Suisse*

Chief Executive Officer: Jean-François Tarel

## *Coface UK*

Chief Executive Officer: Xavier Denecker

## *Kompass International Neuenschwander*

Chairman of the Board of Directors: Jérôme Cazes  
Managing Director: Bertrand Macabeo

## *Coface Austria Kreditversicherung*

Chairman of the Management Board and Chief Executive Officer:  
Martina Dobringer  
Members of the Management Board:  
Gabriele Düker, Christian Berger

## *Unistrat Coface*

Chairman of the Board of Directors: François Meunier  
Chief Executive Officer: Sylviane Greisman

## *Coface North America Holding Company*

Chairman and Chief Executive Officer: Mike Ferrante  
Senior Vice-President: Kenneth Moyle

## *Coface Assicurazioni*

Board Member, Chief Executive Officer: Ricardo Carradori  
Vice President: Lionello Albertazzi

## **Government Representatives**

In addition, as Coface provides a public service, the French Minister of the Economy appoints a representative to monitor Coface's fulfilment of its responsibilities in connection with the management of French State programmes.

The current Government Representative is:

Raphël Bello, Deputy Director of International Business financing within the Treasury and Economic Policy Department of the French Ministry of Industry, Economy and Finance.

# Employee data

## 1. NUMBER OF EMPLOYEES

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
France	66	26	92	477	584	1,061	543	610	1,153	47	177	224	590	787	1,377
Branches	15	2	17	149	102	251	164	104	268	57	145	202	221	249	470
<b>TOTAL</b>	<b>81</b>	<b>28</b>	<b>109</b>	<b>626</b>	<b>686</b>	<b>1,312</b>	<b>707</b>	<b>714</b>	<b>1,421</b>	<b>104</b>	<b>322</b>	<b>426</b>	<b>811</b>	<b>1,036</b>	<b>1,847</b>

In 2008, 56% of Coface employees were women. The level of qualifications is high, with 77.2% of staff employed at management level.

### a. New hires

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>France</b>															
Permanent contracts	2	0	2	84	90	174	86	90	176	5	34	39	91	124	215
Fixed-term contracts	0	0	0	3	4	7	3	4	7	3	4	7	6	8	14
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>87</b>	<b>94</b>	<b>181</b>	<b>89</b>	<b>94</b>	<b>183</b>	<b>8</b>	<b>38</b>	<b>46</b>	<b>97</b>	<b>132</b>	<b>229</b>
<b>Branches</b>															
Permanent contracts	0	0	0	24	10	34	24	10	34	18	50	68	42	60	102
Fixed-term contracts	0	0	0	0	0	0	0	0	0	2	6	8	2	6	8
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>10</b>	<b>34</b>	<b>24</b>	<b>10</b>	<b>34</b>	<b>20</b>	<b>56</b>	<b>76</b>	<b>44</b>	<b>66</b>	<b>110</b>
<b>Consolidated</b>															
Permanent contracts	2	0	2	108	100	208	110	100	210	23	84	107	133	184	317
Fixed-term contracts	0	0	0	3	4	7	3	4	7	5	10	15	8	14	22
<b>Overall total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>111</b>	<b>104</b>	<b>215</b>	<b>113</b>	<b>104</b>	<b>217</b>	<b>28</b>	<b>94</b>	<b>122</b>	<b>141</b>	<b>198</b>	<b>339</b>

No major recruitment problems were encountered in 2008, except for a few problems recruiting specialist staff. 317 employees signed permanent contracts. The focus was on using internal resources as efficiently as possible and external recruitment was kept to a minimum. Coface's strong reputation means that it attracts a large number of candidates.

### b. Overtime (France only)

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>hours</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,627.7</b>	<b>633.7</b>	<b>2,261.4</b>	<b>1,627.7</b>	<b>633.7</b>	<b>2,261.4</b>	<b>216.8</b>	<b>97.5</b>	<b>314.3</b>	<b>1,844.5</b>	<b>731.2</b>	<b>2,575.7</b>
% of annual quota of 10,900 hours	0.00%	0.00%	0.00%	14.93%	5.81%	20.75%	14.93%	5.81%	20.75%	1.99%	0.89%	2.88%	16.92%	6.71%	23.63%

Less than 24% of the authorised annual overtime quota was utilised, essentially on IT work.

### c. Dismissals and redundancies

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
France	3	1	4	1	3	4	4	4	8	3	7	10	7	11	18
Branches	0	0	0	4	2	6	4	2	6	1	1	2	5	3	8
<b>Total</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>4</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>26</b>

All departures in 2008 were negotiated individually. There were no redundancies.

# Employee data

## d. Temporary staff

81 temps were taken on for a total of 5,528 days in 2008.

## 2. WORKING HOURS

### a. Full time

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>FRANCE</b>															
5 days	62	20	82	119	94	213	181	114	295	18	31	49	199	145	344
4 days	4	6	10	150	174	324	154	180	334	15	59	74	169	239	408
alternate 4/5 day week	0	0	0	101	187	288	101	187	288	11	56	67	112	243	355
4.5 days	0	0	0	7	26	33	7	26	33	1	8	9	8	34	42
annual basis	0	0	0	94	51	145	94	51	145	0	0	0	94	51	145
<b>TOTAL</b>	<b>66</b>	<b>26</b>	<b>92</b>	<b>471</b>	<b>532</b>	<b>1,003</b>	<b>537</b>	<b>558</b>	<b>1,095</b>	<b>45</b>	<b>154</b>	<b>199</b>	<b>582</b>	<b>712</b>	<b>1,294</b>
<b>Branches</b>	15	2	17	149	97	246	164	99	263	53	130	183	217	229	446
<b>OVERALL TOTAL</b>	<b>81</b>	<b>28</b>	<b>109</b>	<b>620</b>	<b>629</b>	<b>1,249</b>	<b>701</b>	<b>657</b>	<b>1,358</b>	<b>98</b>	<b>284</b>	<b>382</b>	<b>799</b>	<b>941</b>	<b>1,740</b>

### b. Part time

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>France</b>															
between 80% and 100%	0	0	0	3	4	7	3	4	7	0	3	3	3	7	10
80%	0	0	0	1	34	35	1	34	35	1	14	15	2	48	50
between 50% and 80%	0	0	0	0	10	10	0	10	10	1	4	5	1	14	15
50%	0	0	0	2	4	6	2	4	6	0	2	2	2	6	8
<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>52</b>	<b>58</b>	<b>6</b>	<b>52</b>	<b>58</b>	<b>2</b>	<b>23</b>	<b>25</b>	<b>8</b>	<b>75</b>	<b>83</b>
<b>Branches</b>															
between 80% and 100%	0	0	0	0	1	1	0	2	1	0	2	2	0	4	3
80%	0	0	0	0	2	2	0	2	2	0	3	3	0	5	5
between 50% and 80%	0	0	0	0	1	1	0	1	1	0	9	9	0	10	10
50%	0	0	0	0	0	0	0	0	0	4	1	5	4	1	5
<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>15</b>	<b>19</b>	<b>4</b>	<b>20</b>	<b>24</b>
<b>Total</b>															
between 80% and 100%	0	0	0	3	5	8	3	6	8	0	5	5	3	11	13
80%	0	0	0	1	36	37	1	36	37	1	17	18	2	53	55
between 50% and 80%	0	0	0	0	11	11	0	11	11	1	13	14	1	24	25
50%	0	0	0	2	4	6	2	4	6	4	3	7	6	7	13
<b>OVERALL TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>56</b>	<b>62</b>	<b>6</b>	<b>57</b>	<b>62</b>	<b>6</b>	<b>38</b>	<b>44</b>	<b>12</b>	<b>95</b>	<b>107</b>

Following the reorganisation of working hours, and in particular the introduction of the 4-day week, 6.1% of employees work part time

# Employee data

## c. Absenteeism (in days)

	Senior management			Management (excl. Senior management)			Total Management			Employees			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>FRANCE</b>															
Sickness	122.0	63.0	185.0	2,753.0	5,470.5	8,223.5	2,875.0	5,533.5	8,408.5	954.0	4,416.5	5,370.5	3,829.0	9,950.0	13,779.0
Accidents in the workplace/ when travelling	0.0	0.0	0.0	24.0	88.0	112.0	24.0	88.0	112.0	4.0	63.0	67.0	28.0	151.0	179.0
Maternity / paternity leave	0.0	0.0	0.0	83.0	1,214.0	1,297.0	83.0	1,214.0	1,297.0	0.0	685.0	685.0	83.0	1,899.0	1,982.0
Special leave for family events	15.0	14.0	29.0	669.5	1,907.5	2,577.0	684.5	1,921.5	2,606.0	28.5	672.0	700.5	713.0	2,593.5	3,306.5
Unpaid leave	0.0	0.0	0.0	713.5	755.0	1,468.5	713.5	755.0	1,468.5	17.0	252.0	269.0	730.5	1,007.0	1,737.5
<b>TOTAL</b>	<b>137.0</b>	<b>77.0</b>	<b>214.0</b>	<b>4,243.0</b>	<b>9,435.0</b>	<b>13,678.0</b>	<b>4,380.0</b>	<b>9,512.0</b>	<b>13,892.0</b>	<b>1,003.5</b>	<b>6,088.5</b>	<b>7,092.0</b>	<b>5,383.5</b>	<b>15,600.5</b>	<b>20,984.0</b>
<i>% absence / theoretical number of days worked</i>	<i>0.88</i>	<i>1.05</i>	<i>0.93</i>	<i>3.46</i>	<i>6.14</i>	<i>4.95</i>	<i>3.17</i>	<i>5.91</i>	<i>4.64</i>	<i>7.37</i>	<i>12.99</i>	<i>11.73</i>	<i>3.54</i>	<i>7.50</i>	<i>5.83</i>
<b>Branches</b>															
Sickness	3.0	0.0	3.0	118.0	200.0	318.0	121.0	200.0	321.0	120.0	885.0	1,005.0	241.0	1,085.0	1,326.0
Accidents in the workplace/ when travelling	0.0	0.0	0.0	1.0	0.0	1.0	1.0	0.0	1.0	3.0	11.0	14.0	4.0	11.0	15.0
Maternity / paternity leave	0.0	41.0	41.0	17.0	287.0	304.0	17.0	328.0	345.0	11.0	555.0	566.0	28.0	883.0	911.0
Special leave for family events	2.0	2.0	4.0	39.5	16.5	56.0	41.5	18.5	60.0	38.0	66.0	104.0	79.5	84.5	164.0
Unpaid leave	0.0	0.0	0.0	1.0	0.0	1.0	1.0	0.0	1.0	0.0	56.5	56.5	1.0	56.5	57.5
<b>TOTAL</b>	<b>5.0</b>	<b>43.0</b>	<b>48.0</b>	<b>176.5</b>	<b>503.5</b>	<b>680.0</b>	<b>181.5</b>	<b>546.5</b>	<b>728.0</b>	<b>172.0</b>	<b>1,573.5</b>	<b>1,745.5</b>	<b>353.5</b>	<b>2,120.0</b>	<b>2,473.5</b>
<b>ENSEMBLE</b>															
Sickness	125.0	63.0	188.0	2,871.0	5,670.5	8,541.5	2,996.0	5,733.5	8,729.5	1,074.0	5,301.5	6,375.5	4,070.0	11,035.0	15,105.0
Accidents in the workplace/ when travelling	0.0	0.0	0.0	25.0	88.0	113.0	25.0	88.0	113.0	7.0	74.0	81.0	32.0	162.0	194.0
Maternity / paternity leave	0.0	41.0	41.0	100.0	1,501.0	1,601.0	100.0	1,542.0	1,642.0	11.0	1,240.0	1,251.0	111.0	2,782.0	2,893.0
Special leave for family events	17.0	16.0	33.0	709.0	1,924.0	2,633.0	726.0	1,940.0	2,666.0	66.5	738.0	804.5	792.5	2,678.0	3,470.5
Unpaid leave	0.0	0.0	0.0	714.5	755.0	1,469.5	714.5	755.0	1,469.5	17.0	308.5	325.5	731.5	1,063.5	1,795.0
<b>Grand total</b>	<b>142.0</b>	<b>120.0</b>	<b>262.0</b>	<b>4,419.5</b>	<b>9,938.5</b>	<b>14,358.0</b>	<b>4,561.5</b>	<b>10,058.5</b>	<b>14,620.0</b>	<b>1,175.5</b>	<b>7,662.0</b>	<b>8,837.5</b>	<b>5,737.0</b>	<b>17,720.5</b>	<b>23,457.5</b>

The absenteeism rate remains low. It is slightly higher among non-management staff, who represent less than a quarter of the total workforce.

## 3. REMUNERATION AND PAYROLL TAXES (IN EUROS)

### a. Average annual remuneration and payroll taxes sociales

France	Senior management + management + employees		
	Men	Women	Total
Average annual remuneration	61,475	45,799	52,457
Payroll taxes	28,866,492		

The average annual remuneration reflects the high proportion of management staff.

Branches	Senior management + management + employees		
	Men	Women	Total
Average annual remuneration	58,181	31,872	50,647
Payroll taxes	2,912,745		

### b. Mandatory profit-sharing

4,918,045 euros were paid out under the 2008 mandatory profit-sharing scheme for the financial year ended 31 December 2008 (80% of the sums paid are proportionate to the beneficiaries' salary, with the remaining 20% shared equally between all).

### c. Optional incentive schemes

No sums were paid under any such scheme for the financial year ended 31 December 2008.

# Employee data

## 4. EMPLOYEE RELATIONS

(France only)

### a. Coface employees are represented by:

- a works council which held 11 ordinary and 2 extraordinary meetings in 2008;
- personnel representatives, who met 10 times in 2008;
- trade union representatives affiliated to the four national trade unions;
- a health & safety and working conditions committee (the CHSCT) which held 4 ordinary meetings and 1 extraordinary meeting in 2008;
- a European works council which met twice in 2008;
- a Group works council for France which met once in 2008.

### b. The following agreements were signed with Coface trade union representatives in 2008:

25 February 08	Rider no. 1 to PEE company savings plan
25 February 08	Rider no. 1 to mandatory profit-sharing agreement
25 February 08	HR planning and skills management agreement (GPEC)
25 February 08	Rider no. 2 to the working hours and time savings account agreement (CET) of 22/03/2000 (payment of days accumulated, under the law on purchasing power)
20 June 08	Memorandum of understanding: Coface European works council (CEEC)
17 July 08	Agreement on professional equality and balancing professional and private lives
25 July 08	Rider no. 2 to PEE company savings plan

## 5. HEALTH & SAFETY (CHSCT) (France only)

The CHSCT committee updated the risk prevention report (the original concluded that Coface's activities do not give rise to any particular risks).

## 6. TRAINING (France only)

In 2008 Coface invested **3,853,527 euros** in staff training, i.e., approx. 5.4% of its total payroll. Training continued to be a priority, with particular focus on language skills, international trade, financial and business analysis techniques and management.

## 7. DISABLED EMPLOYEES

In 2008 Coface employed 26 individuals with a recognised disability.

## 8. WELFARE AND CHARITABLE DONATIONS

(France only)

Coface contributed a total of **5,939,266 euros** to welfare funds, associations and charities in 2008.

## 9. SUBCONTRACTING

Coface used various subcontractors in 2008, for a total cost of **26,538,260 euros**.

## 10. LOCAL IMPACT OF THE COMPANY'S BUSINESS IN TERMS OF LOCAL EMPLOYMENT AND DEVELOPMENT

Although Coface's business has a significant local impact in terms of its contribution to local economic development, the impact on employment is less significant due to its centralised workforce.

## Coface

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