Annual Report 2008

> Company information

> Receivables management

> Receivables protection

> Receivables financing

coface DEUTSCHLAND

2008 in Figures

Coface Deutschland 2008 in Figures

Amounts in Euro million	2008	2007
Turnover Group	369.0	344.1
by Business Lines Credit Insurance	242.3	241.7
Factoring[1]	74.3	53.8
Debt Collection	14.0	12.3
Information/Rating	38.4	36.3
Loss Ratio Insurance	61.1%	30.5%
Combined Ratio/Insurance[2]	101.5%	71.1%
Income from ordinary activities[3]	33.5	22.6
Net income for the year[3]	16.9	17.1
Number of employees Group[4]	996	944

[1] *Factoring : NBI (net banking income) states interest income netted off against interest expenses and thus deviates from the separately stated turnover in the balance sheet, previous year value adjusted.*
[2] *Including entities abroad*
[3] *Result Coface Deutschland AG taking into account the transferred profits of the subsidiaries*
[4] *Part-time employees are converted into full-time employees*

Coface 2008 in Figures

Amounts in Euro million	2008	2007
Consolidated Turnover	1,682	1,571
Insurance	1,166	1,111
Company Information/Receivables Management/ Public Procedures Management	270	250
Factoring	245	210
Operating Result	136	279
Net profit	94	204

Annual Report Coface Deutschland 2008

Contents

Preface

Ladies and Gentlemen,

2008 was a year in which "the crisis" was the defining factor, including for Coface Deutschland. After we had realised at a relatively early date that the risk situation in many countries and sectors would deteriorate due to the effects of the subprime bubble in the US, we prepared ourselves for this eventuality. Under the heading "prepare for the crisis", all relevant processes were adjusted with view to the expected problems. This did not primarily concern our own position, as Coface Deutschland is not in the direct firing line of the crisis. Our capital investment strategy has always been conservative, with the effect that there were no noteworthy write-downs. Our business model is also clearly defined and transparent so that the distortions suffered primarily by the banks did not affect us. Our attention was and is on the consequences resulting from this for the economy as a whole and, in particular, for the companies, our customers.

In principle, developments of the kind we are experiencing at present are nothing unusual for Coface Deutschland. The business with receivables risks has a strongly cyclical character, and crises keep occurring at certain intervals, albeit with varying intensity and regional reach. It is, however, beyond doubt that this crisis is one of the most severe, and its consequences in many areas of the economic system are still largely beyond prediction. But we had understood quickly that we had to prepare for a deteriorating risk situation. The task was to limit the consequences in order to maintain control of our loss ratio, which we had reduced successfully in recent years.

We managed to do this, especially with respect to underwriting, which is the nerve centre of our internal risk management. But the earlier phases in the process chain were also adjusted with view to the risk situation. Potential new commitments were scrutinised even more closely as to their risk potential, and existing commitments were subjected to more intensive monitoring. These things are done not merely in the interest of the stability and profitability of Coface Deutschland. On the contrary, this is a reflection of the prophylactic function of our services. For instance, adjustments to insurance cover happen in the interest of our customers. This aspect has sometimes been neglected in the debate on the crisis and on ways of tackling the consequences. In the last resort, our intensified efforts in risk management have led to only a moderate increase in the loss ratio in credit insurance, despite the fact that the amounts covered through insurance have seen an overall increase and that the purchased receivables volumes in factoring have also gone up.

Customer orientation remains at the forefront of our thinking. We are working rigorously for further improvement of our customer focus. In one of the measures for this purpose, additional tasks were transferred from our head office to the eleven branch offices. The Client Relationship Managers of Coface Finanz are now also based in the regions. In our continuing efforts to strengthen relationships with the banks, we are appointing additional bank agents who are also based in the branch offices. These strategic and human resource measures, in association with our diversified product range, enable us to offer the customers, companies of all sizes and sectors, adequate solutions and to react flexibly to their requirements. Some years ago, we started the process of widening our product range, a decision that has long since been vindicated. Especially in the kind of crisis we are in the midst of and will probably be subject to for some time yet, it is becoming clear that our strategies to support companies in their risk management are working. Our investments are paying off.

And we will continue to invest, in products, in IT, in our staff. In the year under review, we pressed ahead with several IT projects, which will not only improve internal procedures but also the technical customer communication in our day-to-day business. We have further increased our staff numbers and invested in their training and further qualification. Meanwhile, 19 junior female and male colleagues are attending a dual study course, and four are apprenticed as office clerks. We are continuing the process of qualifying staff members from the Information Line as rating analysts, thus creating the conditions for upgrading our business line Information. Finally, the large extension to our head office will come on stream in 2009, leading to a further improvement of the working conditions of our staff. We invest in the acquisition of companies in the pursuit of the global strategic approach of introducing or strengthening all four business lines in all countries. After acquiring Midt Factoring (now Coface Finans) in Denmark, which is being integrated smoothly into Coface, we have completed the purchase of TKB in the Netherlands, a specialist company for credit management and debt collection, in early 2009, after initiating the transaction in 2008.

Board of Management Coface Deutschland AG:
Stefan Brauel, Norbert Langenbach, Benoît Claire (Chairman), Franz J. Michel.

All this means that on the one hand, we are pursuing the aim of increasing our market shares in the business lines. But at the same time we are also strengthening our possibilities of being able to offer our customers additional or improved services. The better Coface Deutschland and Coface are anchored in the relevant countries and positioned internationally, the more our customers will benefit. In this context, the strong expansion of the factoring business is worth stressing, where the product offering, with decisive support from Coface Finanz, has been expanded to now 27 countries within a short period of time. The positive development of the business lines credit management and information also underlines that our diversification strategy was and remains the right one. It enables us to generate risk-free business and to offer solutions to those companies that neither want insurance cover nor financing or wish to supplement those with further effective modules.

The special position of Coface Deutschland in the receivables management market with its four business lines that can be applied in a complementary or integrated fashion is also reflected in the board of management. In 2008, Franz J. Michel, the managing director of the strongly expanding Coface Finanz GmbH, was appointed the fourth member of the board of management of Coface Deutschland AG.

The economic crisis will continue to pre-occupy us in 2009. We are a long way from overcoming it. But in our sector, risk and chance are close bedfellows. And thus, the worsening of the risk situation also produces raised awareness of risk questions. This can be beneficial for our business, and we shall attempt to expand it further, while carefully weighing risks and chances. In this, we rely on our staff, for whose commitment we wish to express our thanks at this point, and on our shareholder, who has always accompanied our development constructively. And a special thanks to all our customers and partners in cooperation for the trust they have invested in us. We shall do our utmost to keep justifying it.

Benoît Claire | Stefan Brauel | Norbert Langenbach | Franz J. Michel

Development and financing of our company group

Coface Holding AG, Mainz, changed its company name to Coface Deutschland AG (Coface Deutschland), Mainz, in the year under review.

It is responsible for the financing of its holding companies and, where applicable, of acquisitions in its own regional sphere of responsibility. This way it helps attain the growth objectives for our four business lines, Credit Insurance, Factoring, Company Information and Debt Collection.

Under supervisory criteria, it is considered a mixed insurance holding. Between Coface Deutschland and its domestic shareholdings, profit and loss transfer agreements are in place, enabling the optimisation of equity capital whilst providing balance sheet protection to the shareholdings.

The parent company of the group, Natixis S.A., Paris, a major French bank, backs up Coface Deutschland with its financing power.

As planned, the minority interest of 10 per cent in Midt Factoring A/S Ikast acquired in 2007 was increased to a majority shareholding of 75 per cent. Midt Factoring changed its company name to Coface Finans A/S (Coface Finans) in the year under review. The company is being integrated into the existing structures and IT applications according to plan.

Already in 2007 a Holding structure was implemented in Austria as part of a mulit-level restructuring process. Since that time, Coface Deutschland and Coface S.A., Paris, have a joint holding in Coface Austria Holding AG (Coface Austria Holding), Vienna.

Coface Sverige Finans AB (CSF), Stockholm, founded as a 100 per cent subsidiary in the previous year, is to open up the Swedish factoring market and is still at the beginning of its business activities.

Target organisation accomplished Transfer of field staff and contract departments to Coface Deutschland – Coface Rating with own personnel

According to our target to interlink our four business lines further and thus generate cross-selling potentials and cost synergies, operating units providing services for more than just one business line were concentrated on the Coface Deutschland level in the year under review. In addition to the staff functions already transferred in the previous years, the field staff and the contract departments were transferred from Coface Kreditversicherung AG (Coface Kredit) to Coface Deutschland in the year under review, thus formally documenting their responsibility for all business lines of our group.

The efficient management of cross-business line functions is the central target of this new umbrella company.

The staff of the Info Line was transferred from Coface Kredit to Coface Rating GmbH (Coface Rating) in the year under review. At the same time an executive manager was implemented for Coface Rating, fully concentrating on the development of our business line Information.

Shareholdings conclude 2008 with good results

In the difficult environment of the financial and economic crisis, the shareholdings of Coface Deutschland successfully closed the business year 2008, due to a cautious business policy in the crisis and due to the fact that they were well prepared for the deteriorating economic environment which we already observed in 2007.

In the expired financing year, the growth-oriented, but selective business policy again concentrated on generating and maintaining a profitable policy and credit portfolio in credit insurance and factoring. The good results in the previous financial years, as well as our risk measurement and control systems, which we have further developed, placed us in a position to take on additional risks/commitments or to maintain existing commitments in the interest of our clients also in the present economic environment so as to generate additional revenues with existing and new products in existing policies and in new business. Measures for the limitation of risks are taken in agreement with our clients.

Pressure through the market on premium and fee rates as well as on other conditions that were experienced in the previous years did not ease until the end of the year under review due to the increasing risk awareness of all market participants. The effects of our measures taken to adjust the conditions to the changed risk situation will mainly be delayed to the year 2009.

The economic environment

The sub-prime crisis, which originated in the US, escalated into a global crisis of the financial markets and banking sector in the course of 2008 – a crisis that has since reached the real economy and left a deep impact on the growth of the world's economies. After the start of the crisis in the US it gradually started to spread to important European neighbours, while developments in Germany itself remained comparably positive until late summer. Starting with the global problems of vehicle manufactures and their suppliers, a change in mood suddenly occurred amongst private consumers and this just as suddenly led to a massive slump in demand on all levels of production and trade. The situation is compounded by the fact that a huge loss of trust ensued amongst banks as a result of the insolvency of Lehmann Brothers, leading to the near paralysis of the interbank market – with consequences for companies and private households needing to take out new loans or requiring repayment extensions. The governments of the world's leading industrial nations launched aid packages in order to gradually restore trust, jump-start the capital markets and provide temporary support to companies/industries in serious trouble so as to cushion the employment market from the severest of consequences.

The global financial and capital markets remain unable to function properly. The central banks have significantly reduced their interest rates in rapid succession in order to stimulate demand and to stem the rising cost of borrowing that has occurred in tandem with the crisis in the financial markets. The reduction of the base rates has, however, been overcompensated for with the widening of the credit spread, with the result that the year under review has been a particularly difficult one both in terms of fixed interest capital investments as well as share investments.

Due to strong growth in the first quarter, the German economy grew by approximately 1.3 per cent for the year as a whole (2.5 per cent in the previous year). In the last quarter of 2008 the German economy shrunk by approximately 2.0 per cent.

Development of the credit insurance industry

The German and the international credit insurance industry is dominated by three major groups of companies. Coface Kredit is well positioned in this respect. In Germany it has a total market share of around 22 per cent and systematically increases its client basis in the international markets.

As a result of intense competition – with corresponding pressure on premium rates and other conditions in previous years which could only be slightly mitigated by countermeasures in the year under review – the turnover in credit insurance has stagnated in comparison to the previous year.

As part of renewing contracts for the insurance year 2009 all contracts now include a general risk mark-up and have additionally, depending on their development, been checked with regard to their terms and conditions. The effects of this will become clear in the coming year.

After four years of constant decline, the number of company insolvencies in Germany increased in 2008 from approximately 27,000 in 2007 to 30,000.

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Development of the factoring sector

The five biggest factoring companies in Germany make up for over 50 per cent of the German factoring volume. In addition to these there are a large number of small, purely domestic providers, some of which are highly specialised. By mid-2008 the market as a whole in Germany had grown by ca. 24 per cent. Departing from an already high level, Coface Finanz GmbH (Coface Finanz) reported a growth of 23.7 per cent for the year as a whole and therefore claimed a leading position even at the end of 2008.

The market penetration in Germany is relatively low compared with the big European neighbours France, Italy and Great Britain, and provides potential for further growth.

Factoring in Germany has been establishing itself more and more as a reliable alternative to the traditional banking business and to capital market re-financing. This goes for companies with a less good credit standing, which are affected by the consequences of Basel II on the granting of credits by banks. The same, however, even applies to companies with excellent credit standing which increase their financing and balancing options through factoring. The present financial market crisis impressively demonstrates the value of diversification in a company's financial structure.

After the accession of new market participants, Coface Finanz has to face increasing competitive pressure. In contrast to competitors operating on a purely national basis we are in a position to provide our clients with added value due to our focus on exports, our global Coface network, and in particular due to our tailor made, integrated and comprehensive credit management solutions offered under one roof. Our talks with existing and future clients mainly concentrate on solutions and the terms of business, albeit of importance too, are only second on the agenda.

As a result of the financial market crisis, we are expecting enhanced risk-oriented pricing by market counterparts and, in this connection, a stabilisation of our business opportunities. Already at the beginning of 2008 we announced and implemented price adjustments for new contracts as a result of a changed risk environment. Within the framework of our risk-oriented business policy we will continue this process in our contract portfolio, selecting the contracts according to the risk attaching thereto.

As a result of a change in the law, factoring companies will in future be subjected to a limited form of supervision by BaFin – the Bundesanstalt für Finanzdienstleistungsaufsicht ('Federal Financial Supervisory Authority') – as so-called financial service institutes ('Finanzdienstleistungsinstitute') in accordance with the Kreditwesengesetz ('German Banking Act'). The basis for this is the Jahressteuergesetz 2009 ('German Tax Amendment Act 2009'). Factoring companies will retrospectively from 2008 be privileged for business tax purposes ('gewerbesteuerliche Privilegierung') in accordance with Section 19 of the Gewerbesteuer-Durchführungsverordnung ('Business Tax Implementing Regulation'), which is already the case for credit institutes.

Development of the debt collection sector

The debt collection market is steadily increasing with a large number of – in part very small – providers, concentrating their activities mainly on domestic clients and domestic debtors. Currently the main focus of the debt collection companies lies on the realisation of overdue accounts receivable due from private debtors, the B2C business. The massive increase in insolvencies amongst private households and the increasing number of corporate insolvencies require professional credit management.

With respect to their liquidity management companies are interested in maintaining their outstanding receivables on a low level and to reduce the period between invoicing and receipt of payment. Demand for efficient and inexpensive debt collection services is obvious. More and more companies are ready to transfer time and cost consuming tasks in receivables management to professional debt collection companies in order to concentrate on their own core competencies.

Efficient and inexpensive receivables management requires an efficient IT infrastructure and accordingly the corresponding investments in the debt collection company, particularly, if a large number of cases is to be managed. Against this backdrop, there has been a concentration at the debt collection market which we would like to use – by means of acquisitions – in support of our growth objectives.

The trend of purchasing defaulting receivables observed over the past years and to carry out the debt collection for one's own account as opposed to the account of the debt collection client, as is indeed customary, slowed down in the year under review.

Development of the information sector

The German business information market is dominated by three major providers. In addition to these there are a large number of new market participants with specialised products, providing additional information and a broader range of services.

Business development of Coface Deutschland in 2008

The assets, financial and earnings position of Coface Deutschland is dominated by its domestic and international subsidiaries. Across all business lines, these subsidiaries posted total sales of Euro 369.0 million (previous year Euro 344.1 million); this corresponds to an increase of 7.2 per cent.

Here, the risk-free turnover generated by the service business lines has clearly grown faster than the premium income from Credit Insurance, and the said business lines have been increasing their share in the overall turnover of the group. This path has been chosen on purpose, the aim being an improved diversification of the group's product range and to become less dependant upon the course of individual business lines, however, without neglecting the Credit Insurance line.

Credit Insurance

Credit Insurance made a contribution of Euro 242.3 million, as compared to Euro 241.7 million, to group result which represents an increase of 0.2 per cent.

Premiums generated in Germany reduced by 1.6 per cent from the year before to Euro 199.0 million. Our foreign branch offices contributed premiums amounting to Euro 38.6 million, (previous year Euro 35.1 million) to the total premium.

A cluster of medium to large claims in the final quarter of the year under review meant that the claims ratio across all divisions rose to 61.1 per cent from 30.5 per cent in the previous year. As a result of positive contract developments in the past we spent Euro 27.8 million (Euro 27.4 million in the previous year) on no-claims bonuses and rebates in the year under review. The

Turnover Coface Deutschland by business lines
(in EUR million)

	2008	2007	change (%)
Credit Insurance	242.3	241.7	0.2
Factoring*	74.3	53.8	38.8
Debt Collection	14.0	12.3	14.1
Information / Rating	38.4	36.3	5.6
Total	369.0	344.1	7.2

* *Factoring : NBI (net banking income) states interest income netted off against interest expenses and thus deviates from the separately stated turnover in the balance sheet, previous year value adjusted.*

measures we took to limit the rise in costs were successful. Despite the development of premiums being less than expected, the cost ratio only worsened slightly, rising from 29.9 per cent at the end of the previous year to 30.2 per cent in the year under review.

Information – Service for insured and uninsured clients

As an affiliated company of Coface Kredit, Coface Rating provides the service functions in advance of the credit decision and then invoices the underwriting fees. For Dutch, Danish and Swedish policyholders the underwriting fees are invoiced by Coface Nederland Services B.V. (CNS), Coface Danmark Services A/S (CDS) and Coface Sverige Services AB (CSS), respectively.

For clients interested in information on single risk cover or debt monitoring, as opposed to credit insurance, Coface Rating provides its @rating services.

In the financial year 2008 the business line Information generated a turnover of Euro 38.4 million after Euro 36.3 million in the previous year.

Factoring

Coface Finanz GmbH (Coface Finanz) increased its turnover by 25.5 per cent from Euro 116.9 million in the previous to Euro 146.7 million in the year under review. In this respect the interest income rose by 30.8 per cent due to the business expansion and the generally high level of the basic interest rates and the factoring fees rose by 10.8 per cent following on the previous year. The client base was expanded from 601 factoring clients to 686 factoring clients at the end of the previous year. The handled accounts receivable volume in 2008 was Euro 26.6 billion (previous year Euro 21.5 billion).

Total expenditure in the factoring business amounted to Euro 85.4 million after Euro 65.5 million in the previous year. This item mainly contains the interests from the refinancing and the expenditure for credit insurance. The increase of 30.4 per cent is a result of the higher claims volume in the financial year and the increase in the cost of creating liquidity in the short-term money market – which is a market of relevance to us. It was possible to pass on the increased refinancing costs to our customers by increasing margins.

Since mid-year 2006 Coface Finanz has been operating on the Dutch market through its Dutch branch office. After reaching the break even point in the year 2007, the branch office considerably increased its result before tax as compared to the previous year.

Since 2007, the Swedish factoring market has been accessed via Coface Sverige Finans AB (CSF), a subsidiary of Coface Deutschland. CSF is still in the start-up phase of its business activities.

In the year under review the former 10 per cent minority interest of Coface Deutschland in Coface Finans, one of the leading Danish factoring companies, was increased to a majority shareholding of 75 per cent.

The refinancing of our factoring operations currently rests on two reliable pillars: group financing and bilateral financing via third party credit institutes. Due to volatility in the financial markets we already discontinued availing ourselves of the possibility of securitising receivables and gaining financing via the capital market in the summer of 2007, instead choosing to better exploit group resources and credit lines. A return to a refinancing on the capital market will be decided on in the course of the year 2009.

Debt Collection

In the year under review Coface Debitorenmanagement GmbH (Coface Debitoren) has increased its turnover by 22.5 per cent, to Euro11.4 million from Euro 9.3 million in the previous year. The reorientation in court collection lead to the expected positive effects. The use of the field staff of Coface Deutschland in conjunction with Coface Debitoren investing in qualified personnel and the implementation of a high-performance debt collection and call-centre software have helped improve both the earning and the cost side.

With respect to the purchase of defaulting receivables portfolios, we rather see ourselves as service providers for investors. On a small scale, and where attractive opportunities arise, we will put ourselves out as purchasers of receivables though.

Financial assets

Capital investments of Coface Deutschland amount to Euro 243.0 million (previous year Euro 206.3 million) and comprise the shareholdings in affiliated companies, shareholdings and long-term lendings to affiliated companies.

The composition of the investments, as well as their development in the past year, is to be seen in detail in the notes.

Coface Kredit is a 100 per cent subsidiary of Coface Deutschland. In the year under review it reached a result of Euro -9.0 million (previous year Euro 1.4 million) which was balanced by the parent company under the existing profit and loss transfer agreement. Departing from a result of Euro -24.0 million (previous year Euro 47.1 million) before changes to the claims equalisation reserve, Euro 2.5 million were withdrawn from the claims equalisation reserve after an allocation of Euro 63.0 million in the previous year. The technical result amounts to Euro -21.5 million (previous year Euro -15.9 million).

Depreciations on capital investments in the amount of Euro 4.3 million were required in the course of the capital market crisis. The technical loss could only partially be compensated for by the capital investment result of Euro 9.1 million (previous year Euro 15.8 million), thus requiring the above mentioned loss assumption.

Coface Finanz is owned in full by Coface Deutschland. In its past business year it attained factoring revenues of Euro146.7 million (previous year Euro 116.9 million). The result is Euro 36.2 million (previous year Euro 23.6 million). It was transferred to Coface Deutschland.

Coface Deutschland holds 100 per cent of the shares in **Coface Rating Holding GmbH** (Coface Rating Holding). This company in turn holds 100 per cent of the shares in national Coface Rating companies in Germany, the Netherlands, Denmark, Sweden and Norway. The result of Coface Rating Holding of Euro 5.3 million (previous year Euro 10.0 million) was transferred to Coface Deutschland.

Coface Deutschland holds 79.2 per cent of the shares in **Coface Austria Holding**, which was established in the previous year under a multi-level restructuring process. The Austrian Holding, in turn, holds 100 per cent of the shares in the operational entities of Credit Insurance, Factoring and Information respectively.

With turnover proceeds amounting to Euro 11.4 million (previous year Euro 9.3 million) **Coface Debitoren**, a 100 per cent subsidiary of Coface Deutschland, generated a result of Euro 3.2 million (previous year Euro 1.9 million). This result was transferred to Coface Deutschland.

Coface Finans, 75 per cent of which are owned by Coface Deutschland, reported a factoring turnover of Euro 15.1 million (previous year Euro 13.8 million) and thus reached a result before taxes of Euro 2.0 million (previous year Euro 2.2 million).

Earning situation of Coface Deutschland

Due to the existing profit and loss transfer agreements the results of the domestic subsidiaries have also become directly visible through the result of Coface Deutschland for 2008.

The great majority of costs incurred at holding level are due to services rendered by Coface Deutschland to its subsidiaries. Such services were charged in full to the subsidiaries.

The result of the ordinary business was Euro 33.5 million (previous year Euro 22.6 million). After deduction of the extraordinary result of Euro -0.5 million and the tax from income and proceeds amounting to Euro 16.1

million the annual surplus is Euro16.9 million, following on from Euro 17.1 million in the previous year.

Report on relationship to affiliated companies

The Board of Management of Coface Deutschland has stated in the report pursuant to Section 312 Stock Corporation Act (AktG) on relationships to affiliated companies that the company – under the circumstances known to the Board of Management at the time transactions were concluded or measures adopted or omitted – received suitable consideration for each of the transactions and was not disadvantaged by the adoption of measures stated in this report or by their omission.

Our staff

In the business year 2008 we stepped up the staff basis both in terms of quality and quantity in our four business lines and with respect to the holding functions of Coface Deutschland. At the end of the year under review Coface Deutschland (excluding Coface Austria) employed 1,128 staff, as compared to 1,079 at the end of the previous year. The staff of Coface Finans is included in both years.

Our growth objectives for the years to come require constant enhancement and vocational training of the staff. We therefore invest in personnel development programmes and education of our staff, and this with a particular focus on the qualification and development of executives. We promote team spirit and motivation by way of information events and seminars. Within the framework of our group-wide mobility programme we support and promote employees who take on higher tasks with the companies pertaining to the German group or Coface in general and who want to contribute their respective experience to their new environment.

The international character of our group as well as our comprehensive range of credit management services make our group attractive for both existing and potential employees.

459 employees (previous year 515) work for **Coface Deutschland and Coface Kredit** in the headquarters in Mainz. Of these 290 (previous year 226) were employed by Coface Deutschland, and 169 (previous year 289) by Coface Kredit. The number of part-time employees in Mainz was 113 (previous year 128), of whom 62 were with Coface Deutschland and 51 with Coface Kredit.

The branch offices in Germany and abroad employed 254 staff (previous year 248), thereof 44 (previous year 42) part-time staff.

If the part-time positions are converted into full-time positions there are 657 full-time positions (previous year 697), with 418 at headquarters (thereof 269 Coface Deutschland) and 239 working in the field.

At the end of 2008 **Coface Finanz** (in Germany and in the Netherlands) employed a total of 131 staff (previous year 125), thereof 15 (previous year 13) in part-time positions.

At the end of the financial year **Coface Debitoren** employed a total of 88 staff (previous year 54), thereof 16 (previous year 3) in part-time positions.

Total number of staff employed at **Coface Rating** is 60 (previous year 0), 21 thereof working on a part time basis (previous year 0).

As at the balance sheet date four young men and women completed apprenticeships as commercial clerks in companies within Coface Deutschland. In addition, 19 students who are studying for a Bachelor of Arts degree at Berufsakademie Mannheim are doing their practical training in our company.

Coface Finans employs 135 staff (previous year 125).

The Board of Management thanks all the employees for their commitment and their contribution to the excellent results attained in 2008 as well as for their flexibility and mobility in relation to unavoidable organisational measures. It also thanks the workers' council for the constructive cooperation.

The Board of Management is optimistic that Coface Deutschland will successfully attain the growth and profit goals for the current and coming years.

Events after the balance sheet date

No events of special significance occurred after the balance sheet date.

Risks and chances of future development

The German Corporate Control and Transparency Act (KonTraG) obliges stock corporations to report on the risks of future development among other things.

The essential risks for us are, in addition to the specific risks in financing and the efficient control of a group of companies, the customary market risks faced by our shareholdings, and in particular the technical risks, risks in the factoring business, risks in the capital investment sector and general internal risks in corporate development.

The overall responsibility for the risk management of the company lies with the chairman of the Board. At Coface Deutschland the head of Corporate Development holds the central risk management function directly reporting to the chairman of the Management Board. The risk management is further decentralised and individually organised in the business lines and divisions. In regular meetings of the Management Board and the Senior Management chances and risks of the business development are discussed on the basis of detailed controlling reports and an overall survey is established.

The company's risk management system is specified in a comprehensive documentation and is reflected among other things in comprehensive organisation and department guidelines. Every six months a comprehensive risk report is drawn up by the head of Corporate Development covering all relevant risks, evaluating Operational, Credit, Compliance and Financial Risk managers and summarising these for the Management Board. In addition, an ad hoc reporting was implemented in the year under review, systematically informing the Board of Management on material business transactions/incidents.

All entities of Coface Deutschland are integrated in the risk-mapping process initiated by Natixis S.A. and Coface S.A. In this process all legally independent entities and their departments are analysed with respect to inherent theoretical risks in their workflow, the existing internal checks are evaluated with respect to their efficiency and adequacy and the remaining risk is assessed.

The decision of 2007 to establish neutral supervisory bodies in the specialist divisions in addition to the accompanying internal checks, has meanwhile been implemented. This improved the efficiency of internal supervisory systems and at the same time facilitated the work performed by the specialist divisions for the purpose of a quality check (second-level-controls).

Personnel and technical integration in Coface Deutschland

A coordinated business policy throughout Coface Deutschland is assured through managers occupying more than one position on the management and supervisory boards of the various companies. Of particular significance in this respect are the definition and implementation of a common risk measurement and decision-taking process as well as the implementation of integrated and efficient work-flows within the group and the joint use of central EDP data sets.

Equity capital, reinsurance, information systems

The technical risks in Coface Deutschland are exclusively borne by Coface Kredit. Thanks to special insurance cover all the other shareholdings are released from technical risks. Between Coface Deutschland and its domestic shareholdings, profit and loss transfer agreements are in place, enabling the optimisation of equity capital. Coface Deutschland and Coface Kredit both have a sound equity base. Being the sole company bearing insurance-related risks, Coface Kredit limits its own risks through special re-insurance rules and designated claims reserves for claims already occurred and for expected late claims.

Compared with the previous year, claims developed more unfavourably, which lead to a reduction of the equalisation reserve at Coface Kredit.

Through suitable information systems, which we are continually developing, we are in a position to observe the important success factors in all our business lines and to counter these accordingly with regard to our future success. These are accompanied by strict underwriting guidelines and monitoring of their compliance through efficient controlling instruments which are applied throughout the entire group.

Risk-oriented business policy

In a difficult world economic environment with a considerable competitive pressure the Coface Deutschland companies have again reached good results. In 2009, we will continue with these endeavours to generate and retain a profitable policy and credit portfolio. At the same time, in order to generate growth and to reach new client groups, we are prepared to take on additional risks on a selective basis, and this either within the limits of existing products or through newly developed offers.

For the year 2009 we are expecting a distinct increase in business insolvencies. A growing risk awareness can be observed. As a result, we expect a clear rise in the demand for the protection of credit risks, opening up business opportunities that we will seize within the framework of our profit and risk-oriented long-term overall strategy.

Special aspects of the factoring business

With factoring it is essentially ceding risks, creditworthiness risks and internal operational risks which are of significance. Coface Finanz counters these risks by selecting clients in accordance with strict creditworthiness criteria and monitoring these over the course of time. Coface Kredit is included in the risk evaluation and monitoring as an insurer; receivables are not purchased without the prior consent of Coface Kredit in the form of underwritten limits. Efficient warning, monitoring and control systems are the basis for the internal risk, portfolio and conditions management. Reliable, adequate and diversified refinancing means provide the necessary liquidity for the purchase and financing of accounts receivable and at the same time allow the refinancing cost to be optimised.

Costs

Parallel to consistent market and growth orientation, the rise in costs in the company group is limited to the minimum amount necessary in order to work profitably in a market environment with increasing competition and to meet the yield expectations of the shareholders. This has been achieved above all through integrated work processes, the use of common databases and through efficient information procurement, preparation and processing. With the support of external consultants the work flows are being checked for ways to increase efficiency and for optimisation on an ongoing basis.

Technology, personnel, organisation

Every company of Coface Deutschland is subject to general technological, personnel and organisational risks. For this reason all our business divisions have been investing for many years in the permanent training and education of our staff and in technology, in particular in underwriting and communication systems. These investments have the objective of allowing for the further development of the company, and of providing the means and know-how to respond adequately to the changing demands of clients and markets. Organisational risks are limited through the extensive separation of functions within the corporate process, as well as through an effective internal controlling system.

All companies of Coface Deutschland are or will be prepared for malfunctions in the operating workflow through corresponding emergency plans on different levels.

Taxes

An external tax audit is currently being carried out for the assessment period 2000 – 2004. Final results have not yet been provided.

The particular risk with respect to the fiscal treatment of underwriting fees has been considerably reduced by the auditors' statement not to change the treatment of the audited former years. We are now awaiting the final tax assessment note, which is expected to be issued in early 2009.

Capital investments

With regard to capital investments we are pursuing a broad mix in terms of investment types and are diversifying our investments according to issuers, sectors and geographical area. We are managing interest risk through an appropriate choice of term duration. The proportion of shares in relation to all financial assets is approximately 4 per cent in the year under review. The credit risk from the issuers of fixed-interest securities – which seemed to have only a secondary significance in the previous year due to strict investment guidelines – became a central issue in the year under review, raising doubts about the repayment capacity regarding loans received against a borrower's note. The rescue packages from the Federal Government and the adoption of the Finanzmarktstabilisierungsgesetz ('Financial Market Stabilisation Law') have lead to the return of a certain amount of trust as well as additional security in the capital market. In the domain of bonds, interest and repayment commitments have been dealt with on time, and therefore there is no change in our forecast of not expecting any deficiencies in this class of investments.

The risks in the capital investment sector are made visible and limited through the value-at-risk approach used throughout Coface. With respect to the administration of the capital investments of Coface Kredit Coface Deutschland acts according to the relevant provisions of the BaFin. The guidelines for capital investments are reviewed every year in the supervisory boards of Coface Deutschland and Coface Kredit.

We counter the liquidity risk through forward-looking liquidity planning. Available liquidity surplus of the holding companies is concentrated at the level of Coface Deutschland. Financial means meeting the requirements of the ordinary course of business are being invested in the money market, thus making them available at any given time.

Ratings

In the past business year Coface Kredit and Coface Finanz again received good ratings from the three big rating agencies Standard & Poor's (A+), Fitch (AA) and Moody's (Aa3). These ratings reflect the strong market position of Coface Deutschland, its very good equity capital base as well as the integrated business processes and the efficiency of the risk management.

Conclusion

On the whole there is currently no recognisable development which could have a sustained negative impact on the net worth, financial position or earnings of Coface Deutschland.

Prospects for 2009

At the beginning of 2009 all the companies of Coface Deutschland are in a good state and are well positioned in their respective markets.

The growth and profit-oriented strategy will be continued in 2009, 2010 and in the following years according to our medium-term planning. In this context our subsidiaries will be broadening their range of products to reach new groups of clients, and to meet our existing customers' needs comprehensively all over the world.

It is our unchanged aim to successively establish our four business lines in all countries subject to their regional responsibility and to extend our market shares. As a general rule further appropriate acquisitions may be envisaged.

We believe that our strategy of further pushing the export business compared with the domestic business remains to be the right path to pursue.

The current economic forecasts predict a shrinkage in the economy of between 2 – 3 per cent for 2009 due to the consequences of the global financial and economic crisis. The measures taken by governments and central banks are suitable for gradually defusing the banking crisis and thus normalising the provision of credit to companies. They are also suitable for reducing the dangers for the employment market and thus for stimulating private and public demand – an important prerequisite for the recovery of the business sector.

On the basis of this estimated development we expect an increase in corporate insolvencies in Germany for the year 2009.

The effects of the financial market crisis will presumably continue until 2010. We are expecting clearly increased financing cost, which will in particular cause problems to companies relying heavily on leveraged financing.

In such an environment the high need for timely and reliable information on existing and potential clients, for the insuring of customer relationships, for the development of alternative sources of financing through factoring and for professional debt collection services is gaining in significance. Our group is in a position to provide such services in an integrated manner and under one roof, which gives it a clear competitive edge.

The progressing globalisation poses a big challenge to medium-sized companies, too. Here, we are able to use our special expertise on multinational insurance and financing solutions for trade receivables and our global international network to the benefit of our clients.

"Growth despite the crisis"

This heading captures the essence of our future strategy, according to which we expect growth in turnover for the group to be approximately 7 per cent in 2009 despite the difficult economic circumstances. Coface Deutschland has fulfilled important preconditions for this qualitative growth in 2009 and subsequent years in terms of organisational structure, integrated work processes and the product line-up. Important group-wide IT applications for our four business lines were implemented during 2008, with other restructuring projects and new projects coming online in 2009. Increases in efficiency and synergy effects are expected to lead to a reduction in our cost ratio.

The extension of our office building for our own requirements is running on time and on budget. Coface Finanz will move into the new premises of Coface Kredit in spring 2009 – something that will further facilitate close day-to-day cooperation.

Mainz, 21 January 2009

Coface Deutschland AG

The Management Board
Claire, Brauel, Langenbach, Michel

Coface Deutschland AG
Balance Sheet as of December 31, 2008

Assets	31.12.2008	31.12.2007
	EUR	EUR
A. Fixed assets		
I. Intangible assets Software, concessions, industrial and similar rights and assets	1,241,760	1,117,870
II. Tangible assets Tools and office equipment	1,550,255	939,309
III. Financial assets		
1. Shares in affiliated companies	225,017,978	199,548,986
2. Loans to affiliated companies	17,935,346	3,175,000
3. Investments in associated companies	0	3,607,124
	245,745,339	208,388,289
B. Current assets		
I. Debtors and other assets		
1. Debtors owed by affiliated companies thereof with a residual term up to one year: Euro 89,071,993 (previous year: Euro 44,332,648)	89,071,993	44,332,648
2. Debtors owed by associated companies	0	14,801,259
3. Other assets thereof with a residual term up to one year: Euro 4,013,800 (previous year: Euro 3,760,924)	5,395,889	4,272,170
	94,467,882	63,406,077
II. Bank balances	1,921,555	11,602,167
	96,389,437	75,008,244
C. Prepaid expenses	106,106	0
Total assets	342,240,882	283,396,533

Balance Sheet as of December 31, 2008

Liabilities	31.12.2008	31.12.2007
	EUR	EUR
A. Equity		
I. Subscribed capital	1,510,000	1,510,000
II. Capital reserves	75,224,565	75,214,971
III. Unappropriated profits	41,468,453	55,579,429
	118,203,018	132,304,400
B. Provisions		
1. Provisions for pensions and similar obligations	6,287,229	5,685,258
2. Tax provisions	7,015,112	4,482,000
3. Other provisions	7,538,180	3,154,339
	20,840,521	13,321,597
C. Creditors		
I. Creditors owed to affiliated companies thereof with a residual term of up to one year: Euro 198,607,761 (previous year: Euro 133,597,304)	198,607,761	133,597,304
2. Other creditors of which taxes: Euro 4,495,702 (previous year: Euro 4,105,228) of which social security: Euro 9,592 (previous year: Euro 26,841) thereof with a residual term of up to one year: Euro 4,589,582 (previous year: Euro 4,173,232)	4,589,582	4,173,232
	203,197,343	137,770,536
Total liabilities	342,240,882	283,396,533

Profit and loss account from January 1 until December 31, 2008

Profit and loss account	31.12.2008	31.12.2007
	EUR	EUR
1. Income from profit and loss transfer agreements	44,773,557	26,940,232
2. Expenditures from profit and loss transfer agreements	8,967,008	0
3. Other operating income	46,346,876	27,491,641
4. Personnel expenses		
a) Wages and salaries	21,687,942	10,961,016
b) Social security, pension and other benefits thereof relating to pensions: Euro 1,169,348 (previous year: Euro 836,263)	5,790,406	4,024,269
5. Depreciations on intangible and tangible fixed assets as well as on capitalised expenditure and expenditures for initiation and extension of business	1,127,317	1,402,323
6. Other operating expenditures	17,701,110	11,403,660
7. Income from participations thereof from affiliated companies: Euro 2,374,980 (previous year: Euro 0)	2,374,980	0
8. Income from long-term financial investments thereof from affiliated companies: Euro 2,752,476 (previous year: Euro 1,668,071	2,752,476	1,668,071
9. Interest receivable and similar income	213,786	287,963
10. Write-downs on financial assets and on available-for-sale securities	40,914	0
11. Interest payable and similar expenses thereof from affiliated companies: Euro 7,605,317 (previous year: Euro 5,699,276)	7,605,317	6,030,599
12. Result of ordinary activities	33,541,661	22,566,040
13. Extraordinary expenses	533,770	0
14. Result of extraordinary activities	-533,770	0
15. Taxes on income and revenues	16,118,842	5,476,595
16. Sundry taxes	25	949
17. Net income for the year	16,889,024	17,088,496
18. Profit carryforward	24,579,429	24,490,933
19. Withdrawal from capital reserve	0	14,000,000
20. Unappropriated profits	41,468,453	55,579,429

Notes for the financial year from January 1 to December 31, 2008

1. General statements

Coface Holding AG, Mainz, changed its company name to Coface Deutschland AG (Coface Deutschland), Mainz, in the year under review.

The sole shareholder is Coface S.A., Paris. The company is entered on the Commercial Register of Mainz Local Court under HRB 8286.

Coface Deutschland is included in the consolidated financial statements and consolidated management report of Coface S.A., Paris. It is the smallest consolidated group in which Coface Deutschland is included.

Coface S.A., Paris, is a subsidiary (100 per cent) of Natixis S.A., Paris, and is included in its consolidated financial statements. It is the largest consolidated group in which Coface Deutschland is included.

Coface Deutschland has 100 per cent shareholdings in Coface Kreditversicherung AG (Coface Kredit), Coface Finanz GmbH (Coface Finanz), Coface Rating Holding GmbH (Coface Rating Holding) and Coface Debitorenmanagement GmbH (Coface Debitoren). There are profit and loss transfer agreements between Coface Deutschland and all of the above companies; these agreements also lead to a consolidated tax-filing status. Coface Deutschland has a shareholding of 79.2 per cent in Coface Austria Holding AG and 100 per cent in Coface Sverige Finans AB (CSF).

In the year under review Coface Deutschland increased its holding in Midt Factoring A/S, Ikast, one of the leading Danish factoring companies, from 10 per cent to 75 per cent. By the end of the year under review Midt Factoring was renamed Coface Finans A/S.

In a further step towards an optimized organisational structure, and in addition to the staff functions transferred in previous years, operating units providing services for more than just one business line have now been concentrated on the Coface Deutschland level. This mainly concerns the entire field staff, central sales functions and the contract departments for all client segments, which were spinned off from Coface Kredit to Coface Deutschland effective as from 1 January 2008.

Thus, other receivables and other assets were transferred from the asset side of the balance sheet and provisions for long service awards and provisions for partial retirement from the liabilities side. The resulting balance is stated as extraordinary expenses of Euro 533,770.

In addition, Coface Deutschland spinned-off the department Product Management @rating to Coface Rating effective from 1 January 2008. This exclusively concerned provisions for long service awards. The resulting balance was booked in the capital reserve (increase by Euro 9,594).

The spin-offs were effected at book values.

In addition to its financing function, Coface Deutschland provides cross-business line services for its subsidiaries. These services are charged at full cost to the subsidiaries.

The Board of Management of Coface Deutschland is responsible for all the activities of the Coface Deutschland group; the same board members take on a double capacity and are represented in full or in part on the bodies of the shareholdings.

2. Accounting and valuation methods

These present annual accounts as at 31 December 2008 are drawn up according to the principles of commercial law and with due regard to the applicable provisions of the German AktG as amended from time to time.

Assets

Fixed assets and intangible assets are capitalised at acquisition cost and are depreciated using the maximum permissible tax rules rates.

The financial assets are valued at acquisition cost. Unscheduled depreciation due to a probable long-term decrease in value has not been performed.

Accounts receivable, other assets and prepaid expenses are stated at their nominal values.

Accounts receivable in foreign currencies are stated at the relevant rate as of the date of accrual and, if necessary, stated in the following at the lower rate as of the balance-sheet date.

Current accounts with banks are stated at their nominal values.

The claims from the corporate tax credit, stated in the item other assets, were stated at their net present value according to the Bill on Tax Features for Introduction of the European Company and Amendment of Other Tax Rules (SEStEG). A risk-free maturity-linked interest rate of 3.75 per cent was used as discount factor.

Equity and liabilities

The provision for current pension payments and pension entitlements was formed by applying the current value procedure in accordance with Section 6a EStG. The actuarial value was determined on the basis of the 2005 G guideline tables of Prof. Dr. Klaus Heubeck using an interest rate of 6 per cent.

Other provisions take into account all recognisable risks; their amounts have been determined applying sound business judgement.

The provision for long-term service bonuses to be paid to employees was determined applying a 5.5 per cent interest rate. The provision for partial retirement has been determined on the basis of individual contractual agreements also using an interest rate of 5.5 per cent.

Liabilities are stated at the sums to be repaid.

Profit and loss account

The profit and loss account has been prepared using the type of expenditure format. In agreement with Section 265 (6) HGB a format was selected in derogation of Section 275 (2) HGB so as to take into account the particular features of Coface Deutschland.

Income and expenses in foreign currency are stated at the rate as of the transaction date.

3. Comments on the balance sheet

Assets

A. III. Financial assets

Shares in affiliated companies

Shareholdings in affiliated companies amount to Euro 225,017,978 (previous year Euro 199,548,986). The rise is due to the increase of our shareholding in Coface Finans A/S from 10 per cent at the end of the previous year to a majority shareholding of 75 per cent in the year under review. Accordingly, the former shareholding is now to be stated in shareholdings in affiliated companies.

Loans to affiliated companies

Lendings to affiliated companies amount to Euro 17,935,346 (previous year Euro 3,175,000). The increase is due to the granting of a subordinate loan to Coface

Schedule of participating interests pursuant to Section 285 sentence 1 No. 11 HGB

	Share in capital in %	Net worth equity capital in stated currency		Last available result in stated currency	
Direct shareholdings					
Coface Kreditversicherung AG, Mainz	100.0	EUR	88,577,646	EUR	-8,967,008*)
Coface Finanz GmbH, Mainz	100.0	EUR	6,006,057	EUR	36,219,714*)
Coface Rating Holding GmbH, Mainz	100.0	EUR	155,000	EUR	5,320,270*)
Coface Debitorenmanagement GmbH, Mainz	100.0	EUR	409,034	EUR	3,233,575*)
Coface Sverige Finans AB, Stockholm	100.0	EUR	667,984	EUR	-299,966
Coface Austria Holding AG, Vienna	79.2	EUR	17,697,434	EUR	1,971,686
Coface Finans A/S, Ikast	75.0	EUR	14,665,906	EUR	2,158,582
Coface Rating GmbH, Mainz	100.0	EUR	77,000	EUR	5,334,025*)
Indirect shareholdings					
Coface Nederland Services B.V., Breda	100.0	EUR	1,610,018	EUR	691,196
Coface Sverige Services AB, Stockholm	100.0	SEK	-143,620	SEK	-433,812
Cofacerating Norge AS, Oslo	100.0	NOK	-4,121,285	NOK	-9,192
Coface Danmark Services A/S, Copenhagen	100.0	DKK	-3,127,225	DKK	-183,008
CS Connect Verwaltung GmbH, Mainz	50.0	EUR	23,978	EUR	-1,022
CS Connect GmbH & Co. KG, Mainz	50.0	EUR	407,838	EUR	-2,162
Kisselberg KG, Mainz	94.0	EUR	7,984,028	EUR	1,973,674

*) *before profit/loss transfer in accordance with profit and loss transfer agreement*

Finans A/S, stated in the item receivables due from companies with a shareholding relationship.

Shareholdings

The shareholding in Coface Finans A/S of Euro 3,607,124 stated in this item in the previous year is to be stated in shareholdings in affiliated companies in the year of the review after increasing the stake in this company to a majority shareholding.

B. I. Debtors and other assets

Accounts receivable due from affiliated companies to the amount of Euro 89,071,993 (previous year Euro 44,332,648) mainly comprise the claims of Coface Deutschland for transfer of profit by the affiliated companies and claims from outstanding invoices within the reporting entity.

Fixed-asset movement schedule

	Initial cost and production cost	Additions	Disposals	Account transfers	Accumu-lated depreciation	Depreciation in the financial year	Book value 31.12.2008	Book value 31.12.2007
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets								
Software	2,084,281	738,490	0	0	1,581,011	614,598	1,241,760	1,117,869
Tangible assets								
Tools and equipment	2,568,280	1,123,871	272	0	2,141,624	512,719	1,550,255	939,309
Financial assets								
Shares in affiliated companies								
Coface Kredit	172,562,765	0	0	0	0	0	172,562,765	172,562,765
Coface Finanz	5,005,113	0	0	0	0	0	5,005,113	5,005,113
Coface Rating Holding	155,000	0	0	0	0	0	155,000	155,000
Coface Debitoren	3,403,794	0	0	0	0	0	3,403,794	3,403,794
Coface Sverige Finans	972,488	0	0	0	0	0	972,488	972,488
Coface Austria Holding	17,449,827	0	0	0	0	0	17,449,827	17,449,827
Coface Finans	0	21,861,867	0	3,607,124	0	0	25,468,991	0
Loans to affiliated companies								
Coface Austria Kredit	3,175,000	0	0	0	0	0	3,175,000	3,175,000
Coface Finans	0	0	0	14,801,259	40,914	40,914	14,760,346	0
Shareholdings	3,607,124	0	0	- 3,607,124	0	0	0	3,607,124
Total financial assets	206,331,111	21,861,867	0	14,801,259	40,914	40,914	242,953,324	206,331,111
Total	210,983,672	23,724,228	272	14,801,259	3,763,548	1,168,231	245,745,339	208,388,289

The additions to the fixed assets essentially concern EDP equipment.

As in the previous year the accounts receivable due from affiliated companies have a residual term of less than one year.

The remaining assets, which amount to Euro 5,395,889 (Euro 4,272,170 in the previous year), are comprised mainly of the activation of allowable taxes (Euro 1,466,259), claims against the tax authorities due to a permanent extension of the payment deadline (Euro 2,007,244) as well as claims from the corporate tax surplus (Euro 464,231) and the second purchase option for Coface Finans A/S (Euro 917,858).

Euro 4,013,800 of the other assets have a residual term of up to one year (previous year Euro 3.760.924).

Liabilities

A. Equity

1. Subscribed capital

The company's share capital remains unchanged from the previous year and amounts to Euro 1,510,000; it is fully paid in. The share capital is subdivided into 1,510 registered shares.

II. Capital reserves

The capital reserves amount to Euro 75,224,565 (previous year Euro 75,214,971). The increase is a result of the spin-off profit of Euro 9,594 generated in the course of the reorganisation measures being stated above.

B. Provisions

1. Provisions for pensions and similar obligations

The provisions of Euro 6,287,229 (previous year Euro 5,685,258) concern the pension commitments of Euro 668,748 to active and Euro 5,542,130 to former members of the Board of Management as well as vested pension rights towards employees from pension commitments against a voluntary cut in salaries.

The provision for current pension payments and pension entitlements was formed by applying the current value procedure in accordance with Section 6a EStG. The actuarial value was determined on the basis of the 2005 G guideline tables of Prof. Dr. Klaus Heubeck using an interest rate of 6 per cent.

2. Tax provisions

Coface Deutschland is the controlling company regarding income and turnover tax for Coface Kredit, Coface Finanz, Coface Debitoren, Coface Rating Holding and Coface Rating. The tax provisions for the integrated group of companies are Euro 7,015,112; they refer to the assessment period and the year before and account for corporate and trade tax.

3. Other provisions

The other provisions of Euro 7,538,180 essentially comprise provisions of Euro 1,389,208 for outstanding invoices, provisions for bonuses field staff of Euro 1,887,595, provisions of Euro 332,171 for holiday entitlement, provisions of Euro 913,900 for long service awards, provisions of Euro 413,000 for bonuses, and provisions of Euro 1,292,020 for early retirement/partial retirement as well as provisions for other personnel expenses of Euro 1,005,886. The increase of staff-related reserves is to be considered in the context of the transfer of the field staff and the contract departments from Coface Kredit to Coface Deutschland.

C. Creditors

1. Creditors owed / Liabilities due to affiliated companies

Liabilities due to affiliated companies of Euro 198,607,761 (previous year Euro 133,597,304) comprise mainly liabilities to Natixis S.A. of Euro 185,374,785 and the obligation to Coface Kredit to assume losses of Euro 8,967,008 as well as the assumption of tax expenses of Coface Kredit of Euro 4,220,712.

As in the previous year the liabilities due to affiliated companies have a residual term of less than one year.

2. Other liabilities

Other liabilities account for Euro 4,589,582 (previous year Euro 4,173,232), thereof taxes Euro 4,495,702 (previous year Euro 4,105,228) and in connection with social security Euro 9,592 (previous year Euro 26,841).

As in the previous year, the other liabilities have a residual term of less than one year.

Guarantees and warranties

A payment commitment to Coface Rating Holding of Euro 51,129 results from the portion not called in.

Obligations from other financial commitments not shown in the balance sheet

These are payment obligations over several years from generally 3-year leasing contracts for IT hardware and software and for passenger cars as at the balance sheet date. The total obligations until the end of the contractual terms amount to:

	less than 1 year	between 1 and 5 years	Total
	EUR	EUR	EUR
Car leasing	556,540	478,067	1,034,607
IT hardware and software	204,676	187,458	392,134
Total	761,216	665,525	1,426,741

4. Comments on the profit and loss account

Income from profit and loss transfer agreements

The subsidiaries transferred a total income of Euro 44,773,557 (previous year Euro 26,940,232). Euro 36,219,713 thereof account for Coface Finanz, Euro 3,233,574 for Coface Debitoren and Euro 5,320,270 for Coface Rating Holding.

Expenditure from assumption of loss

A loss of Euro 8,967,008 had to be assumed for Coface Kredit.

Other operating income

Other operating income of Euro 46,346,876 (previous year Euro 27,491,641) concern cost allocation and income in connection with services provided to affiliated companies. In addition, this item contains revenues from the writing off of reserves of Euro 279,183 (previous year Euro 350,062).

Personnel expenses

Personnel expenses of Coface Deutschland increased to Euro 27,478,348 (previous year Euro 14,985,285) as a result of the transferred divisions.

Other operating expenditures

The other operating expenditures rose from Euro 11.403.660 to Euro 17,701,110 . The are comprised as follows:

	2008 KEUR	2007 KEUR
IT Cost	5,018	4,819
Expenses for business premises	5,541	3,475
Advertising and representation	2,455	1,920
Travel expenses	2,025	502
Others	2,662	688
Total	17,701	11,404

Income from participations

In 2008 Coface Austria Holding AG paid a dividend of Euro 2,374,980 for the financial year 2007 after the profits of the previous business year had been retained.

Income from long-term financial investments

The income from long-term financial investments of Euro 2,752,476 (previous year Euro 1,668,071) exlusively refers to revenues from affiliated companies. These mainly concerned interest income resulting from subordinated loans and short-term loans granted to Coface Finans A/S as well as interest income from loans granted to Coface Austria Kreditversicherung AG. In the previous year this item contained pro rata interest income from a lending to Coface S.A.

Other interest and similar income

The item of Euro 213,786 (previous year Euro 287,963) mainly comprises the interest from bank deposits.

Write-downs on financial assets and on available-for-sale securities

Euro 40,914 were stated as write-downs on financial assets in connection with the foreign currency valuation of the subordinate loan of Euro 14,760,346 (DKK 110,000,000) granted to Coface Finans A/S.

Interest and similar expenses

Interest and other expenses amount to Euro 7,605,317 (previous year Euro 6,030,599). The interest payments result from group internal loan relationships with Natixis S.A. The increase over the previous year is mainly due to the temporary borrowing on behalf of Coface Finans A/S, with interest income earned to the same amount.

Extraordinary expenses

Extraordinary expenses of Euro 533,770 were caused by a spin-off loss, as the liabilities transferred in connection with the transfer of the field staff and the contractual departments exceeded the transferred assets.

Taxes on income and revenues

Tax from income and proceeds amount to Euro 16,118,842 (previous year Euro 5,476,595). Euro 7,682,225 account for corporate tax and Euro 7,478,356 for trade tax for the reporting year and Euro 958,261 account for corporate and trade tax for the previous years.

5. Other disclosures

The total remuneration of the members of the Management Board is Euro 886,074. Pensions amounting to Euro 533,841 were paid to former members of the Management Board.

The remuneration for the Supervisory Board amounted to Euro 42,001 in the year under review. A sum of Euro 144,040 was paid to the members of the Advisory Board.

In 2008 the average number of employees was 423 (Section 267 (5) HGB). 80 employees thereof work on a part-time basis and 343 work full time.

The inclusion of Coface Deutschland in the consolidated financial statements of Coface S.A. Paris, has an exempting effect for the company pursuant to Section 291 (1) HGB. The consolidated financial statements are available from Coface S.A., Paris, and published in the electronic Bundesanzeiger. The exempting consolidated financial statements deviate particularly from the annual financial statements according to German law with respect to recognition and measurement of immaterial assets, recognition and measurement of capital investments, measurement of the provisions for unsettled insured events, recognition of the claims equalisation reserve, measurement of pension provisions and resulting thereof with respect to the latent taxes.

The deviations regarding immaterial assets are a result of the activated software developed in the company itself and of differing depreciation periods. Capital investments are evaluated at market prices, deviating from the annual accounts shareholdings in separate trust assets and a special purpose company for the leasing of buildings is consolidated in the consolidated financial statements. The provisions for unsettled insured events and pension provisions are stated at their expected values. After taxation the equalisation reserve will be reallocated to the own resources in the consolidated financial statements.

Unappropriated profits

Based on a net profit of Euro 16,889,024 and taking into account the profit carryforward of Euro 24,579,429 the unappropriated profits are Euro 41,468,453.

Other disclosures

Management Board

Benoît Claire
Chairman
Responsible for Principles of Business Policy/Strategic Planning, Risk Management, Auditing, Corporate Development, Legal Matters/Public Relations, Human Resources, Administration, Finances and Accounting/Reinsurance, Credit Insurance, Factoring, Debt Collection

Stefan Brauel
Responsible for Sales

Norbert Langenbach
Responsible for Data Processing, @rating

Franz J. Michel
responsible for Factoring, Debt Collection, Financial Services
(as from 1 April 2008)

Supervisory Board

François David
Chairman
Président Coface S.A., Paris

Dr. Axel Freiherr von Ruedorffer
Deputy Chairman
Member of the Board of Management (retd.) of Commerzbank Aktiengesellschaft, Frankfurt am Main

Petra Bechtoldt
Manager General Accounts Coface Deutschland AG, Mainz

Michael Beck
Member of the executive board, responsible for finance, controlling and accounting MAN Ferrostaal AG, Essen
(as from 1 July 2008)

Jérôme Cazes
Administrateur et Directeur Général Coface S.A., Paris

Thierry Coldefy
General Secretary Coface Holding, S.A., Paris
(as from 1 July 2008)

Peter Esmann
Chairman of the joint Works Council (released from duties) of Coface Deutschland AG, Mainz

Dr. Michael Kemmer
Chairman of the Management Board/CEO of Bayerische Landesbank, München
(as from 1 January 2009)

François Meunier
Directeur Général Adjoint, Coface S.A., Paris

Dr. Matthias Mitscherlich
Chairman of the Board of Management MAN Ferrostaal AG, Essen
(until 30 June 2008)

Friedrich Paeben
Senior Corporate Account Manager Coface Deutschland AG, Bielefeld

Alain Paupert
Directeur des Risques du Groupe Coface S.A., Paris
(until 30 June 2008)

Walter Viering
Senior Underwriter Key Account Coface Kreditversicherung AG, Mainz

Wilhelm Zeller
Chairman of the Board of Management, Hannover Rück Gruppe, Hannover

Net income for the year and appropriation of profits

	2008 KEUR	2007 KEUR
Result from ordinary activities	33,542	22,566
Extraordinary result	-534	0
Taxes on income	- 16,119	- 5,477
Other taxes	0	- 1
Net income for the year	16,889	17,088
Profit carryforward	24,579	24,491
Withdrawal from the reserves	0	14,000
Unappropriated profits	41,468	55,579

We propose that a dividend of Euro 16,700,000 be paid from the unappropriated profits of Euro 41,468,453 and that the remaining sum of Euro 24,768,453 be carried forward to new account.

Mainz, January 21, 2009

Coface Deutschland AG

The Management Board
Claire, Brauel, Langenbach, Michel

Auditors' report

Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the report of the Directors of Coface Deutschland AG (former: Coface Holding AG), Mainz, for the business year from 1 January 2007 to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and the report of the Directors in accordance with German commercial law and supplementary provisions of the Statutes are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the report of the Directors based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the report of the Directors are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the report of the Directors are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual financial statements and the report of the Directors. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Coface Deutschland AG (former: Coface Holding AG), Mainz, comply with the legal requirements and supplementary provisions of the Statutes and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The report of the Directors is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, January 23, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Report of the Supervisory Board

The Supervisory Board received regular written and oral reports from the Board of Management on the business situation and the development of the company. The Supervisory Board met four times in 2008, all important subjects for consultation (in particular acquisition possibilities) were comprehensively discussed and the corresponding proposals approved. The financial statements and the management report of the Board of Management were audited by Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt on the Main, and were found to be in accordance with law and our articles of association.

The auditing report, which was granted the unrestricted approval of the auditing company, was submitted to the Supervisory Board. We agree with this audit result and our independent audit gave no reason to objections. The Supervisory Board reviewed the financial statements, the management report and the proposal for the appropriation of net income. It has confirmed and accepted the financial statements. The financial statements has thus been accepted as submitted according to section 172 of the German Stock Corporation Act (Aktiengesetz).

The report on relations with affiliated companies as compiled by the Board of Management and the audit report on this matter by the auditor were available and were examined. The auditor gave the report of the Board of Management on the relations with affiliated companies the following note of confirmation:

"On the basis of our dutiful examination and judgment, we confirm that

1. the actual information given in the report is correct;

2. the Company's consideration for the legal transactions stated in the report has not been inappropriately high,

3. there are no facts or circumstances that would suggest an assessment substantially different from that of the Board of Management with respect to the measures listed in the report."

We agree with this assessment. In accordance with the final results of its audit, the Supervisory Board confirms that no objections are to be raised against the closing statement of the Board of Management in the report on relations with affiliated companies.

In the past year, Dr. Matthias Mitscherlich and Mr. Alain Paupert left the Supervisory Board of the company. We would like to thank them for their work in the Supervisory Board of Coface Deutschland. Mr. Michael Beck and Mr. Thierry Coldefy were elected new members of the Supervisory Board. Since January 1, 2009, Dr. Michael Kemmer completes the Supervisory Board.

Mr. Gerhard Knoblauch and Dr. Friedhelm Plogmann left the Advisory Council. We would like to thank them for their many years of constructive contribution.

The Supervisory Board thanks the Management Board for their cooperation and the staff of Coface Deutschland for their commitment.

Mainz, February 19, 2009

By order of the Supervisory Board
François David
Chairman

Standard reference for global trade: “Handbook of Country Risk”

Within the Coface group, Coface Kreditversicherung AG (Coface Kredit) is responsible for the German, the Dutch and the Scandinavian credit insurance markets. Through our domestic and international branch offices we have established the necessary client proximity. The branches of Coface Kredit are listed in an Appendix to a common report with the statutory financial statements of all German Coface entities.

In a further step towards an optimized organisational structure with the aim being to further interlink the four business lines, Insurance, Financing, Information and Debt Collection, and in addition to the staff functions transferred in previous years, operating units providing services for more than just one business line have now been concentrated on the Coface Deutschland AG (Coface Deutschland) level, former Coface Holding AG, Mainz. For this purpose Coface Kredit spinned off the entire field staff, central sales functions and the contract departments for all client segments to Coface Deutschland.

With the support of external consultants we assess the efficiency of existing work flows and our organisation and identify ways to optimise these as part of an ongoing process that covers all parts of the corporation successively. This forms an important basis for optimal staffing whilst limiting the cost increase at the same time and without negatively affecting our service quality.

We have taken the sub-prime crisis – which emanated from the US – as an opportunity to prepare ourselves internally for a worsening risk situation by developing predefined action plans, and we already advised the market and our clients of the necessity of price rises at the end of 2007. The previous and current events on the financial and capital markets – as well as those which are now taking place in the so-called real economy – clearly vindicate us in our cautiousness and the necessity to prepare early for difficult times.

Even if the crisis has hugely surpassed all expectations with regard to its breadth and duration, we nevertheless entered the crisis prepared in terms of organisation and financing and were early and selective in introducing the necessary measures to mitigate risks and to change the tariffs of our business. The fact that we adhered to tried and tested standards in the underwriting of credit and contracts in the previous better years is now paying off. We are now in a position to take the additional measures to mitigate risks and adapt conditions which are becoming necessary in the current difficult economic circumstances in a balanced and consistent way and with all the required care. This is our contribution to reliability and predictability in an environment that is characterised by a loss of confidence, mistrust and scepticism.

The economic environment

The sub-prime crisis, which originated in the US, escalated into a global crisis of the financial markets and banking sector in the course of 2008 – a crisis that has since reached the real economy and left a deep impact on the growth of the world's economies. After the start of the crisis in the US it gradually started to spread to important European neighbours, while developments in Germany itself remained comparably positive until late summer. Starting with the global problems of vehicle manufactures and their suppliers, a change in mood suddenly occurred amongst private consumers and this just as suddenly led to a massive slump in demand on all levels of production and trade. The situation is compounded by the fact that a huge loss of trust ensued amongst banks as a result of the insolvency of Lehman Brothers, leading to the near paralysis of the interbank market – with consequences for companies and private households needing to take out new loans or requiring repayment extensions. The governments of the world's leading industrial nations launched aid packages in order to gradually restore trust, jump-start the capital markets and provide temporary support to companies/industries in serious trouble so as to cushion the employment market from the severest of consequences.

The global financial and capital markets remain unable to function properly. The central banks have significantly reduced their interest rates in rapid succession in order to stimulate demand and to stem the rising cost of borrowing that has occurred in tandem with the crisis in the financial markets. The reduction of the base rates has, however, been overcompensated for with the widening of the credit spread, with the result that the year under review has been a particularly difficult one both in terms of fixed interest capital investments as well as share investments.

Business development in 2008 in detail

Coface Kredit, together with its foreign branch offices posted total turnover of Euro 242.3 million (previous year Euro 241.8 million); this corresponds to an increase of 0.2 per cent. Premiums in direct business generated in Germany reduced by 1.6 per cent as compared to the previous year. This balance is a result of opposing developments. A continued good sales result in conjunction with a noticeably recovered domestic economy made a positive contribution, whereas a slide in the export boom was already apparent in the export business early on in the year. Growth in the export balances reduced to 4.3 per cent in comparison to 12.6 per cent in the previous year. The balances reported for Germany increased by 8.9 per cent in comparison to 6.5 per cent in the previous year. The intense competition for existing clients and for new business in the previous year made it necessary to provide considerable concessions regarding conditions in order to retain our contracts. The effects of this prevented a rise in premiums for the year under review, although since the start of the year we are trying to apply higher conditions for new business. As part of renewing contracts for the insurance year 2009 all contracts now include a general risk mark-up and have additionally, depending on their progress, been checked with regard to their conditions. The effects of this will become clear in the coming year.

In the course of 2008 we continued to pursue our profitability and turnover oriented underwriting policy in the structure of our insurance contracts and the assumption of credit risks. Our risk measurement and evaluation systems place us in a position to recognise risks at an earlier stage and to better differentiate between those companies of good creditworthiness and those which are not as creditworthy. For this reason, our acceptance rate (the ratio between the limits applied for and the assumed cover) only slightly reduced (76 per cent from 78.7 per cent in the year before) compared with the previous year despite a distinct deterioration of the risk environment. The increasing number of problematic credit commitments requires a more intensive and time-consuming underwriting procedure in Germany and abroad. In light of these facts, our average reply times have to be considered satisfactory in the current economic environment, although they were extended from 1.2 days as at the end of the previous year to 1.8 days as at the end of the reporting year.

Share of premium / loss ratio of Coface Kredit

Line	Premium 2008 (in EUR million)	Premium 2007 (in EUR million)	Loss ratio* 2008 (in %)	Loss ratio* 2007 (in %)
WKV	114.6	115.6	57.0	24.7
AKV	78.3	81.2	41.6	31.6
Del credere	192.9	196.8	50.7	27.6
Guarantee	6.1	5.4	- 19.0	24.2
Direct business	199.0	202.2	48.2	26.8
Indirect business	0.1	- 0.1	0.0**)	0.0**)
Total premium	199.1	202.1		
Fees	0.1	0.2		
Intervention cost	4.0	4.0		
Turnover Coface Kredit Germany	203.2	206.3	45.8	25.1
Turnover foreign branch offices***	39.1	35.5	139.8	61.4
Total turnover Coface Kredit	242.3	241.8	61.1	30.5

** loss ratio is related to the premium*

*** indirect business is phasing out*

**** including all fees 2008: Euro 38.6 Mio. + Euro 0.5 Mio.*

After four years of constant decline, the number of company insolvencies in Germany increased in 2008 from approximately 27,000 in 2007 to 30,000.

A cluster of medium to large claims in the final quarter of the year under review meant that the claims ratio across all divisions rose to 61.1 per cent from 30.5 per cent in the previous year.

As a result of positive claims development in previous years, we spent Euro 27.8 million (previous year Euro 27.4 million) for no claims bonuses and other bonuses.

With a decrease of 0.9 per cent at Euro 114.6 million, Domestic Credit Insurance (WKV) premiums are merely slightly below the previous year's figure of Euro 115.6 million. The loss ratio, taking into account the medium-term business, is 57.0 per cent, after 24.7 per cent in the previous year. The cover volume, i.e. the total of all Domestic Credit Insurance limits underwritten, came up to Euro 50.1 billion as compared to Euro 46.8 billion in 2007.

Export Credit Insurance (AKV) premiums reduced by 3.6 per cent to Euro 78.3 million, as compared to the previous year. Thus, the share of Export Credit Insurance is 39.3 per cent (as opposed to 40.2 per cent as at the end of the previous year). The loss ratio in export credit insurance has deteriorated from 31.6 per cent in the previous year to 41.6 per cent. The covered volume for foreign risks was Euro 63.6 billion (previous year Euro 54.9 billion).

Our foreign branch offices (Netherlands, Sweden, Denmark) contributed premiums amounting to Euro 38.6 million, following on from Euro 35.1 million in the previous year. The loss ratio for all entities was 139.8 per cent (previous year 61.3 per cent).

Premiums for our guarantee business (Surety Bonding & Guarantee [SB&G]) increased from Euro 5.4 million in the previous year by 13.4 per cent to Euro 6.1 million as at the end of 2008. The loss ratio is -19.0 per cent after 24.2 per cent in the year before. The cover volume comes to Euro 1.0 billion, as compared to Euro 1.0 billion as at the end of the previous year.

Indirect business, in which Coface Kredit functions as a reinsurer, was scaled down.

Capital investments

In the year under review capital investments increased from Euro 482.4 million to Euro 531.2 million. The increase is mainly due to reduced claim payments in the year under review.

The investments of Coface Kredit are administered by the relevant staff departments of Coface Deutschland on behalf of Coface Kredit. In this respect Coface Kredit defines the framework and the investment principles taking into account the investment provisions of the Insurance Supervisory Act (VAG).

With regard to investments we are pursuing a broad mix in terms of investment types and are diversifying our investments according to issuers, sectors and geographical area. We are managing interest risk through an appropriate choice of term duration. The proportion of shares in relation to all financial assets is approximately 4 per cent in the year under review. The credit risk from the issuers of fixed-interest securities – which seemed to have only a secondary significance in previous years due to strict investment guidelines – became a central issue in the year under review. Issuers which were hitherto beyond any reproach could ultimately only be saved from insolvency through state aid. The Finanzmarktstabilisierungsgesetz ('Financial Market Stabilisation Law') in conjunction with the declarations of the Federal Government have led to a certain amount of trust returning to the market, even if the offers of the Sonderfonds Finanzmarktstabilisierung ('Special Fund for the Stabilisation of the Financial Market') are not being taken on and implemented by all banks in the interest of their clients or as quickly as the government intended.

In a volatile interest environment the duration of the entire capital investments was kept comparatively short at 2.1 years.

The capital investments of the company – except for the investments pursuant to section 341 c, sub-section 1 HGB (German Commercial Code) – are valued in accordance with the strict principle of the lower of cost or market. Coface Kredit does not make use of the eased valuation according to section 341 b sub-section 2 1st sentence HGB.

The valuation reserves contained in the capital investments capitalized at acquisition cost decreased from Euro 9.2 million at the end of the previous year to Euro 0.5 million. The return on all investments was 2.7 per cent (previous year 3.4 per cent). Registered bonds and loans against borrowers' notes with a volume of Euro 232.5 million (previous year Euro 242.0 million) saw an average interest rate of 3.7 per cent (previous year 3.6 per cent).

Capital investments, which require constant market observation, are conducted in the form of mixed special funds, whose book value at the end of 2008 was Euro 160.8 million (previous year Euro 161.4 million).

Basing ourselves on general considerations, we do not invest in structured asset categories, and are thus not concerned by the financial market crisis. The crisis has, however, directly affected other classes of assets, such as bonds from mortgage providers, and raised questions as to the intrinsic value of these assets. There had previously not been any delays or shortfalls in loan repayments or interest payments from this group of issuers. The supporting measures from the government and the Sonderfonds Finanzmarktstabilisierung ('Special Fund for the Stabilisation of the Financial Market') are providing additional security, so we assume that the loans we received against a borrower's note and registered bonds we hold will be served in full and on time with regard to repayment as well as interest payments. Regarding shares it was, of course, impossible for us to escape the developments on the capital market. Write-offs of Euro 4.3 million had to be made for share investments in the form of general funds; for mixed special funds it was decided to forego dividend payments in order to avoid subsequent write-downs to the going value.

The composition of the investments, as well as their development in the past year, is to be seen in detail in the notes.

Land and property, as well as participation in a property administration company, are held in connection with our own administration building.

Earnings

In the financial year 2008 Coface Kredit reached a technical result before change of the equalisation reserve of Euro -24.0 million (previous year Euro 47.1 million).

A cost reduction program implemented early in the year under review showed the expected results. Despite the already mentioned weak premium development the cost rate only slightly deteriorated from 29.9 per cent as at the end of the previous year to 30.2 per cent. Taking into account expenses incurred for reimbursements of premiums, the loss ratio amounted to 71.3 per cent, as compared to 41.2 per cent in the previous year. The resulting combined ratio increased to 101.5 per cent (previous year 71.1 per cent).

As a result of the clearly deteriorated claims situation Euro 2.5 million had to be withdrawn from the equalisation reserve (previous year addition to the reserves of Euro 63.0 million), leaving a technical result of Euro -21.5 million (previous year Euro -15.9 million). Euro 198.3 million provide a good basis for the equalisation reserve, thus Coface Kredit is financially well prepared to face the crisis.

The income balance stemming from investments and expenses incurred for investments was Euro 9.1 million, following on from Euro 15.8 million in the previous year. Write-offs on investments and the waiving of the payment of income from dedicated funds are the reason for the clear reduction compared with the previous year. Taking into account other income and other expenses, the non-technical result was Euro 12.5 million, following on from Euro 17.4 million in the previous year.

The remaining result of Euro -9.0 million (previous year Euro 1.4 million) is to be borne by Coface Deutschland.

Our staff

At the end of the year under review Coface Kredit including its foreign branch offices employed 239 staff, compared to 537 at the end of the previous year. This reduction is a result of the transfer of the field staff and the contract departments to Coface Deutschland as well as of the transfer of the Info Line staff to Coface Rating.

Our growth objectives for the years to come require constant vocational training and selective enhancement of the staff. We therefore invest in personnel development programmes and education of our staff, and this with a particular focus on the qualification and development of executives. We promote team spirit and motivation by way of information events and seminars. Within the framework of our group-wide mobility programme we support and promote employees who take on higher tasks with the companies pertaining to the German group or Coface in general and who make use of their respective experience in their new environment.

The international character of our group as well as our comprehensive range of credit management services make our group attractive for both existing and potential employees.

169 colleagues worked in the headquarters in Mainz (previous year 289), thereof 51 as part-time employees (previous year 81).

The branch offices abroad employed 70 staff (previous year 68), with 15 (previous year 13) part-time staff.

Coface Kredit uses the services of Coface Deutschland in terms of staff functions and EDP – and following the transfer of the sales department and the contracts department to Coface Deutschland, the services in these areas as well – and is charged for these by Coface Deutschland as part of intergroup cost allocations.

Events after the balance sheet date

No events of special significance occurred after the balance sheet date.

Risks and chances of future development

The German Corporate Control and Transparency Act (KonTraG) obliges stock corporations to report on the risks of future development among other things.

The essential risks for us are, in addition to the customary market risks particularly the technical risks, risks in the capital investment sector and general internal risks in corporate development.

The overall responsibility for the risk management of the company lies with the chairman of the Board. At Coface Deutschland the head of Corporate Development holds the central risk management function directly reporting to the chairman of the Management Board. The risk management is then decentralised and individually organised in the business lines and divisions. In regular meetings of the Management Board and the Senior Management chances and risks of the business development are discussed on the basis of detailed controlling reports and an overall survey is established.

The company's risk management system is specified in a comprehensive documentation and is reflected among other things in comprehensive organisation and department guidelines. Every six months a comprehensive risk report is drawn up by the head of Corporate Development covering all relevant risks, evaluating Operational, Credit, Compliance and Financial Risk managers and summarising these for the Management Board. In addition, an ad hoc reporting was implemented in the year under review, systematically informing the Board of Management on material business transactions/incidents.

All entities of Coface Deutschland are integrated in the risk-mapping process initiated by Natixis S.A. and Coface S.A., both in Paris. In this process all legally independent entities and their departments are analysed with respect to inherent theoretical risks in their workflow, the existing internal checks are evaluated with respect to their efficiency and adequacy and the remaining risk is assessed. In addition to the accompanying internal checks, neutral supervisory bodies were established in the specialist divisions, aimed at securing the efficiency of internal supervisory systems and providing second-level-controls of the work performed by the specialist divisions for the purpose of a quality check.

Equity capital, reinsurance, information systems

It is by way of a good equity bolster, tailor made re-insurance as well as an adequate reservation of tangible assets for both claims occurred and imminent claims or risk enhancing factors that Coface Kredit takes account of insurance risks. Reserves for IBNR (incurred but not reported) claims and equalisation reserves are set up in accordance with the statutory provisions of the supervisory authorities.

The unfavourable development of the technical result led to a reduction of the equalisation reserve of Coface Kredit in the year under review.

The risk and earnings situation in the credit insurance business are considerably determined by the national and international economic situation, the general and sector-related insolvency development, the risk consciousness with existing and potential policyholders and by the competitive behaviour of the market players.

Through suitable information systems, which we are continually developing, we are in a position to observe such variables in all our business divisions and to counter these accordingly, for instance through our underwriting policy, yet also through forward-looking terms and conditions. These are accompanied by strict underwriting guidelines and monitoring of their compliance through efficient controlling instruments which are applied throughout the entire group and which allow a quick monitoring of the important success factors.

Risk-oriented business policy

In a difficult world economic environment our company group has reached good results. In 2009 we will continue with these endeavours to generate and retain a profitable policy and credit portfolio. At the same time, in order to generate growth and to reach new client groups, we are prepared to take on additional risks on a selective basis, and this either within the limits of existing products or through newly developed offers.

For the year 2009 we are expecting a noticeable growth in business insolvencies in Germany. As a result, we expect a clear rise in the demand for the protection of credit risks, with increasing credit risk at the same time.

The economic environment affected by the crisis requires a risk-oriented overall strategy.

Costs

Parallel to consistent market and growth orientation, the rise in costs is limited to the minimum amount necessary in order to work profitably in a market environment with increasing competition. This is achieved above all through integrated work processes, the use of common databases and through efficient information procurement, preparation and processing. A detailed cost planning and periodical target-performance comparison allow an early action in case of undesired developments. The work flows are being checked for ways to increase efficiency and for optimisation on an ongoing basis. Where necessary, this is done with the support of external consultants.

Technology, personnel, organisation

Every company is subject to general technological, personnel and organisational risks. For this reason all our business divisions have been investing for many years in the permanent training and education of our staff and in technology, in particular in underwriting and communication systems. These investments have the objective of generally allowing for the further development of the company, and of providing the means and know-how to respond adequately to the changing demands of clients and markets. Organisational risks are limited through the extensive separation of functions within the corporate process, as well as through an effective internal controlling system.

All companies of Coface Deutschland are or will be prepared for malfunctions in the operating workflow through corresponding emergency plans on different levels.

Taxes

An external tax audit is currently being carried out for the assessment period 2000 – 2004. Final results have not yet been provided.

The particular risk with respect to the fiscal treatment of underwriting fees has been considerably reduced by the tax auditors' statement not to change the treatment of the audited former years. We are now awaiting the final tax assessment note, which is expected to be issued in early 2009.

Capital investments

In the investment area we counter interest rate and price risks with a broad mix of investment vehicles and through diversification in respect of issuing parties and geographic diversification of the investments in liquid titles and markets. The credit risk from the issuers of fixed-interest securities – which seemed to have only a secondary significance in the previous years due to strict investment guidelines – became a central issue in the year under review. Issuers which were hitherto beyond any reproach could ultimately only be saved from insolvency through state aid. The Finanzmarktstabilisierungsgesetz ('Financial Market Stabilisation Law') in conjunction with the declarations of the Federal Government have led to a certain amount of trust returning to the market.

Based on general considerations, we do not invest in structured asset categories, and are thus not concerned by the financial market crisis. In the area of bonds, loan repayment and interest obligations have thus far been met on time. The commitment of the Federal Government and the establishment of the Sonderfonds Finanzmarktstabilisierung ('Special Fund for the Stabilisation of the Financial Market') have additionally increased security so that we continue not to expect any losses in this class of investment.

The risks in the investment area are made visible and limited through the value-at-risk approach used throughout the Coface group. For the investments the relevant requirements of the BaFin are met. The guidelines for capital investments are reviewed every year in the supervisory boards of Coface Deutschland and Coface Kredit.

We counter the liquidity risk through forward-looking liquidity planning. Financial means meeting the requirements of the ordinary course of business are being invested in the money market, thus making them available at any given time.

Ratings

Good ratings from Standard & Poor's (A+), Fitch (AA) and Moody's (Aa3) reflect the strong market position of Coface Kredit, its very good equity capital base, as well as the integrated business processes and the efficiency of the risk management.

Conclusion

The economic and capital market crisis naturally carries the risk of an increasing number of insolvencies and potential write-offs in our capital assets. We have prepared well for these risks in terms of both organisation and financing. At the same time, the awareness of the risk amongst our existing and potential clients is also increasing, which will create new business opportunities for us.

On the whole there is currently no recognisable development which could have a sustained negative impact on the net worth, financial position or earnings of Coface Kredit.

Prospects for 2009

At the beginning of 2009 Coface Kredit is in a good state and is well positioned in its respective markets.

The extension of our office block for our own use runs according to plan, and this both in terms of the dates and deadlines and the investment budget. In April 2009 the new office building will be ready to move in.

The growth and profit-oriented strategy will be continued in 2009, 2010 and in the following years according to our medium-term planning. In this context we will be broadening our range of products to reach new groups of clients on the one hand and to meet our existing customers' needs comprehensively all over the world. As part of this, we will take appropriate measures to mitigate these risks – taking the insured into account and acting in their interests – and thus make an important contribution to building confidence and stabilising the situation.

The current economic forecasts predict a shrinkage in the economy of between 2 – 3 per cent for 2009 due to the consequences of the global financial and economic crisis. The measures taken by governments and central banks are suitable for gradually defusing the banking crisis and thus normalising the provision of credit to companies. They are also suitable for reducing the dangers for the employment market and thus for stimulating private and public demand – an important prerequisite for the recovery of the business sector.

We expect a noticeable increase in corporate insolvencies in Germany for the year 2009. The effects of the financial market and economic crisis will presumably continue until 2010. In such an environment it is our core service to act carefully and consistently in the interests of our clients. We are well prepared both in terms of organisation and financing and will use the opportunity to win new clients as a reliable partner in difficult times.

Mainz, 20 January 2009

Coface Kreditversicherung AG

The Management Board
Claire, Brauel, Langenbach

Coface Kreditversicherung AG
Balance sheet as of December 31, 2008

Assets

A.	**Intangible assets**
	Other intangible assets
B.	**Investments**
	I. Land, land rights and buildings including buildings on third party land
	II. Shares in affiliated companies and participating interests:
	1. Loans to affiliated companies
	2. Participating interests
	III. Other investments:
	1. Shares, investment fund shares and other variable-yield securities
	2. Bearer bonds and other fixed-income securities
	3. Other loans:
	a) Registered bonds
	b) Notes receivable and loans
	4. Deposits with banks
	5. Other investments
	IV. Deposits with ceding insurers
C.	**Debtors**
	I. Direct insurance debtors:
	1. Policyholders
	2. Intermediaries
	II. Reinsurance debtors thereof owned by affiliated companies Euro 5,748,174 (Euro 1,840,757)
	III. Other debtors thereof owned by affiliated companies Euro 18,116,686 (Euro 12,100,364)
D.	**Other assets**
	I. PP&E and inventories
	II. Current bank balances, checks and cash in hand
	III. Other assets
E.	**Prepaid expenses**
	I. Accrued interest and prepaid rent
	II. Other prepaid expenses
Total assets	

31.12.2008				31.12.2007			
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
			74,190				114,335
		6,907,637				6,907,637	
	5,000,000				5,000,000		
	22,165,122	27,165,122			16,573,260	21,573,260	
	169,865,162				174,344,981		
	15,622,178				15,622,178		
20,000,000				20,000,000			
212,500,000	232,500,000			222,000,000	242,000,000		
	79,046,111				21,839,336		
	3,000	497,036,451			3,000	453,809,495	
		115,240	531,224,450			131,826	482,422,218
	14,473,872				14,229,797		
	1,295,085	15,768,957			1,254,780	15,484,577	
		6,225,007				3,519,949	
		29,990,609				21,897,977	
			51,984,573				40,902,503
		336,541				578,445	
		11,062,811				14,379,573	
		17,810,175	29,209,527			9,699,127	24,657,145
		5,139,764				4,701,844	
		38,529	5,178,293			0	4,701,844
			617,671,033				552,798,045

Balance sheet as of December 31, 2008

Liabilities

A. Shareholders' equity
I. Subscribed capital
II. Capital reserve
III. Other revenue reserves
B. Technical provisions
I. Provisions for unearned premiums:
1. Gross amount
2. Less: Reinsurance amount
II. Provisions for claims outstanding:
1. Gross amount
2. Less: Reinsurance amount
III. Provisions for bonuses and rebates:
1. Gross amount
2. Less: Reinsurance amount
IV. Claims equalisation provision
V. Other technical provisions:
I. Gross amount
2. Less: Reinsurance amount
C. Other provisions
I. Provisions for pensions and similar commitments
II. Tax provisions
III. Other provisions
D. Deposits received from reinsurers
E. Other creditors
I. Direct insurance creditors:
1. Policyholders
2. Intermediaries
II. Reinsurance creditors: therof Euro 19,819 (Euro 36,903) owed to affiliated companies
III. Other creditors: therof Euro 466,830 (Euro 171,246) owed to affiliated companies, therof Euro 3,344,397 (Euro 5,359,325) for taxes
Total liabilities

31.12.2008			31.12.2007		
EUR	EUR	EUR	EUR	EUR	EUR
	15,600,000			15,600,000	
	36,331,427			35,652,469	
	36,646,218	88,577,645		36,646,218	87,898,687
13,620,685			13,623,080		
0	13,620,685		0	13,623,080	
309,781,528			258,854,833		
25,905,119	283,876,409		43,774,036	215,080,797	
4,797,612			4,500,180		
0	4,797,612		0	4,500,180	
	198,342,502			200,835,517	
369,300			252,600		
9,600	359,700	500,996,908	15,300	237,300	434,276,874
	507,582			461,300	
	63,475			63,475	
	7,318,817	7,889,874		13,374,153	13,898,928
		9,351			6,641
3,455,750			2,283,480		
2,150,087	5,605,837		1,536,208	3,819,688	
	269,440			251,582	
	14,321,978			12,645,645	
		20,197,255			16,716,915
		617,671,033			552,798,045

Profit and loss account from January 1 until December 31, 2008

Profit and loss account

I. Technical account:

1. Earned net premiums:
   a) Gross premiums written
   b) Outward reinsurance premiums
   c) Change in gross provisions for unearned premiums
   d) Change in reinsurers' share of gross provisions for unearned premiums
2. Net claims expenses:
   a) Claims paid:
      aa) Gross amount
      bb) Reinsurers' share
   b) Change in other technical provisions:
      aa) Gross amount
      bb) Reinsurers' share
3. Change in other technical provisions
4. Bonuses and rebates net of reinsurance
5. Net operating expenses:
   a) Gross operating expenses
   b) Less:
      Reinsurance commissions and profit participations
6. Subtotal
7. Change in claims equalisation provisions and similar provisions
8. Balance on technical account

II. Non-technical account:

1. Investment income:
   a) Income from shareholdings
   b) Income from other investments:
      thereof from affiliated companies Euro 300,000 (Euro 300,000)
      aa) Income from land, land rights and buildings including buildings on third party land
      bb) Income from other investments
   c) Income from write-ups
   d) Income from the disposal of investments
2. Investment expenses:
   a) Cost of investment management, interest expenses and other cost of investment
   b) Write-downs on investments
   c) Losses from the disposal of investments
3. Other income
4. Other expenses
5. Profit on ordinary activities before taxation
6. Taxes on income
7. Other taxes
8. Income from transfer of losses
9. Profit transferred due to profit pooling, profit transfer or partial

10.Net income for the year / Unappropriated profits

	31.12.2008				31.12.2007			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
		242,719,843				241,587,719		
		10,149,825	232,570,018			10,174,400	231,413,319	
		2,395				- 1,806,458		
		0	2,395	232,572,413		0	- 1,806,458	229,606,861
		94,240,356				104,931,782		
		2,879,293	91,361,063			8,276,281	96,655,501	
		50,926,695				- 32,629,476		
		- 17,868,917	68,795,612	160,156,675		- 31,486,824	- 1,142,652	95,512,849
				- 122,400				9,457,600
				27,750,458				27,393,831
			72,209,880				70,668,894	
			3,690,783	68,519,097			1,563,261	69,105,633
				- 23,976,217				47,052,148
				2,493,015				- 62,971,408
				- 21,483,202				- 15,919,260
		816,257				881,156		
	265,502				278,742			
	12,705,512	12,971,014			15,007,395	15,286,137		
		0				507		
		0	13,787,271			3,405	16,171,205	
		342,981				288,881		
		4,255,669				103,292		
		71,650	4,670,300	9,116,971		0	392,173	15,779,032
			10,434,865				20,294,155	
			7,030,519	3,404,346			18,721,789	1,572,366
				- 8,961,885				1,432,138
			0				0	
			5,123	5,123			5,481	5,481
				8,967,008				0
				0				1,426,657
				0				0

Notes for the financial year from January 1 to December 31, 2008

1. General statements

The sole shareholder in Coface Kreditversicherung AG (Coface Kredit), Mainz, is Coface Holding AG, Mainz, who changed its company name to Coface Deutschland AG (Coface Deutschland) in the year under review. Its sole shareholder is Coface S.A., Paris.

Coface Kredit is included in the consolidated financial statements and the group management report of Coface S.A.; Coface takes into account the annual financial statements of the insurance companies located in other European countries in accordance with the respective local provisions and the European Council Directive of December 19, 1991. It is the smallest consolidated group in which Coface Kredit is included.

Coface S.A. is a subsidiary (100 per cent) of Natixis S.A., Paris, and is included in its consolidated financial statements. The consolidated financial statements are available from Coface S.A., Paris and are published in the electronic Bundesanzeiger. It is the largest consolidated group in which Coface Kredit is included.

A profit and loss transfer agreement was signed by Coface Kredit and Coface Deutschland, which was updated on 14 September 2005.

A service and functions spin-off agreement was concluded between Coface Deutschland and Coface Kredit. Pursuant to this agreement, Coface Deutschland assumes the staff and service functions associated with the insurance business for Coface Kredit concerning the lines of the insurance business operated by Coface Kredit.

In a further step towards an optimized organisational structure, and in addition to the staff functions transferred in previous years, Coface Kredit now transferred operating units providing services for more than just one business line to Coface Deutschland. This mainly concerns the entire field staff, central sales functions and the contract departments for all client segments.

Since the beginning of the 2004 financial year Coface Kredit has had a self retention of 100 per cent. The self retention of the company is protected by a special reinsurance agreement with Coface S.A.

Currently, the office building is being extended. Coface Kredit is prime contractor and will hand over the new part of the building upon completion to the lessor, Kisselberg KG.

For the financing Coface Kredit will increase its contribution to capital by a total of Euro 13.5 million. An increase by Euro 6.8 million has already been realized in the year under review.

2. Accounting and valuation methods

These present annual accounts as at 31 December 2008 have been drawn up according to the principles of commercial law and with due regard to the applicable provisions of the German AktG, VAG and RechVersV as amended from time to time.

Assets

Land and buildings are stated at acquisition costs.

Capital investments in participations are shown at acquisition costs and in consideration of capital reimbursements.

Loans to affiliated companies are stated at their nominal values.

Securities are valued in accordance with the strict principle of the lower of cost or market.

Registered bonds, notes receivable, loans and other capital investments are stated at nominal values. The fair value of the other loans were determined by the present value method. Fixed-term deposits held with banks and deposits with ceding insurers are stated at nominal values.

Direct insurance debtors and reinsurance debtors as well as other debtors are stated at nominal values.

Valuation adjustments on accounts receivable from policyholders were directly netted with the respective asset value.

Fixed assets and intangible assets are capitalised at acquisition costs and depreciated using the maximum permissible rates. Low value assets, which individually exceed Euro 150 but not Euro 1,000, are activated and written off by one fifth with a reduction in profits in the year they were acquired and the four subsequent financial years. Inventories are stated at their acquisition cost at a fixed value pursuant to Section 240 (3) HGB.

The claims from the corporate tax credit were stated at their net present value according to the Bill on Tax Features for Introduction of the European Company and Amendment of Other Tax Rules (SEStEG). A risk-free maturity-linked interest rate was used as discount factor.

Current euro bank balances and cash in hand are stated at their nominal values. Credit balances in foreign currencies are stated at acquisition costs or the lower rate as of the balance-sheet date.

Other assets are stated at their nominal values.

The balance sheet item Assets Prepaid Expenses include expenses that represent an expense to be incurred during a certain period after the balance-sheet date and interest income related to the period up to the balance sheet date but not yet due.

Liabilities

Unearned premiums were calculated in accordance with the communication from the Federal Ministry of Finance to the state finance ministers on April 30, 1974. The calculation basis for the direct insurance business was the individual contract in the short-term area of turnover-based contracts, and contract terms in the capital goods sector. Premiums in guarantee insurance are also accrued on an individual contract basis.

Claims provisions for unsettled insured events in the direct business were principally computed separately for each line of business. In addition, reserves were set up to account for outstanding insurance claims, on the basis of past experience and comprising a general allowance for unknown outstanding insurance claims as well as special reserves for major risk-bearing credits. A provision for claim settlement expenses was set up in accordance with tax regulations defined in a communication from the Federal Minister of Finance on February 22, 1973.

The claims provisions for insurance ceded by the company were established in accordance with preliminary information provided by the previous insurance company or on the basis of a cautious assessment approach using historical values.

The reinsurers' amounts in the provisions for unsettled insured events were calculated in accordance with the agreements stipulated in the reinsurance contracts.

The provision for bonuses and rebates was formed on the basis of contractual agreements concluded with the policyholders.

The claims equalisation reserve was calculated in compliance with the provisions defined in Section 341 HGB in connection with the Annex to Section 29, RechVersV.

The cancellation provision Surety Bonding & Guarantee (SB&G) was formed on the basis of experience gained in the past years and is stated in the item other technical reserves.

The provision for current pension payments and pension entitlements was formed by applying the current value procedure in accordance with Section 6a EStG. The actuarial value was determined on the basis of the 2005 G guideline tables of Prof. Dr. Klaus Heubeck using an interest rate of 6 per cent.

The tax provisions and the other provisions take into account all recognisable risks; their amounts have been determined applying sound business judgement.

The provision for long-term service bonuses to be paid to employees was determined applying a 5.5 per cent interest rate. The provision for partial retirement has been determined on the basis of individual contractual agreements using an interest rate of 5.5 per cent.

Deposit liabilities and other deposits with ceding insurers and other liabilities are stated at amounts repayable.

Foreign currency amounts liabilities are stated at the rate applicable as of the transaction date. Losses from currency fluctuations are taken into account on the basis of the rate valid as of the reporting date.

3. Comments on the balance sheet

Assets

A. Intangible assets

B. Investments

Capital investments saw a net addition of Euro 48,802,232 in the year under review. The increase is mainly a result of reduced claims payments in the year under review.

I. Land and buildings

The item refers to two pieces of land, one of which has been developed with an administration building for the company's own use, another must be maintained as free space. The total balance sheet value of Euro 6,907,637 relates in full to the company's use of the premises.

II. Investments in affiliated companies and shareholdings

Coface Kredit is a limited partner of Kisselberg Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG, Eschborn, with an original holding of Euro 20.5 million. The limited partner's contribution is repaid in accordance with the leasing terms. Euro 1.2 million were repaid in the financial year.

For the extension of the building the contribution to capital was increased by Euro 6.8 million in the year under review. The partner's contribution is recorded at Euro 22.2 million.

Schedule of participating interests pursuant to Section 285 No. 11 HGB

	Share in Capital in %	Net worth Equity Capital EUR	Last available result EUR
Kisselberg Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG, Eschborn	94.0	7,984,028	1,973,674

III. Other investments

The item other investments rose to a total of Euro 497,036,451 after Euro 453.809.495 in the previous year. In particular, the item bank balances increased to Euro 79,046,111 after Euro 21,839,336 in the previous year.

C. Debtors

As in the previous year the accounts receivable have a residual term of up to one year.

D. Other assets

III. Other assets

The other assets amounting to Euro 17,810,175 (previous year Euro 9,699,127) contain claims payments allocable to the following year.

Development of the asset items A., B. I. to III. in the 2008 financial year

Asset items

A.	**Intangible assets**
B. I.	**Land and leasehold rights and buildings, including buildings on third-party land**
B. II.	**Capital investments in affiliated companies and shareholdings:**
	1. Loans to affiliated undertakings
	2. Shares in affiliated undertakings
	3. Total B. II.
B. III.	**Other capital investments:**
	1. Shares, investment certificates and other non-fixed-income securities
	2. Bearer debentures and other fixed-income securities
	3. Other loans:
	a) Registered bonds
	b) Notes receivable and loans
	4. Deposits with banks
	5. Other capital investments
	6. Total B. III.
Total	

The fair value of land and buildings corresponds to the book value. The fair value of the other capital investments in accordance with Section 56 RechVersV (capital investments under B.II. and B.III.) is Euro 521,441,588. The fair value of the investments in shareholdings corresponds to the book value. For the other capital investments the fair value corresponds to the market value on the reporting date, insofar as there is such a value. The fair value of the other loans is Euro 229,219,842.

	01.01.2008	Additions	Transfers	Disposals	Write-ups	Write-downs	31.12.2008
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
	114,335	0	0	0	0	40,145	74,190
	6,907,637	0	0	0	0	0	6,907,637
	5,000,000	0	0	0	0	0	5,000,000
	16,573,260	6,812,674	0	1,220,812	0	0	22,165,122
	21,573,260	6,812,674	0	1,220,812	0	0	27,165,122
	174,344,981	0	0	224,150	0	4,255,669	169,865,162
	15,622,178	0	0	0	0	0	15,622,178
	20,000,000	5,000,000	0	5,000,000	0	0	20,000,000
	222,000,000	13,000,000	0	22,500,000	0	0	212,500,000
	21,839,336	57,206,775	0	0	0	0	79,046,111
	3,000	0	0	0	0	0	3,000
	453,809,495	75,206,775	0	27,724,150	0	4,255,669	497,036,451
	482,404,727	82,019,449	0	28,944,962	0	4,295,814	531,183,400

Liabilities

A. Shareholders' equity

I. Subscribed capital

The company's capital stock amounts to Euro 15,600,000; it is fully paid in. The capital stock is subdivided into 30,000 registered shares with a par value of Euro 520 each.

II. Capital reserves

The capital reserve amounts to Euro 36,331,427 following Euro 35.652.469 in the previous year. The increase was caused by the spin-off revenues of Euro 678,958 as part of the reorganisation measures mentioned above.

III. Revenue reserves

The revenue reserves remain unchanged at Euro 36,646,218.

B. Technical provisions

I. Unearned premiums

At Euro 13,620,685 the provision for unearned premiums remains below the previous year value of Euro 13,623,080.

II. Provision for insurance events not yet processed

The provision for retention amounts to Euro 283,876,409 after Euro 215,080,797 in the previous year. The increase can be put down to the considerably deteriorated claims situation in comparison to the previous year as a result of the sub-prime crisis and the subsequent general worsening of the overall economy, even in Germany.

The settlement result relative to the claims provision at the beginning of the year was 27.9 per cent.

III. Provisions for bonuses and rebates to policyholders

The provision amounts to Euro 4,797,612 following Euro 4,500,180 in the previous year.

IV. Claims equalisation reserve and similar provisions

The change in the claims equalisation reserve has been determined in compliance with the provisions defined in RechVersV (Annex to Section 29). Total reserves of Euro 2,493,015 were written off, leading to an equalisation reserve of Euro 198,342,502 after Euro 200,835,517 in the previous year.

V. Other technical provisions

	Gross amounts		Amounts of reinsurers	
	2008 EUR	2007 EUR	2008 EUR	2007 EUR
Cancellation provision SB&G	369,300	252,600	9,600	15,300

The cancellation provision in SB&G was formed on the basis of experience gained in the past.

C. Other provisions

I. Provisions for pensions and similar obligations

The provision for pension commitments against a voluntary cut in salary amounts to Euro 507,582 after Euro 461,300 in the previous year.

II. Tax provisions

Reserves of Euro 63,475 (previous year Euro 63,475) refer to trade tax arrears of the past years.

III. Other provisions

	Euro
Deliveries and services	2,885,605
Bonus and commission payments to field staff / brokers	2,515,104
Holidays	312,645
Long-service awards for employees	608,357
Other commitments and recognisable risks	997,106
	7,318,817

E. Other creditors

As in the previous year the existing liabilites have a residual term of less than one year.

III. Other creditors

The other liabilities amount to Euro 14,321,978, following on from Euro 12,645,645 in the previous year.

Guarantees and warranties

There were no contingent liabilities on bills of exchange. As before, guarantee liabilities are assumed by the company only within the scope of the guarantee insurance business which it operates (SB&G).

Since 1995, the administration building has been financed on the basis of a leasing concept with a 22-year term. The annual straight-line leasing expenses amount to Euro 5.3 million net. Coface Kredit participates in the project company as a limited partner with an original contribution to capital of Euro 20.5 million. The limited partner's contribution is repaid in accordance with the leasing terms. The difference between the participation's book value and the liability limit of Euro 22.5 million amounts to Euro 0.3 million.

The pension obligations towards its board members were transferred from Coface Kredit to Coface Deutschland in the form of a collateral promise in 2004. In the external relationship Coface Deutschland fulfils all the pension obligations and releases Coface Kredit from all its obligations. Nevertheless the beneficiaries still have a direct claim against Coface Kredit. This results in a potential obligation on the part of Coface Kredit to the amount of ca. Euro 5.8 million.

Annual liabilities from leasing contracts for passenger cars amount to around Euro 0.2 million.

4. Comments on the profit and loss account

1. Earned premiums for own account

Premiums increased from Euro 229,606,861 in the previous year to Euro 232,572,413 in the year under review. The transferred reinsurance amounts mainly account for cost for the protection of the retention of the company.

Euro 34,700,019 of the totally booked gross amounts of Euro 242,719,843 account for the Dutch business, Euro 3,590,997 for the Danish business and Euro 788.598 for the Swedish business.

2. Expenses for insured events for own account

This item significantly rose to Euro 160,156,675 (previous year Euro 95,512,849) due to the global economic slowdown and the resulting increase in the number of corporate insolvencies.

3. Change in the other net technical provision

Other technical provisions rose by Euro 122,400 in the year under review.

4. Expenses for bonuses and rebates for own account

The expenses which still reflect the previous year's good claims situation, amount to Euro 27,750,458 (previous year Euro 27,393,831).

5. Expenses for insurance operations for own account

The expenses in self-retention amount to Euro 68,519,097, following on from Euro 69,105,633 in the previous year. These figures reflect our measures taken to limit the cost increase. In addition, commissions received from ceding insurers in the amount of Euro 3,690,783 following from Euro 1,563,261 in the previous year, had a positive effect.

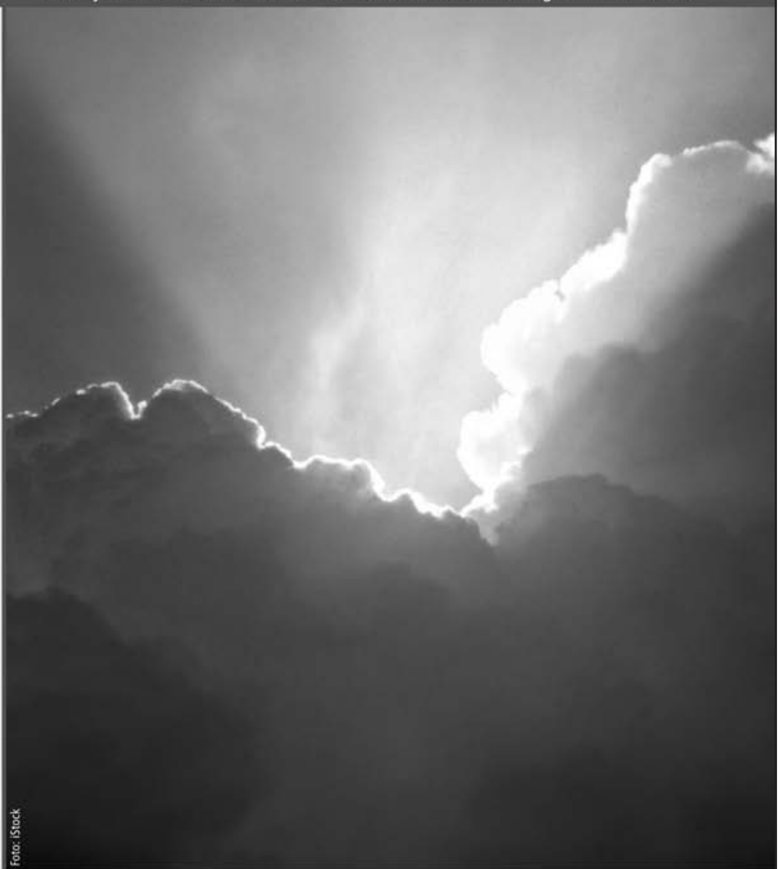
Important developments in countries and industries: “Märkte Aktuell”

coface DEUTSCHLAND
Kreditmanagement – mit Sicherheit

Märkte aktuell

März 2009

Vierteljährliche Kundeninformation der Coface Deutschland zu ausgewählten Märkten



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Verantwortlich:
Erich Hieronimus (Coface Deutschland),
Gunther Schilling (F.A.Z.-Institut)

Haftungsausschluss: Alle Angaben wurden sorgfältig recherchiert und zusammengestellt. Für die Richtigkeit und Vollständigkeit des Inhalts sowie für zwischenzeitliche Änderungen übernehmen die Autoren und die Herausgeber keine Gewähr.

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F.A.Z.-INSTITUT
FÜR MANAGEMENT-, MARKT- UND MEDIENINFORMATIONEN GMBH

Weltwirtschaft 2009 – Aufhellung nach dem Sturm?

Inmitten der tiefsten Wirtschaftskrise der Nachkriegszeit richteten sich die Augen der Teilnehmer an der 13. Länderrisikokonferenz von Coface am 19. Januar 2009 in Paris auf niederschmetternde Daten und schmerzliche Fakten. Die hochkarätigen Referenten vermochten es jedoch auch, den Blick auf hoffnungsvolle Entwicklungen zu lenken und neben den Leidtragenden der Krise robuste Staaten mit Wachstumspotential zu identifizieren. Als Anhaltspunkte zur Orientierung präsentierte Coface auf der Konferenz aktualisierte Länder- und Branchenratings.
Wir dokumentieren die wesentlichen Ergebnisse dieser Veranstaltung und die derzeitige Risikoeinschätzung von Coface auf den folgenden Seiten. Eine weitere Gelegenheit zur Vertiefung der Diskussion über die Zukunft der Weltwirtschaft bietet der Kongress Länderrisiken von Coface Deutschland am 14. Mai 2009 in der Rheingoldhalle Mainz. Wir würden uns freuen, Sie dort begrüßen zu können.

Comments on the profit and loss account

The insurance business assumed in reinsurance is included in the figures for the insurance business as a whole.

Details on the insurance business as a whole and on insurance business lines for the period from 01.01. to 31.12.2008

Insurance business as a whole

	EUR	Previous year EUR
Booked premiums gross	242,719,843	241,587,719
Earned premiums gross	242,722,238	239,781,261
Earned premiums net	232,572,413	229,606,861
Gross expenses for insured events	145,167,051	72,302,306
Gross expenses for insurance operations*	72,209,880	70,668,894
Reinsurance balance	21,448,666	31,821,682
Technical result for own account	- 21,483,203	- 15,919,260
Technical provisions gross total	526,911,627	478,066,210
thereof:		
Gross provision for insured events not yet processed	309,781,528	258,854,833
Claims equalisation reserve and similar provisions	198,342,502	200,835,517
Number of insurance policies concluded for at least one year (only for direct business)	12,371	11,655

* The gross expenses for insurance operations comprise Euro 28.281.812 for the conclusion of insurance policies and Euro 43.928.068 for the administration of policies.

Insurance business concluded by the company itself					
Credit/Bonding		Other insurances		Total	
	Previous year		Previous year		Previous year
EUR	EUR	EUR	EUR	EUR	EUR
242,658,551	241,638,269	0	0	242,658,551	241,638,269
242,660,946	239,831,811	0	0	242,660,946	239,831,811
232,511,121	229,609,214	0	0	232,511,121	229,609,214
150,743,547	77,063,182	- 756,412	- 1,380,350	149,987,136	75,682,832
72,179,568	70,544,300	0	0	72,179,568	70,544,300
18,915,112	27,864,981	474,227	968,564	19,389,338	28,833,545
- 24,557,124	- 16,976,545	282,185	411,786	- 24,274,940	- 16,564,760
523,792,169	469,197,476	784,458	1,738,734	524,576,627	470,936,210
306,662,070	249,986,099	784,458	1,738,734	307,446,528	251,724,833
198,342,502	20,835,517	0	0	198,342,502	200,835,517
12,371	11,655	0	0	12,371	11,655

Commissions and other remuneration of insurance agents, personnel expenses

	Financial year EUR	Previous year EUR
1. Commission to insurance agents of any kind associated with the direct insurance business pursuant to section 92 HGB	16,190,606	17,339,608
2. Wages and salaries	13,752,501	21,745,412
3. Social security and pension costs	2,321,510	3,497,088
4. Old-age pension expenses	1,371,555	1,357,202
5. Total expenses	33,636,172	43,939,310

Reduced personnel expenses are a result of the spin-off of parts of the company to Coface Deutschland and Coface Rating.

Income from capital investments

Income from capital investments reduced to Euro 13,787,271 and remain below the previous year's result of Euro 16.171.205, as the company waived the payment of income from the two dedicated funds in the year under review.

Expenses for capital investments

Expenses for capital investments mainly contain depreciations on capital investments required in the course of the capital market crisis. The item rose from Euro 392,173 in the previous year to Euro 4,670,300 .

Other income / other expenses

This item contains the expenses and income in connection with services rendered. The net balance was Euro 3,404,346 (previous year Euro 1,572,366).

5. Other disclosures

Management Board

Benoît Claire
Chairman
Responsible for Principles of Business Policy/Strategic Planning and Risk Management

Stefan Brauel
Responsible for Fidelity Insurance

Norbert Langenbach
Responsible for Underwriting, Claims

Supervisory Board

François David
Chairman
Président Coface S.A., Paris

Dr. Axel Freiherr von Ruedorffer
Deputy Chairman
Member of the Board of Management (retd.) of Commerzbank Aktiengesellschaft, Frankfurt am Main

Petra Bechtoldt
Manager General Accounts Coface Deutschland AG, Mainz

Michael Beck
Member of the executive board, responsible for finance, controlling and accounting MAN Ferrostaal AG, Essen
(as from 1 July 2008)

Jérôme Cazes
Administrateur et Directeur Général Coface S.A., Paris

Thierry Coldefy
General Secretary Coface Holding S.A., Paris
(as from 1 July 2008)

Peter Esmann
Chairman of the joint Works Council (released from duties) of Coface Deutschland AG, Mainz

Dr. Michael Kemmer
Chairman of the Management Board/CEO Bayerische Landesbank, München
(as from 1 January 2009)

François Meunier
Directeur Général Adjoint Coface S.A., Paris

Dr. Matthias Mitscherlich
Chairman of the Board of Management MAN Ferrostaal AG, Essen
(until 30 June 2008)

Friedrich Paeben
Senior Corporate Account Manager Coface Deutschland AG, Bielefeld

Alain Paupert
Directeur des Risques du Groupe Coface S.A., Paris
(until 30 June 2008)

Walter Viering
Senior Underwriter Key Account Coface Kreditversicherung AG, Mainz

Wilhelm Zeller
Chairman of the Board of Management, Hannover Rück Gruppe, Hannover

The remuneration for the Supervisory Board amounted to Euro 41,996 in the year under review (previous year Euro 46,012).

In 2008 the average number of employees was 255 (section 267 (5) HGB), 184 thereof working in the headquarter and 71 in the foreign branch offices.

Net income for the year and appropriation of profits

Net income for the year	2008 KEUR	2007 KEUR
Gross income from operations	- 23,976	47,052
Change in claims equalisation reserve and similar provisions	2,493	- 62,971
Technical income	- 21,483	- 15,919
Non-technical income	12,521	17,351
Earnings before taxes	- 8,962	1,432
Taxes on income and revenues	0	0
Other taxes	5	5
Earnings after taxes	- 8,967	1,427
Profit or loss transferred due to profit and loss transfer agreement	8,967	- 1,427
Net income for the year	0	0

Mainz, January 20, 2009

Coface Kreditversicherung AG

The Management Board
Claire, Brauel, Langenbach

Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of the Coface Kreditversicherung AG, Mainz, for the business year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and the supplementary provisions of the articles of incorporation are the responsibility of the Management Board of the company. Our responsibility is to express an opinion of the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of poper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and the significant estimates made of the Management Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Coface Kreditversicherung AG, Mainz, comply with the legal requirements and the supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, January 22, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Report of the Supervisory Board

The Supervisory Board received regular written and oral reports from the Board of Management on the business situation and the development of the company. Four meetings of the Supervisory Board were held in 2008. Important subjects for consultation were the changes in the underwriting competences and changes in connection with the credit committee. The Board raised no objections with respect to the management. The financial statements and the management report of the Board of Management were audited by Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt on the Main, and were found to be in accordance with law and our articles of association.

The auditing report, which was granted the unrestricted approval of the auditing company, was submitted to the Supervisory Board. We agree with this audit result and our independent audit gave no reason to objections. The Supervisory Board reviewed the financial statements, the management report and the proposal for the appropriation of net income. It has confirmed and accepted the financial statements. The financial statements has thus been accepted as submitted according to section 172 of the German Stock Corporation Act (Aktiengesetz).

In the past year, Dr. Matthias Mitscherlich and Mr. Alain Paupert left the Supervisory Board of the company. We would like to thank them for their work in the Supervisory Board of Coface Kredit. Mr. Michael Beck and Mr. Thierry Coldefy were elected new members of the Supervisory Board. Since January 1, 2009, Dr. Michael Kemmer completes the Supervisory Board.

The Supervisory Board thanks the Management Board for their cooperation and the staff of Coface Kredit for their commitment.

Mainz, February 19, 2009

By order of the Supervisory Board
François David
Chairman

Reports on receivables management and Coface: “aktuell”

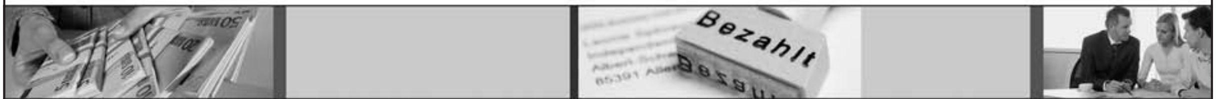
I aktuell Nr. 112 | Dezember 2008 | www.coface.de

coface DEUTSCHLAND

@rating aktuell

@rating in der Praxis

Aktuelle Bonitätsinformationen sind Grundlage für das Forderungsmanagement. Wie Kunden von Coface Deutschland @rating einsetzen, das lesen Sie in dieser Beilage in vier Beispielen.



Agieren statt reagieren…

…mit @rating im Risikomanagement

Durch die Zusammenarbeit mit Coface Deutschland können Unternehmen eine starke Wertschöpfungskette rund um ihre Forderungen schmieden. Diese Kette setzt sich aus den Gliedern Information, Forderungsabsicherung, Forderungsfinanzierung und Forderungseinzug zusammen. Jedes Kettenglied besteht dabei aus mehreren Komponenten. Sie machen diese Kette einerseits stabiler, sorgen andererseits aber auch für die nötige Flexibilität. Aktives Kreditmanagement beginnt idealerweise mit der Information.

Für die konkreten Geschäftsbeziehungen zwischen Unternehmen ist besonders die Frage relevant, wie es um Bonität und Zuverlässigkeit des jeweiligen Geschäftspartners – Kunde oder Lieferant – steht. Antworten darauf kann Coface Rating geben. Die in Coface Deutschland für das Geschäftsfeld Information zuständige Gesellschaft liefert unter anderem mit dem „@rating Service“ komprimierte Bonitätsaussagen zu Unternehmen in aller Welt und mit „Individuellen Kreditteilen“ zusätzliche Informationen aus der Kreditprüfung. Rund 4000 Kunden nutzen bereits diesen schnellen Informationsservice, der gegenüber anderen Auskunfteien einen Vorteil hat: Coface nutzt @rating selbst als wichtigen Baustein in der eigenen Kreditprüfung, auf der die Übernahme von Risiken mit der Kreditversicherung oder Factoring beruht. „@rating ist damit werthaltiger als reine Wirtschaftsauskünfte“, sagt Grit Becker. Die neue Geschäftsführerin der Coface Rating GmbH verweist auch darauf, dass in der Kreditversicherung bis zu einer bestimmten Limithöhe die @rating-Bewertung die automatische Entscheidungsgrundlage ist. Kreditversicherungskunden können mit @rating auch die für den Pauschalteil – für den die einzelnen Kunden nicht namentlich benannt werden müssen – erforderlichen Selbstprüfungskriterien abdecken. Grit Becker sieht noch erhebliches Entwicklungspotenzial in der Business Line Information. Dies gilt für die am Markt bereits etablierten Produkte, aber auch für neue Services, die kurz vor der Markteinführung stehen. So will Coface unter anderem mit einem neuen Unternehmensrating den etablierten Agenturen Konkurrenz machen. Dies hat Coface-CEO Jérôme Cazes jetzt angekündigt.

Wie setzen Unternehmen @rating in ihrem Risikomanagement ein? Dieser Frage ging die aktuell-Redaktion bereits in einer viel beachteten Sonderausgabe von „aktuell“ im Jahr 2005 nach. Auch jetzt haben wir wieder Kunden nach ihren Konzepten und Erfahrungen befragt. Vier Praxisbeispiele aus verschiedenen Branchen können Sie in dieser Ausgabe lesen. Weitere Artikel folgen in einem größeren Special Anfang 2009. ■

Erich Hieronimus

Mit Coface Deutschland haben Unternehmen auch in wirtschaftlich schwierigen Zeiten ein gutes Blatt. @rating kann als schnelles Informationssystem der Joker im Wettbewerb sein. ■ Foto: Erich Hieronimus

www.coface.de

Stichwort

■ Was ist @rating

Mit @rating wird die Fähigkeit von Unternehmen im In-und Ausland bewertet, finanziellen Verpflichtungen nachzukommen. @rating basiert auf dem Informations-Know-how der weltweit agierenden Coface mit Bonitätsinformationen über 50 Millionen Unternehmen. Bei Anfragen zeigt die Anzahl der angezeigten @-Symbole, für welche Summe Coface im Rahmen einer Kreditversicherung Deckungsschutz übernehmen würde. Die Werthaltigkeit der Aussagen zeigt sich auch darin, dass alle Coface-Einheiten @rating in der Kreditprüfung zur Festlegung von Limiten bis zu den bestimmten Höhen verwenden. Kreditversicherungskunden mit einem so genannten Pauschalteil im Vertrag können mit @rating die erforderlichen Selbstprüfungskriterien abdecken. In der @rating-Versicherung für kleinere Unternehmen ist die Kreditprüfung durch @rating integriert. Coface nimmt sich also bei den @rating-Aussagen selbst beim Wort.

■ Die @rating Bewertungsstufen:

R	Deckungsschutz* bis 10.000 EUR möglich
@	Deckungsschutz* bis 20.000 EUR möglich
@@	Deckungsschutz* bis 50.000 EUR möglich
@@@	Deckungsschutz* bis 100.000 EUR möglich
X	Vorliegende Informationen würden keinen Deckungsschutz zulassen.

* Deckungsschutz wird ausschließlich im Rahmen und zu den Bedingungen eines Kreditversicherungsvertrages gewährt.

■ Check und Monitoring

Bei einem @rating Check erhält der Kunde die Information, wie Coface das angefragte Unternehmen zu diesem Zeitpunkt einschätzt. Beim @rating Monitoring wird ein Unternehmen oder ein Portfolio permanent beobachtet. Der Kunde gibt die Unternehmen seiner Wahl ins System ein. Verändert sich die Bonitätsbewertung eines Unternehmens aus dem Portfolio, erhält der Kunde sofort eine Nachricht.

■ Individuelle Krediturteile (IKU)

Das IKU ist eine Ergänzung des @rating-Basissystems. Beim IKU erfolgt die Aussage in einer konkreten Summe, inklusive der Überwachung von Veränderungen. Das IKU bestätigt entweder den vom Kunden angefragten Betrag auf ein Unternehmen oder einen Teilbetrag davon. Oder das IKU sagt aus, dass die vorliegenden Informationen keinen Deckungsschutz zulassen würden.

Als zusätzliche Produktvariante bieten wir das IKU mit oder ohne Kreditservice an.

Dieser Kreditservice kann per Telefon erfolgen oder in persönlichen Gesprächen mit den Kreditprüfern in Mainz oder in einer der Zweigniederlassungen. Im Paketpreis sind vier Kreditgespräche pro Vertragsjahr enthalten.

■ @rating Score

Zusätzlich zur komprimierten Bonitätsaussage im @rating Check und Monitoring erlaubt der @rating Score eine Aussage zur Ausfallwahrscheinlichkeit von Unternehmen die jeweils Klassen von 1 bis 10 zu geordnet sind. Die Klasse 1 signalisiert eine schlechte und 10 eine sehr gute Bonität. Diese errechnete Wahrscheinlichkeit wird auf einer Skala mit zehn Stufen angezeigt. Auch beim Score ist Check und Monitoring möglich. Der @rating Score Check zeigt die momentane Einschätzung der Coface, wie wahrscheinlich die Insolvenz des Unternehmens binnen eines Jahres ist. Beim @rating Score Monitoring werden Veränderungen dieser Einschätzung mitgeteilt.

Lesen Sie weiter auf Seite 4 ▶

Coface Finanz GmbH
Management report 2008

Positive business development continues for Coface Finanz – Improvement in results of Dutch branch office

In an economic environment of stiff competition and affected by the financial market crisis, Coface Finanz GmbH (Coface Finanz), Mainz, reached its commercial targets for turnover, profits and market position in the year under review.

It again reports good figures for new business in the past year. This is a result of the mutual effort to closely combine particular Factoring know-how with the sales force of the field staff of Coface Deutschland AG (formerly Coface Holding AG), Mainz.

The client basis could be increased by around 14 per cent to now 686 clients (previous year 601). The successful risk and growth oriented acceptance policy with respect to clients and their customers was continued. The growth in our client portfolio further improved the diversification in our client and buyer portfolio and reduced the concentration on single commitments in relation to the overall portfolio. The soundness of our portfolio which we assessed by our reliable tools for risk evaluation and control again improved further in the reporting year from an already good level in the previous year. This proves that our growth orientation is not at the expense of profitability and risk content of our portfolio. Naturally, there is a close connection between the degree of risk involved in our business and the margins enforceable in the business. A shift towards a less risky business therefore tends to reduce the income, yet it also reduces the risk and handling-related cost.

The receivables volume we handled in connection with the different factoring contract types in the year under review, rose from Euro 21.5 billion in the previous year by 23.7 per cent to Euro 26.6 billion. Total earnings from the factoring business of Euro 146.7 million (previous year Euro 116.9 million) rose by 25.5 per cent.

Total expenditure in the factoring business amounted to Euro 85.4 million after Euro 65.5 million in the previous year. This item mainly contains the interests from the refinancing and the expenditure for credit insurance. The increase of 30.4 per cent is a result of the higher claims volume in the financial year and the increase in the cost of creating liquidity in the short-term money market – which is a market of relevance to us. It was possible to pass on the increased refinancing costs to our customers by increasing margins.

Despite a clear rise in earnings, the cost of Euro 19.0 million (excluding depreciation on accounts receivable) have not changed compared to the previous year. This reflects in particular the use of cost saving potentials, increased internal productivity and synergy effects. The synergy effects are resulting from the further expansion of integrated processes with the staff functions of the parent company Coface Deutschland and the affiliated companies Coface Kreditversicherung AG (Coface Kredit), Coface Rating GmbH (Coface Rating) and Coface Debitorenmanagement GmbH (Coface Debitoren).

The risk-related cost also developed sub-proportionally in relation to the development of the business volume, taking into account the cancellation profits from allowances no longer needed. This can, in particular, be attributed to the early identification and efficient processing of problematic commitments. This reflects our selective underwriting policy as well as our investment in qualified risk managers. In this connection it should also be taken into account that the contractually guaranteed insurance indemnifications under the current credit insurance contracts will lead to a reduction of the risk cost in the amount that exceeds the retention.

Coface Finanz entered the Dutch market in 2006 by a branch office (Coface Nederland Finanz [CNF]). Our approved business model is also adhered to in the Netherlands where it has been adjusted to meet local market requirements. In a highly competitive market dominated by banks the branch office could further expand the result of the ordinary business activity and contributed Euro 0.3 million to the overall result.

In the year under review Coface Finanz reached a result of the ordinary business activity of Euro 36.2 million (previous year Euro 23.6 million) which was transferred to the parent company under the existing profit and loss transfer agreement.

The economic environment

The sub-prime crisis, which originated in the US, escalated into a global crisis of the financial markets and banking sector in the course of 2008. The crisis has since reached the real economy and left a deep impact on the growth of the world's economies. Whereas the industrialised countries still demonstrated strong growth during the first quarter, the overall economic trend had depressed the whole economy due to business asymmetries and insolvencies in the financial services sector. This resulted in a huge loss of trust amongst banks, leading to the near paralysis of the interbank market and thus considerably restricting the issuing of credits for companies and private households. This further intensified problems for companies already suffering from the slump in demand.

Vehicle manufacturers and their suppliers were particularly affected in the second half of the year. A change in mood suddenly occurred amongst private consumers leading to a massive slump in demand on all levels of production and trade.

In the course of the financial market crisis, the governments of the world's leading industrial nations launched aid measures in order to provide temporary support to companies and industries in serious trouble in the form of capital commitments and so as to cushion the employment market from the severest of consequences. In addition, the central banks have significantly reduced their interest rates in rapid succession in order to stimulate demand and to stem the rising cost of funds that has occurred in tandem with the crisis in the financial markets. The reduction of interest rates has thus far hardly contributed to any improvement in the functioning of the global financial markets and has only led to a limited stabilisation of the overall economic situation.

Development of the factoring sector

The five biggest factoring companies in Germany make up for over 50 per cent of the German factoring volume. In addition to these there are a large number of small, purely domestic providers, some of which are highly specialised. By mid-2008 the market as a whole in Germany had grown by ca. 24 per cent. Departing from an already high level, Coface Finanz reported a growth of 23.7 per cent for the whole year and thus again confirmed its leading position at the end of the year 2008.

The market penetration in Germany is relatively low compared with European neighbours such as France, Italy and Great Britain, and provides potential for further growth.

Factoring in Germany has been establishing itself more and more as an reliable alternative to the traditional banking business and to capital market re-financing. This goes for companies with excellent credit standing which increase their financing and balancing options through factoring. The same, however, even applies to companies with a less good credit standing, which are affected by the consequences of Basel II on the granting of credits by banks. The present financial market crisis impressively demonstrates the value of diversification in a company's financial structure.

After the accession of new market participants, Coface Finanz has to face increasing competitive pressure. In contrast to competitors operating on a purely national basis we are in a position to provide our clients with added value due to our focus on exports, our global Coface network, and in particular due to our tailor made, integrated and comprehensive credit management solutions offered under one roof. Our talks with existing and future clients mainly concentrate on solutions and the terms of business, albeit of importance too, are only second on the agenda.

As a result of the financial market crisis, we are expecting enhanced risk-oriented pricing by market counterparts and, in this connection, a stabilisation of our business opportunities. Already at the beginning of 2008 we announced and implemented price adjustments for new contracts as a result of a changed risk environment. Within the framework of our risk-oriented business policy we will continue this process in our client portfolio, selecting the contracts according to the risk attaching thereto.

Centre of excellence

Coface Finanz together with its French affiliated company Natixis Factor S.A. form the Centre of excellence and in this function support the international roll-out of factoring to all countries where the group sells credit insurance. In the meanwhile, at the end of 2008 factoring was established in 27 countries and seems very promising. Within the framework of our group-wide medium and long term planning further factoring markets will be developed in 2009 and the following years. Coface Finanz will support the respective local management in some regions with its expertise.

Financing of the factoring business

The continuing and profitable growth in factoring requires a solid and low cost financing basis. The financing of our operations rests on the two reliable pillars: group financing and bilateral financing via third party credit institutes. Due to volatility in the financial markets we already temporarily discontinued availing ourselves of the possibility of securitising receivables and gaining financing via the capital market in the summer of 2007, instead choosing to better exploit group resources and credit lines. We shall decide on a resumption of capital market financing in the course of 2009.

A number of major German banks have provided refinancing limits from the beginning of our business activities. The straight-line and systematic development of Coface Finanz since its start-up in 2000 has lead banks to seek and to intensify the co-operation with us – to the benefit of both sides – on the market and the financing side. On the market side this becomes visible, in particular, through cooperation and joint development of innovative products. On the financing side, however, the restrictive behaviour of the banks in providing credit during the subprime crisis is also affecting us. Some of our refinancing partners have backed out of their risk-weighted assets as a result of their own internal problems and in this context have cancelled or reduced credit lines to us as well. The reliable credit lines which currently exist provide sufficient scope for further development of our business as planned. We have been able to pass on the overall higher refinancing costs without overburdening our clients.

In this difficult market environment in particular we regard it as a considerable advantage to have Natixis S.A., Paris, at top group level – a major French bank whose core activities include factoring and which makes its financial power available to us.

In compliance with Basel II all factoring receivables of the company are bolstered by equity capital of Natixis S.A. in France. To this extent Coface Finanz also takes into account the cost of the allocated equity capital thereby meeting the expected yields related thereto.

Risk report

Ever since we have started our business we have been applying the provisions of section 91 subsection 2 AktG, which according to the predominant legal opinion in Germany also applies to the GmbH, by way of analogy. The legal regulation obliges the board of management to set up of a monitoring system by which developments that would endanger the survival of the company are recognised early on.

All entities of Coface Deutschland, including Coface Finanz, are integrated in the risk-mapping process of Natixis S.A. and Coface S.A. In this process all legally independent entities and their departments are analysed with respect to inherent theoretical risks in their workflow, the existing internal checks are evaluated with respect to their efficiency and adequacy and the remaining risk is assessed. Already in the previous year, it was generally decided that, in addition to the accompanying internal checks, neutral supervisory bodies were to be established in the respective specialist divisions, aimed at securing the efficiency of internal supervisory systems and providing second-level-controls of the work performed by the specialist divisions for the purpose of a quality check.

With factoring it is essentially ceding risks, creditworthiness risks, liquidity risks and internal operational risks which are of significance. Coface Finanz counters these risks by selecting clients in accordance with strict creditworthiness criteria and monitoring these over the course of time. Coface Kredit is included in the risk evaluation and monitoring as an insurer; receivables are not purchased without the prior consent of Coface Kredit in the form of underwritten limits. Efficient EDP-supported warning, monitoring and control systems are the basis for the internal risk, portfolio and conditions management.

Reliably, adequate and diversified refinancing means provide the necessary liquidity for the purchase and financing of accounts receivable and at the same time allow the refinancing cost to be optimised.

We see our chances particularly in the still low market penetration in Germany, which provides scope for further growth, and in our ability to offer integrated financing and protection solutions to companies. Here we benefit from the international character of our group and from its world-wide network.

Risk management in detail

Costs

Parallel to consistent market and growth orientation, the rise in costs is limited to the minimum amount necessary in order to work profitably in a market environment with increasing competition without neglecting our service quality. This is achieved above all through integrated work processes, the use of common databases and through consequent utilisation of cross business functions of Coface Deutschland. With the support of external consultants, the work flows are being checked for ways to increase efficiency and for optimisation on an ongoing basis.

Buyer risks and ceding risks

The buyer risk refers to the risk of receivables being lost due to the client's customer defaulting on payments as a consequence of their poor creditworthiness. Ceding risk is the risk that there is a lack of legal existence on the part of a purchased receivable in conjunction with the simultaneous inability of the seller of the accounts receivable to meet the claim of Coface Finanz for rectification or the reimbursement of the paid purchase price. This is only the case if the client (seller of the accounts receivable) becomes insolvent.

The basis for the control of both risks at the individual commitment and portfolio level is the risk policy defined by the management and approved by the Supervisory Board. The defined standards, guidelines and operating procedures have been laid down in the organisational manual and are constantly updated.

Coface Kredit, which provides insurance cover for the del credere risk in the event of a loss of the accounts receivable due from individual buyers, and for the ceding risk in the event of the insolvency of a seller of accounts receivables, is integrated in the assessment procedure of both risks. In both cases insurance cover is 100 per cent with Coface Finance bearing so-called "aggregate first losses" of an adequate amount. In the financial year 2008 the aggregate first loss was reduced in order to establish a systematic risk transfer to Coface Kredit and to avoid double equity backing of one and the same transaction.

Additional risks which we control are the so-called country, industry and concentration risks. Since 2001 we use an internal risk assessment and control process (IRIS). This system provides for us systematic and objective recording, evaluation, control and finally pricing of the default risk in our business. The IRIS rating is updated monthly. The results are the subject of regular considerations within the departments concerned and with the involvement of the management.

Coface Finanz reduces the ceding risk by a self-defined financing ceiling per client. In this connection, a risk concentration is avoided and the diversification in the client portfolio is ensured.

Market price risks are less significant for Coface Finanz. The company only conducts transactions to refinance its own business. Maturity transformation risks of any significance are not entered into. Likewise, currency transactions are only entered into by the company so as to cover open foreign exchange positions.

In order to minimise the operational risks Coface Finanz has prepared an organisational manual, defining the workflows and containing work instructions as well as competency regulations. Compliance is monitored by superiors and internal auditing.

Through our newly developed and integrated group-wide factoring software, we will be further improving our internal processes as well as substantially gaining efficiency following the software's stepwise implementation in 2009. The test phase for the newly developed factoring software could already be started.

Coface Finanz is part of the Coface Deutschland fiscal unity for turnover and income taxation. Tax-related issues and risks are handled at the level of Coface Deutschland. Consequently the company does not bear own tax risks.

In general there is no evidence for a development that might have sustained and considerable effects on the financial and profit situation of our company.

No events of special significance occurred after the balance sheet date.

Our staff

Coface Finanz has again used the 2008 financial year to expand its employee base in qualitative and quantitative aspects. By the end of the reporting year 131 (previous year 125) well educated and highly motivated staff were employed in our company. 13 of them work on a part-time basis (previous year 13).

Our own growth targets, but also our role as Centre of excellence, require a steady increase and further qualification of our staff portfolio. We are expressly investing in events enhancing team spirit and motivation and at the same time our staff participates in the commercial success. Within the framework of our group-wide mobility programme we support and promote employees who take on higher tasks with the companies pertaining to the German group or the Coface group generally and who make use of their respective experience in their new environment.

Prospects for 2009

Together with its affiliated companies Coface Finanz is well positioned at the beginning of the year 2009. Coface Deutschland has established the key conditions for qualitative growth in 2009, 2010 and the years to follow, and this with respect to its organisational structure, integrated work flows, and its range of products, and it is with this solid base that we are going to follow our income and growth oriented strategies within the framework of our medium-term planning.

Through the implementation of the new factoring software we will gain substantial efficiency whilst being enabled to turn to the business of selling small and medium-sized receivables, which offers stronger margins.

The current economic forecasts predict a noticeable cooling down of the global economy. After a growth of GDP of 1.3 per cent in Germany in 2008, most economists are predicting negative growth of 2 per cent or more for the major global economies in 2009. This will not be without consequences for the employment market. Political leaders are currently making decisions which can be used to mitigate the effects of the sub-prime crisis on the employment market and shore up private consumer demand.

In 2009 we expect an increased number of business insolvencies in Germany as well as in major export markets. The duration and depth of the sub-prime crisis cannot be predicted currently, partly because government aid packages are, for various reasons, only slowly being accepted by banks. In the longer term we expect there to be a fall in financing costs as a result of the reduction in interest rates by the European Central Bank (ECB), which will, however, be partially compensated by a broadening of the spread. There are first signs of a normalisation in the interbank market, which could lead to a normalisation in the supply of credit to companies and in the longer term to a reduction in the costs of creating liquidity.

Refinancing partners that cancelled or reduced credit lines in 2008 will, according to their own statements, look for new possibilities of cooperating with us in 2009 after resolving their own internal problems.

The uncertainty in financing of small and medium-sized companies as a result of the financial market crisis and the effects of Basel II concerning the granting bank loans will continue to exist, particularly for companies without a first-class credit standing.

In such an environment there will be a continued high need for timely and reliable information on existing and potential clients, for insuring customer relationships, for professional debt collection services and for use of alternative financing sources through factoring. Our group is in a position to provide such services in an integrated manner and under one roof, which gives it a clear competitive edge.

Globalisation, which is progressing dynamically, poses a big challenge to medium-sized companies, too. Here, we are able to use our special expertise on multinational insurance and financing solutions for trade receivables and our global international network to the benefit of our clients.

Despite of the difficult overall economic situation we again expect a sharp increase in factoring volume for 2009. Competitive pressure will remain tight. With a degressive cost schedule we expect a distinct increase of the result before tax.

Our medium-term targets for new business, turnover and proceeds have been incorporated in our annual budget 2009 and in our medium-term planning.

With the Jahressteuergesetz 2009 ('Tax Amendment Act 2009'), factoring companies have received the status of financial services institutions (with retrospective effect for 2008) and since then are subject to a limited form of credit supervision from BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht / 'Federal Financial Supervisory Authority') in accordance with the Kreditwesengesetz (KWG / 'the German Banking Act'). Factoring companies will in future be privileged for business tax purposes in accordance with Section 19 of the Gewerbesteuer-Durchführungsverordnung ('Business Tax Implementing Regulation'), which is already the case for credit institutes.

In spring 2009 the company will move into new premises in the extended office building of Coface Kredit which will further facilitate close day-to-day cooperation.

Mainz, January 20, 2009

Coface Finanz GmbH

Michel, Mußler, Hoter

Coface Finanz GmbH
Balance sheet as of December 31, 2008

Assets	**31.12.2008**	**31.12.2007**
	EUR	EUR
A. Assets		
I. Intangible assets Software	26,309	68,316
II. Tangible assets Tools and office equipment	202,622	252,913
III. Financial assets Shareholdings	500	500
	229,431	321,729
B. Current assets		
I. Debtors and other assets		
1. Factoring debtors	2,700,607,348	2,625,235,126
2. Debtors from affiliated companies	35,544	199,512
3. Other assets	124,484	123,900
	2,700,767,376	2,625,558,538
II. Cash on hand, bank balances	34,326,974	200,876,964
	2,735,094,350	2,826,435,502
C. Prepaid expenses	12,117	5,963
Total assets	2,735,335,898	2,826,763,194

Balance sheet as of December 31, 2008

Liabilities	**31.12.2008**	**31.12.2007**
	EUR	EUR
A. Equity		
I. Subscribed capital	5,000,000	5,000,000
II. Profit reserve other profit reserves	1,000,000	1,000,000
III. Cumulative profits/losses brought forward	6,057	6,057
	6,006,057	6,006,057
B. Provisions		
1. Provisions for pensions	0	456,214
2. Tax provisions	85,072	0
3. Other provisions	4,607,065	3,966,075
	4,692,137	4,422,289
C. Creditors		
I. Bank loans and overdrafts	66,135,837	84,244,237
2. Factoring creditors	785,337,374	859,257,933
3. Creditors owed to affiliated companies on which with shareholder: EUR 38,181,764 (previous year: KEUR 27,263)	1,871,677,710	1,871,548,770
4. Other creditors of which for taxes: EUR 205,753 (previous year: KEUR 193)	636,407	292,522
	2,723,787,328	2,815,343,462
D. Accruals and deferred income	850,375	991,386
Total liabilities	2,735,335,898	2,826,763,194

Profit and loss account from January 1, until December 31, 2008

Profit and loss account	**31.12.2008**	**31.12.2007**
	EUR	EUR
1. Income from factoring	146,684,311	116,930,855
2. Other operating income	2,242,161	942,170
3. Expenses for factoring	85,385,883	65,532,583
4. Personnel expenses		
a) Salaries	6,894,856	6,734,797
b) Social security, pension and other benefits of which relating to pensions: EUR 53,924 (previous year: KEUR 81)	972,689	968,177
	7,867,545	7,702,973
5. Depreciations and value adjustments		
a) of fixed intangible and tangible assets	95,940	148,485
b) on factoring debtors	8,672,389	9,907,316
	8,768,329	10,055,801
6. Other operating expenses	11,043,207	11,127,178
7. Interests and similar expenses	459,973	167,545
8. Profit on ordinary activities before taxation	36,321,481	23,622,035
9. Taxes on income	101,286	0
10. Other taxes	481	2,277
11. Transfer of profit due to a profit and loss transfer agreement	36,219,714	23,619,758
12. Profit for the year	0	0

Notes for the financial year from January 1 to December 31, 2008

1. General statements

The sole shareholder in Coface Finanz GmbH (Coface Finanz), Mainz, is Coface Deutschland AG (Coface Deutschland), formerly Coface Holding AG, Mainz, the sole shareholder of which is Coface S.A. Paris.

Since August 4, 2003 there is a profit and loss transfer agreement between Coface Deutschland and Coface Finanz; this agreement was amended on 14 September 2005.

Coface Finanz is included in the consolidated financial statements and consolidated management report of Coface S.A., Paris. It is the smallest consolidated group in which Coface Finanz is included. The consolidated financial statements are available from Coface S.A., Paris, and are published in the electronic Bundesanzeiger.

Coface S.A., Paris, is a 100 per cent subsidiary of Natixis S.A., Paris, and is included in its consolidated financial statements. It is the largest consolidated group in which Coface Finanz is included.

Following the amendment of section 1 sub-section 1a KWG (German Banking Act) of 24 December 2008 the company has been a financial services institution since 25 December 2008. Financial services institutes have to prepare their annual financial statements according to the additional provisions for credit institutions and financial services institutions pursuant to sections 340 ff of the German Commercial Code in connection with the directive on the accounting of credit institutions and financial services institutions (RechKredV). By letter of 30 January 2009 the Federal Ministry for Finances declared that annual financial statements for 2008 which are not established in conformity with the German Banking Act will not be objected. The Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) declared on 13 February 2009 that annual financial statements according to the provisions for credit institutions cannot be required from factoring companies for the business year 2008. Coface Finanz has thus made use of the opportunity to draw up its annual financial statements for 2008 according to the principles of commercial law for the last time. To this extent, the annual financial statements are prepared in accordance with the provisions of the German Commercial Code and the supplementary provisions of the GmbH Act, taking into account generally accepted accounting principles.

The annual financial statements are prepared in accordance with the provisions of HGB and the supplementary provisions of the GmbH Act, taking into account generally accepted accounting principles. In order to take into account the special features of the factoring business, the balance sheet has been expanded to include the items "Accounts receivable from factoring transactions" and "Liabilities from factoring transactions", and the profit and loss account has been extended to include the items "Income from the factoring business", "Expenses in the factoring business" as well as "Valuation adjustments on accounts receivable in the factoring business" (Section 265 (5) HGB).

The company is a large company limited by shares for the purpose of Section 267 (3) HGB (German Commercial Code).

Through the intermediary of a special purpose vehicle (CESAR) for the sale and securitisation of accounts receivable Coface Finanz has access to capital market financing. Due to the financial market crisis financing on the capital market was already suspended in summer 2007 and the group financing has been expanded accordingly.

2. Accounting and valuation methods

Intangible assets and fixed assets are capitalised at acquisition cost, and they are depreciated using the permissible rates. Low-value assets were depreciated in full in the year of acquisition.

The shareholding is stated at acquisition costs.

The accounts receivable from factoring transactions were stated at their nominal values. Suitable valuation adjustments were formed for all recognisable risks. Furthermore the latent credit risk (including the risk of any possible lack of legal existence of accounts receivable) has been taken into account through the formation of a general bad-debt allowance.

Credit insurance contracts have been agreed between Coface Finanz and Coface Kreditversicherung AG (Coface Kredit) which comprehensively cover the delcredere risk and the ceding risk taking into account the retention to be borne by Coface Finanz in the form of so-called "aggregate first losses". Valuation adjustments were formed taking into account the insurance indemnifications borne by Coface Kredit.

Accounts receivable and other assets have a residual term of up to one year.

Receipts of money into our accounts or accounts assigned to us which our in-house clients have not been able to clearly allocate by the balance sheet dates are temporarily entered into so-called payment entry settlement accounts. The allocation usually takes place just a few days later and is reported to us with the next sale of receivables. In the 2008 financial year the affected receipts of money were, in contrast to the previous year, offset against receivables from factoring transactions. Previously this was reported under liabilities from factoring transactions.

The prepaid expenses include the cost of rent which will constitute expenses in the following year. The other provisions were stated at the amounts likely to be utilised. Liabilities are stated at the amount to be repaid.

Foreign currency amounts receivable and liabilities are stated at the official mean rate for foreign currencies applicable as of the balance sheet date.

The deferred income includes interest and fees which are income for a specific period following the reporting date. This income is amortised over the corresponding terms.

3. Comments on the balance sheet

Balance sheet

Fixed-asset movement schedule

	Acquisition cost 01.01.2008 EUR	Additions EUR	Disposals EUR	Accumu-lated depreciation EUR	Additions EUR	Disposals EUR	Residual book value 31.12.2008 EUR	Residual book value 31.12.2007 EUR
Intangible assets								
Software	878,556	0	0	852,247	42,007	0	26,309	68,316
Tangible assets								
Tools and equipment	765,955	3,642	41,501	525,475	53,934	41,501	202,621	252,913
Financial assets								
Shareholdings	500	0	0	0	0	0	500	500
Total	1,645,011	3,642	41,501	1,377,722	95,941	41,501	229,430	321,729

Accounts receivable from factoring transactions

	31.12.2008 EUR	31.12.2007 EUR
Accounts receivable in EUR	2,559,089,609	2,532,782,337
Accounts receivable in foreign currencies in EUR	141,517,739	92,452,789
Total	2,700,607,348	2,625,235,126

Low value assets are included in the item Tools and equipment. Disposal of tools and equipment concern low value assets of Euro 38,859 of the previous year and Euro 2,642 of the year under review.

Cash in hand and **bank balances** are Euro 34,326,974 (previous year Euro 200,876,964)). Comparably high cash at bank was due to extraordinary debtor payments received shortly before year-end.

The **other provisions** essentially include provisions for bonus payments to factoring clients, staff bonuses, commissions for field staff and agents and for outstanding invoices.

The **liabilities due to affiliated companies** include short-term refinancing funds of Euro 1,827 million granted by Natixis S.A. as well as a loan commitment of Euro 5 million towards Coface Kredit, all of which include deferred interest expenses. Furthermore, in particular, liabilities of Euro 36,219,714 due to Coface Deutschland from the profit and loss transfer agreement are stated in this balance sheet item.

Profit and loss account

The **income from the factoring business** totalling Euro 146,684,311 (previous year Euro 116,930,855) comprises factoring fees of Euro 31.7 million, interest income of Euro 110.3 million, as well as other income of Euro 4.6 million. This figure contains factoring fees of Euro 900,000, interest income of Euro 3.5 million and other income of Euro 253,000 generated by the Dutch branch office.

Expenses in factoring totalling Euro 85,385,883 (previous year Euro 65,532,583) mainly contain interests from the refinancing of Euro 75,812,755 (thereof affiliated companies Euro 70,993,538), as well as expenses incurred for credit insurance.

Term of the liabilities

	31.12.2008 EUR	31.12.2007 EUR
Liabilities due to credit institutions		
thereof accounts receivable with a residual term of up to one year	66,135,837	84,244,237
Liabilities from factoring transactions		
thereof accounts receivable with a residual term of up to one year	785,337,374	859,257,933
Liabilities due to affiliated companies		
thereof accounts receivable with a residual term of up to one year	1,871,677,710	1,866,548,770
Other liabilities		
thereof accounts receivable with a residual term of up to one year	636,404	292,522

4. Other disclosures

The total remuneration of the managing directors is Euro 627,620.

An average of 127 staff are employed; 13 of these are senior managers.

Within the framework of transactions similar to factoring Coface Finanz has committed itself to provide limits totalling Euro 90 million.These result from a declaration of accession on the part of Coface Finanz to factoring agreements for two clients.

Annual expenses of approximately Euro 309,000 result from short-term leasing agreements. An annual Euro 855,000 in rent is payable for a commercial lease. Liabilities due to third parties exist to the amount of Euro 4.8 million, resulting from the product Coface Smart 100.

Management

Franz J. Michel
responsible for Business Development, Marketing, Corporate Communication, Personnel and Solutions for Associations Reverse Factoing

Hedy Mußler
responsible for Risk Management/Underwriting, Process and Service Management

Jens Hoter
responsible for Internal Audit, Corporate Development and International Business

Supervisory Board

Benoît Claire
Chairman
Chairman of the Board of Management of Coface Deutschland AG, Mainz
Chairman of the Board of Management of Coface Kreditversicherung AG, Mainz

Norbert Langenbach
Deputy Chairman
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz

Stefan Brauel
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz

Appropriation of profits

Under the profit and loss transfer agreement dated 14 September 2005 the profit of Euro 36,219,714 has been transferred to Coface Deutschland, Mainz.

Mainz, 13 February 2009

Coface Finanz GmbH

Michel, Mußler, Hoter

Auditors' report

Auditors' report

We audited the annual financial statements – consisting of the balance sheet, income statement and notes to the financial statements – including the accounting records – and the management report of Coface Finanz GmbH, Mainz, for the fiscal year from January 1 to December 31, 2008. The accounting records and the preparation of the annual financial statements and management report in accordance with the accounting regulations of German commercial law are the responsibility of the management of the company. Our responsibility is to express an opinion of the annual financial statements, including the accounting records, and the management report, based on the results of our audit.

We conducted our audit of the annual financial statements pursuant to Section 317 HGB in accordance with the German standards for auditing annual financial statements promulgated by the accounting standards institution Institut der Wirtschaftsprüfer. Those standards require that the audit be planned and conducted in such a way as to detect, with reasonable assurance, any misstatements or violations of accounting regulations that would materially affect the presentation of the net assets, financial position and results of operations in the annual financial statements, in accordance with required accounting principles, and in the management report. The audit activities are planned in consideration of our knowledge of the business activities and the economic and legal environment of the company and any expectations of possible errors. As part of the audit, the effectiveness of the internal control system, as it relates to the accounting function, and substantiating evidence for the information presented in the accounting records, annual financial statements and management report are evaluated primarily on the basis of test samples. The audit includes an evaluation of the accounting principles applied and the significant estimations of the management, as well as an assessment of the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonably certain basis for our opinion.

Based on our audit, we have no objections to raise.

In our opinion, based on the results of our audit, the annual financial statements of Coface Finanz GmbH, Mainz, comply with the legal requirements and present a true and fair view of the net assets, financial position and operating results of the company. The management report is consistent with the annual financial statements and presents a true and fair view, on the whole, of the company's situation and accurately characterizes the opportunities and risks of its future development.

Frankfurt/Main, February 14, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Report of the Supervisory Board

The Supervisory Board received regular written and oral reports from the Board of Management on the affairs and the development of the company. The Supervisory Board met four times in 2008. The Board raised no objects regarding the conduct of business. The financial statements and the management report were audited by Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt on the Main, and were found to be in accordance with law and our articles of association.

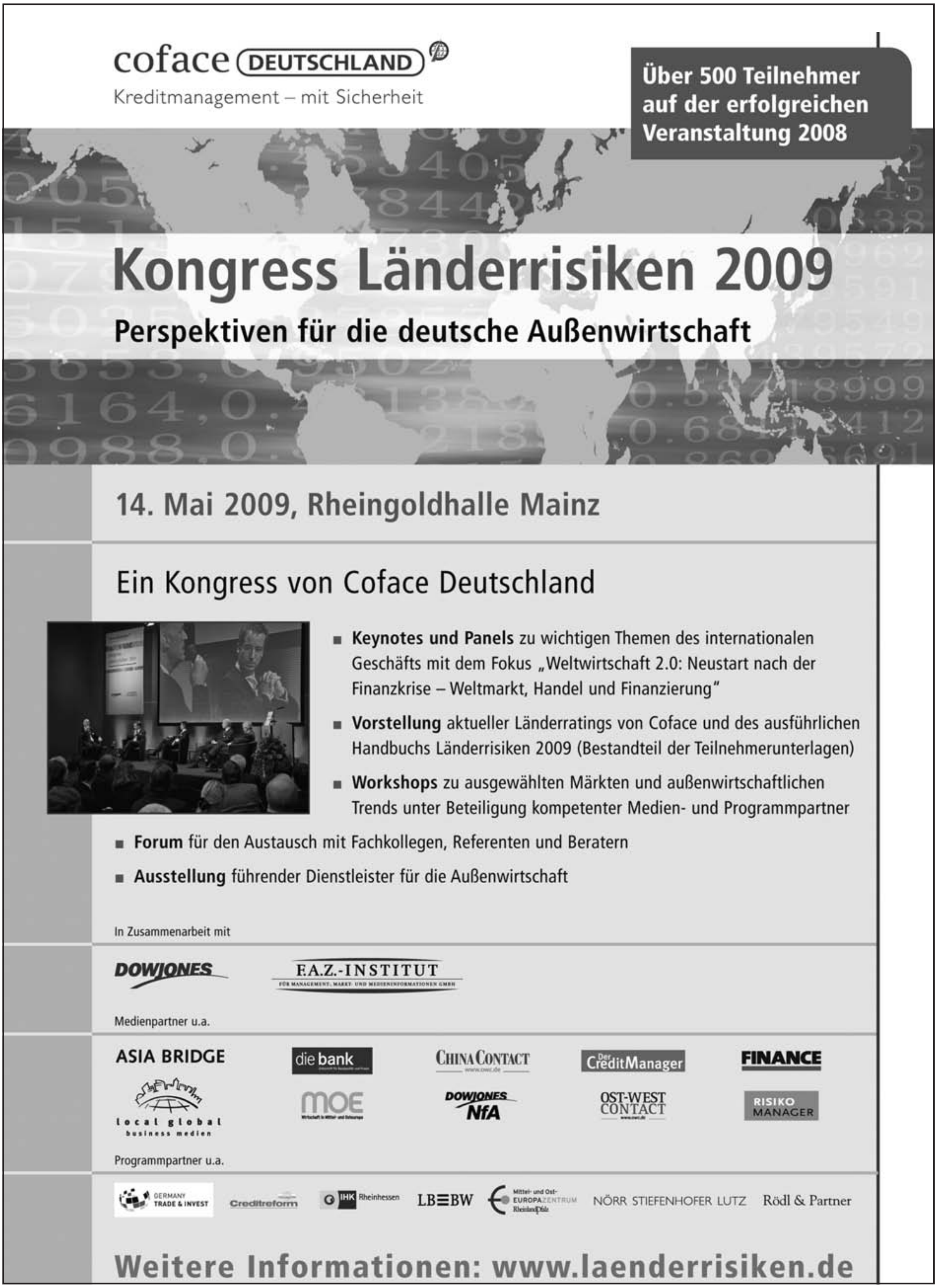
The Supervisory Board has seen the auditing report, which had received an unrestricted approval notice. We agree with this audit result and ourselves have no objections as a result of our own audit. The Supervisory Board has examined the financial statements, the management report and the proposal for the appropriation of profits. It has approved the financial statements.

The Supervisory Board thanks the Management for their cooperation and the staff of Coface Finanz for their commitment.

Mainz, February 16, 2009

By order of the Supervisory Board
Benoît Claire
Chairman

Annual top event in Mainz: “Country Risks Congress”



Coface Debitorenmanagement GmbH Management report 2008

Coface Debitorenmanagement GmbH (Coface Debitoren) is a 100 per cent shareholding of Coface Deutschland AG (Coface Deutschland), Mainz.

The purpose of the company is to carry out extra-judicial collections of third party receivables as well as receivables that have been assigned for collection purposes (debt collection), provide credit information (trade and business information) and engage in other lines of business (e.g. the purchase of receivables) which are appropriate to the business purpose. In addition, the company also brokers such operations.

Business development

Coface Debitoren – good results once again

In an intensely competitive environment, Coface Debitoren surpassed its business objectives in the year under review.

Seen as a whole, it was possible to continue the positive trend of previous years.

The result before transfer of profit could be increased by 71.6 per cent to Euro 3,233,575, the turnover by 22.8 per cent to Euro 11,448,482.

The positive development in turnover was primarily due to the considerable growth in both foreign transactions and inter-group transactions, but considerable growth also occurred in the domain of monitoring titled claims in Germany.

Within the group, further services over and above traditional debt collection were carried out for affiliated companies: verification as well as credit and receivables management for Coface Finanz GmbH (Coface Finanz) and the collection of premium claims for Coface Kreditversicherung AG (Coface Kredit).

The claims volume – an indicator of the business situation – of new business taken on in 2008 increased by 51.5 per cent to Euro 249.4 million.

The increase in costs is primarily due to the increased transaction volume and the services connected to this as well as considerably higher personnel costs due to the transfer of a whole team of employees from Coface Finanz.

Intense sales activities again attracted numerous new customers. New business increased by 9.9 per cent. This further improved the client structure and further reduced the concentrations of risk. Overall, however, the development of new business in the year under review failed to keep pace with expectations.

Measures to ensure a high quality of service and processing were – and continue to be – implemented, benefiting all our clients, both large and small.

The far-reaching integration into the group can be considered to be complete, with the services of departments based in Coface Deutschland being used to the highest degree possible.

Developments in the economic situation and in the debt collection sector

The financial crisis has worsened payment behaviour. Considerably more corporate clients are taking out supplier's credit by delaying the payment of due invoices. The powerful boom is over and all western industrial countries are in recession. Banks continue to be restrictive in providing credit and granting payment extensions. This means that considerably more companies could find themselves with liquidity problems.

For this very reason companies are, as part of their liquidity management, interested in keeping their outstanding debt low and shortening the amount of time between issuing invoices and receiving payment. This requires a professional dunning mechanism and professional receivables management. The need for efficient and cost-effective debt collection services exists, and – in part due to the overall economic situation – companies are increasingly willing to outsource the time-consuming and costly procedures of receivables management to professional debt collection companies so as to concentrate on their core competencies.

The debt collection market in Germany continues to grow steadily. A total of roughly 700 debt collection companies operate in Germany. This includes a large number of very small firms which primarily concentrate their activities on domestic customers and debtors.

In recent years there has been a trend towards consolidation. This has lead to domestic groups increasing their market share or foreign companies buying their way into the German market.

Efficient and cost-effective receivables management requires an effective IT infrastructure and the corresponding investments needed for this. Even against this backdrop, the concentration in the debt collection market is a logical consequence.

The main focus of debt collection companies lies in processing overdue receivables vis-à-vis private debtors, i.e. B2C business.

Because of their positioning, only a few firms are oriented towards the worldwide collection of debts.

The intensity of competition and pricing pressure have increased considerably in recent years.

Coface Debitoren is exposed to this competitive pressure. However, we are in a better position to give our clients considerable added value than purely national competitors or competitors that are not part of a group due to our high level of expertise in foreign transactions, our integration in the global Coface network, and the fact that we offer integrated comprehensive solutions.

Our employees

Coface Debitoren further extended its personnel base in 2008. At the end of the year under review, 88 educated and highly motivated employees were working at our company. This figure contains four young men and women apprenticed as commercial clerks.

Due to our growth objectives as well as increased international responsibility in the coming years it is necessary for our employees to continually gain new qualifications.

In addition to systematic training measures and the participation of as many employee groups as possible in the economic success of the company, we also invest in measures to promote customer orientation, team spirit and motivation.

The numerous personal training possibilities that arise as a result of our international activities as well as the broad spectrum of our services make us attractive to employees.

Events after the balance sheet date

No events of special significance occurred after the balance sheet date.

Risks and opportunities of future developments

Our opportunities lie, in particular, in the current climate of high insecurity and low liquidity in which there is increased demand for the very services we provide.

Opportunities also arose from moving into new areas of business, exploiting cross-selling potentials and creating inter-group interfaces and interfaces with key accounts through which we can achieve further efficiency gains and win key accounts (described in detail under "Prospects for 2009").

Coface Debitoren, like all other units of Coface Deutschland, is integrated in the risk mapping process of Natixis S.A. and Coface S.A., both of which are based in Paris. This involves work processes being analysed with regard to theoretical risks, the internal control mechanisms being evaluated, and the risk in individual processes being assessed. In addition to internal controls within Coface Debitoren, there is also a so-called second-level control at group-level the purpose of which is to ensure the effectiveness of the control systems and monitor the work of the specialist departments as a form of quality control.

A risk for the company performance of Coface Debitoren lies in the overall uncertain economic situation, with the current expectation of a deep recession in Germany as well as a considerable reduction in exports.

Another risk is the not yet sufficiently foreseeable market development owing to the revised Rechtsdienstleistungsgesetz (German Legal Services Act), entered into force as of 1 July 2008 which has a considerable impact on debt collection companies and their co-operation with lawyers.

The stiff competition situation and the considerable pricing pressure related thereto pose a further threat to the envisaged growth.

It will therefore largely come down to sharply limiting internal costs and being able to offer benefits to our customers through high standards of quality and services as well as integrated solutions in an international context.

Prospects for 2009

Solid foundations are in place for the continuous and sustainable organic growth of the company in the years to come.

The objectives for the years 2009 to 2011 with regard to profits, turnover and new business are set out in the strategy.

For the years to come, we expect a further considerable increase in turnover and result.

Through a strategic expansion of the business line to upstream processes of the debt collection management (commercial dunning, debt collection accountancy services, expansion of the call-centre services, e.g. by including verification telephone calls), in addition to the additional services offered to corporations, Coface Debitoren will increasingly offer analogous solutions for external clients. This leads to growth opportunities, as does the introduction of further innovative and cost-effective products with attractive bundling possibilities.

The distribution activities will be further extended by hiring additional specialists, also in order to systematically exhaust the existing cross-selling potentials.

Further investments in a flexible range of services available for our clients such as interface programming, will secure our market attractiveness. We thus expect consistent positive effects both in the acquisition of new clients and for our existing clients.

By introducing a new software module for court debt collection and implementing a new document management system as well as adding group-internal interfaces, we are expecting further considerable efficiency gains.

Mainz, January 20, 2009

Coface Debitorenmanagement GmbH

Junak

Coface Debitorenmanagement GmbH
Balance sheet as of December 31, 2008

Assets	**31.12.2008**	**31.12.2007**
	EUR	EUR
A. Fixed assets		
I. Intangible assets Software and licences	33,421	34,628
II. Tangible assets Other equipment and office equipment	183,313	170,734
B. Current assets		
I. Inventories		
1. Work in progress	408,015	388,484
	408,015	388,484
II. Debtors and other assets		
1. Debtors from deliveries and services	348,069	359,218
2. Amounts owed by affiliated companies	560,406	161,423
3. Other assets therof with a residual term of more than one year: EUR 300,022 (previous year: EUR 282,665)	506,669	629,249
	1,415,144	1,149,890
III. Cash on hand and bank balances	4,914,995	3,612,963
Total assets	6,954,888	5,356,699

Balance sheet as of December 31, 2008

Liabilities	31.12.2008	31.12.2007
	EUR	EUR
A. Equity		
I. Subscribed capital	320,000	320,000
II. Capital reserves	89,034	89,034
	409,034	409,034
B. Provisions		
1. Provisions for pensions and similar obligations	568,336	539,468
2. Other provisions	407,525	373,477
	975,861	912,945
C. Creditors		
I. Creditors from deliveries and services thereof with a residual term of up to one year: EUR 38,444 (previous year: EUR 12,316)	38,444	12,316
2. Amounts owed to affiliated companies thereof with shareholders: EUR 3,263.687 (previous year: EUR 1,940,161) thereof with a residual term of up to one year: EUR 3,263,687 (previous year: EUR 2,112,312)	3,263,687	2,112,312
3. Other creditors thereof taxes: EUR 43,101 (previous year: EUR 53,364) thereof social security: EUR 1,194 (previous year: EUR 1,296) thereof with a residual term of up to one year: EUR 2,267,862 (previous year: EUR 1,910,092)	2,267,862	1,910,092
	5,569,993	4,034,720
Total liabilities	6,954,888	5,356,699

Profit and loss account from January 1 until December 31, 2008

Profit and loss account	**31.12.2008**	**31.12.2007**
	EUR	EUR
1. Sales	11,448,482	9,323,461
2. Increase/decrease work in process	19,531	- 19,300
3. Other operating income	716,362	503,503
4. Expenses for services received	3,277,517	2,787,272
5. Personnel expenses		
a) Wages and salaries	2,909,341	2,468,632
b) Social security, pensions and other benefits thereof relation to pensions: EUR 97,088 (previous year: EUR 41,103)	606,831	412,970
	3,516,172	2,881,602
6. Depreciation		
of intangible fixed assets and tangible fixed assets	64,572	132,957
7. Other operating expenses	2,202,562	2,197,218
8. Other interest and similar income	111,350	91,430
9. Interest and similar expenses	1,327	14,498
10. Result from ordinary activities	3,233,575	1,885,545
11. Taxes on income	0	1,328
12. Profit transferred due to profit transfer agreement	3,233,575	1,884,217
13. Net income for the year	0	0

Notes for the financial year from January 1 to December 31, 2008

1. General statements

The company is a medium-sized private limited company as defined in Section 267 (2) HGB (German Commercial Code).

With effect of 1 January 2005 a profit and loss transfer agreement was concluded with the sole shareholder Coface Holding AG, Mainz, which changed its company name to Coface Deutschland AG (Coface Deutschland), Mainz, in the year under review.

2. Accounting and valuation methods

The annual financial statements have been prepared in accordance with the provisions of German commercial law on limited companies and any additional provisions of the law on limited liability companies and the articles of association, taking into account generally accepted accounting principles.

Assets

Intangible assets and fixed assets are capitalised at acquisition cost, and they are depreciated using the permissible rates using the straight line method.

Since 1 January 2008, low value assets have been stated in a compound item. Depreciation will be calculated on a straight-line method basis over 5 years.

The evaluation of work in process (unaccomplished debt collection cases) stated in the inventory is made at acquisition cost, taking into account adequate value reductions due to incollectibility.

Trade accounts receivable, accounts receivable from affiliated companies and other assets are stated at their nominal values or their repurchase value. The latent credit and default risk is taken into account through a general bad-debt allowance and value adjustments.

Current euro bank balances and cash in hand are stated at their nominal values. Bank balances in foreign currencies are stated at acquisition cost or the lower rate as of the balance sheet date.

Liabilities

Pension provisions were formed on the basis of the 2005 G guideline tables of Prof. Dr. Klaus Heubeck applying an annual interest rate of 6 per cent.

Other provisions take into account all recognisable risks and contingent liabilities; their amounts have been determined applying sound business judgement.

Provisions for partial retirement are calculated on the basis of an interest rate of 5.5 per cent.

Liabilities are stated at the sums to be repaid.

Foreign currency accounts receivable and liabilities are stated at acquisition cost or the lower rate as of the balance sheet date.

3. Comments on the balance sheet and on the profit and loss account

Balance sheet

Fixed-asset movement schedule

	Historic acquisition cost 01.01.2008 EUR	Additions 2008 EUR	Disposals 2008 EUR	Accumulated depre-ciation 31.12.2008 EUR	Depre-ciation 2008 EUR	Residual value 31.12.2008 EUR	Residual value 31.12.2007 EUR
Intangible assets	146,269	14,522	0	127,370	15,729	33,421	34,628
Fixed assets	770,247	61,422	77,750	570,606	48,843	183,313	170,735
Total	916,516	75,944	77,750	697,976	64,572	216,734	205,363

Low value assets are included in the items Intangible assets and Fixed assets. Disposal of fixed assets concern low value assets of the previous year to the full amount.

As Coface Debitoren and Coface Deutschland represent a corporation and fiscal unit, **tax provisions** on the Coface Debitoren level are not made for the financial year 2008.

The other provisions essentially include provisions for bonus payments to employees (Euro 165,000), outstanding invoices [including outstanding lawyers' invoices] (Euro 55,000) as well as provisions for commissions (Euro 44,000).

Liabilities due to affiliated companies are liabilities to Coface Deutschland to the full amount and comprise the profit and loss transfer in the amount of Euro 3,233,575.

Profit and loss account

Sales proceeds	KEUR
Debt collection domestic	5,071
International debt collection	5,207
Monitoring	501
Other services	669
Total	11,448

4. Other disclosures

Shareholder

Since 1 January 2005 Coface Debitoren has been a 100 per cent subsidiary of Coface Deutschland.

Coface Deutschland is included in the consolidated financial statements of Coface S.A., Paris (smallest scope of consolidation). The consolidated financial statements of Coface S.A. as at 31 December 2007 were published in the electronic Bundesanzeiger.

Coface S.A. is a subsidiary (100 per cent) of Natixis S.A., Paris, and is included in its consolidated financial statements (largest scope of consolidation).

Employees

The total number of employed staff on average, excluding management and apprentices was 80 (previous year 52), 65 thereof work full time and 15 work on a part-time basis.

In accordance with section 286 (4) HGB the disclosure of the management total remuneration is omitted.

Obligations from other financial commitments not shown in the balance sheet

These are payment obligations over several years from rental and leasing agreements as at the balance sheet day. The total obligations until the end of the contractual terms amount to:

	EUR
Car leasing	82,778
Rent for equipment	21,529
Rent for offices	693,286
Total	797,593

Appropriation of profit

Under the profit and loss transfer agreement the profit of Euro 3,233,575 is transferred to Coface Deutschland.

Management

Jens Junak
M.A., Law, Business and Economics

Supervisory Board

Benoît Claire
Chairman
Chairman of the Board of Management of Coface Deutschland AG, Mainz
Chairman of the Board of Management of Coface Kreditversicherung AG, Mainz

Stefan Brauel
Deputy Chairman
(until 17 September 2008)
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz

Franz J. Michel
Deputy Chairman
(as from 20 October 2008)
Member of the Board of Management of Coface Deutschland AG, Mainz
Executive manager of Coface Finanz GmbH, Mainz
(as from 9 June 2008)

Manfred Haag
Director Finances and Accounting/Reinsurance Coface Deutschland AG, Mainz
(until 1 June 2008)

Norbert Langenbach
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz
(as from 9 June 2008)

Hans-Walter Schmittel
Director Data Processing Coface Deutschland AG, Mainz
(until 9 June 2008)

Mainz, January 20, 2009

Coface Debitorenmanagement GmbH

Junak

Auditor's report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Coface Debitorenmanagement GmbH, Mainz for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements by appropriate application of § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Coface Debitorenmanagement GmbH, Mainz, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, January 22, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Staff, fans of Mainz 05 football club, and the project: "Coface Arena"

Coface Rating Holding GmbH
Management report 2008

Coface Rating Holding GmbH (Coface Rating Holding) is a 100 per cent shareholding of Coface Holding AG (Coface Holding), Mainz, which changed its company name to Coface Deutschland AG (Coface Deutschland) in the year under review.

The subject matter of the company is the purchase, administration and financing of shareholdings in companies of every kind, as well as consulting in connection with the acquisition of shareholdings, with the exception of legal and tax consulting.

As of 31 December 2008 Coface Rating Holding stated the following 100 per cent shareholdings:

This is where the main focus of the business activity currently lies. Apart from the foregoing, the companies are responsible for the marketing of the @rating Services established in Germany and the Netherlands, which, however, are still in an initial phase in Denmark and Sweden. Under the umbrella of Coface Nederland Services debt collection services are provided for insured and uninsured debt collection clients.

In the year under review Coface Rating reached a result of Euro 5,334,025 (previous year Euro 25,569), which is to be transferred to Coface Rating Holding. Coface Nederland Services closes the fiscal year 2008 with a result of Euro 470,386 (previous year Euro 691,196),

	EUR
Coface Rating GmbH, Mainz	77,000.00
Coface Nederland Services B.V., Breda	19,000.00
Coface Sverige Services A.B., Stockholm	12,165.75
Cofacerating Norge AS, Oslo	1.00
Coface Danmark Services A/S, Copenhagen	17,065.76

The shareholding companies of Coface Rating Holding are responsible for the provision and assessment of information in their respective markets prior to the credit limit decisions of Coface Kreditversicherung AG (Coface Kredit) and receive the corresponding underwriting fees.

which will be used for dividend payment in the following year. Coface Danmark Services and Coface Sverige Services will close the fiscal year with a negative result or a minor start-up loss, respectively.

Events after the balance sheet date

No events of special significance occurred after the balance sheet date.

Risks and chances of future development

Coface Rating Holding uses the staff and the premises of Coface Deutschland and is integrated in the latter's organisation and IT workflows. Accordingly, there are no additional own risks for these fields.

Coface Rating Holding finances its holding companies by equity capital and subordinated loans, where required, the future earnings of which are to be used for interest payment and repayment.

In general there is no evidence for a development that might have sustained and material effects on the net assets, financial position and results of operations of Coface Rating Holding.

Prospects for 2009

The development of Coface Rating Holding is closely tied to the success of the shareholdings in the respective markets. Apart from this, it is equally tied to the market success of each respective credit insurance unit, as such market success affects the development of underwriting fees. According to our medium-term planning for 2009 and the following years a clear increase in revenues from underwriting fees, @rating Services and debt collection services is expected, which will also be reflected in a rise in earnings of the shareholding companies and then in the result of Coface Rating Holding.

Mainz, January 20, 2009

Coface Rating Holding GmbH

Langenbach, Haag

Coface Rating Holding GmbH
Balance sheet as of December 31, 2008

Assets	**31.12.2008**		**31.12.2007**	
	EUR	EUR	EUR	EUR
A. Outstanding deposits		51,129		51,129
thereof called in: EUR 0 (previous year: EUR 0)				
B. Fixed assets				
I. Financial assets Shareholdings in affiliated companies		125,233		125,232
C. Current assets				
I. Debtors and other assets Debtors owed by affiliated companies	5,635,778		1,408,748	
II. Bank balances	893,773	6,529,551	32,455	1,441,203
Total assets		6,705,913		1,617,564

Balance sheet as of December 31, 2008

Liabilities

	31.12.2008		31.12.2007	
	EUR	EUR	EUR	EUR
A. Shareholders' equity				
I. Subscribed capital	104,000		104,000	
II. Capital reserve	51,000	155,000	51,000	155,000
B. Provisions				
Other provisions		6,000		6,000
C. Creditors				
Creditors owed to affiliated companies: thereof with a residual term of up to one year: EUR 6,544,913 (previous year: EUR 1,456,564), on which with shareholders: EUR 5,513,053 (previous year: EUR 424,914)		6,544,913		1,456,564
Total liabilities		6,705,913		1,617,564

Profit and loss account from January 1 until December 31, 2008

Profit and loss account	31.12.2008	31.12.2007
	EUR	EUR
1. Other operating expenses	14,339	16,480
2. Income from profit transfer agreements	5,334,025	25,569
3. Other interest and similar income	584	512
4. Result of ordinary activities	5,320,270	9,601
5. Profit transferred due to profit and loss transfer agreement	5,320,270	9,601
6. Net income for the year	0	0

Notes for the financial year from January 1 to December 31, 2008

1. General statements

The sole shareholder of Coface Rating Holding GmbH (Coface Rating Holding) is Coface Deutschland AG (Coface Deutschland), formerly Coface Holding AG, Mainz, which is included in the consolidated financial statements of Coface S.A., Paris. The consolidated financial statements of Coface S.A. as at 31 December 2007 were published in the electronic Bundesanzeiger. Coface S.A. is a subsidiary (100 per cent) of Natixis S.A., Paris, and is included in its consolidated financial statements.

The company is a small private limited company as defined in Section 267 (1) HGB (German Commercial Code).

The annual financial statements have been prepared in accordance with the provisions of German commercial law on limited companies and any additional provisions of the GmbH act (law on limited liability companies) and the articles of association, taking into account generally accepted accounting principles.

There is a profit and loss transfer agreement between Coface Rating Holding and Coface Deutschland.

2. Accounting and valuation methods/ Comments on the balance sheet

Shares in associated companies are capitalised at acquisition cost. For the non-Euro countries Sweden, Denmark and Norway the figures are stated on the basis of the Euro exchange rate on the day of the business transaction.

Accounts receivable due from affiliated companies and credits in banking accounts are stated at their nominal values.

Debtors from associated companies are mainly receivables due from Coface Rating GmbH (Coface Rating) and they contain the latter company's profit to be transferred in the amount of Euro 5,334,025 (previous year Euro 25,569).

Liabilities owed to affiliated companies are stated at the sums to be repaid. They mainly comprise the profit of Euro 5,320,270 (previous year Euro 9,601) to be transferred to Coface Deutschland due to the profit and loss transfer agreement. Other provisions are stated according to a fair commercial view.

Both receivables and liabilities have a residual term of less than one year.

3. Other disclosures

Shareholding

Coface Rating Holding holds 100 per cent of the equity capital in each of the following companies:

Name	Domiciled in	Net worth Equity capital		Last available result	
Coface Rating GmbH	Mainz	EUR	77,000	EUR	5,334,025*)
Coface Nederland Services B.V. (CNS)	Breda	EUR	1,610,018	EUR	691,196
Coface Sverige Services A.B. (CSS)	Stockholm	SEK	- 143,620	SEK	- 433,812
Cofacerating Norge AS	Oslo	NOK	- 4,121,285	NOK	- 9,192
Coface Danmark Services A/S (CDS)	Copenhagen	DKK	- 3,127,225	DKK	- 183,008

*) *Result 2008 before transfer of profit or loss*

Through Coface Rating Coface Rating Holding holds indirect interest in the following companies. Coface Rating holds 50 per cent of the equity capital of each company:

Name	Domiciled in	Net worth Equity capital EUR	Last available result EUR
CS Connect Verwaltung GmbH	Mainz	23,978	- 1,022
CS Connect GmbH & Co. KG	Mainz	407,838	- 2,162

Employees

The company does not have its own employees. The company uses the staff and the premises of Coface Deutschland.

In accordance with section 286 (4) HGB the disclosure of the management total remuneration is omitted.

Business development / appropriation of profits

Coface Rating reached a result of Euro 5,334,025.

CNS is successful in the business fields of information/ rating and debt collection. It reached a result of Euro 470,386, which will be used for dividend payment in 2009.

CDS and CSS are still at the start of their business activities, accordingly, start-up losses have to be stated.

The result of Coface Rating Holding to the amount of Euro 5,320,270 (previous year Euro 9,601) was transferred to Coface Deutschland pursuant to the profit and loss transfer agreement of October 7, 2003, amended on September 14, 2005.

Management

Norbert Langenbach
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz
Managing director Coface Rating GmbH, Mainz
(until 30 June 2008)

Manfred Haag
Director Finances and Accounting /Reinsurance Coface Deutschland AG, Mainz

Mainz, January 20, 2009

Coface Rating Holding GmbH

Langenbach, Haag

Auditor’s report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Coface Rating Holding GmbH, Mainz, for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements by appropriate application of § 317 HGB (“German Commercial Code”) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presen-tation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Coface Rating Holding GmbH, Mainz, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, January 22, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Coface Rating GmbH Management report 2008

The growing significance of the business line: Information – organisational restructuring

The business line Information is increasingly gaining significance in the Coface Group. The demand for reliable credit information and ratings naturally increases in times of high uncertainty. Coface Rating GmbH (Coface Rating) is well prepared for this situation.

With the aim of strengthening the clout of Coface Rating as well as enhancing its perception within the market and with customers, the company gained its own personnel in the year under review via a transfer of employees from the Information Line of Coface Kreditversicherung AG (Coface Kredit). By mid 2008 the joint staffing of the management came to an end and a new management was installed which is solely concerned with Coface Rating.

Coface Rating employed two regional managers in the year under review to provide technical support to the branch offices of Coface Deutschland.

In order to gather additional credit information for small and medium-sized enterprises a joint venture was established in conjunction with SCHUFA Holding AG, Wiesbaden. Both parties hold an equal share in the joint venture. We expect this joint venture to lead to an improvement in the quality of credit information as well as to efficiency savings when purchasing credit information from other companies.

During the year under review we further developed our internal rating models. We work closely with Coface S.A., Paris, on this matter. Our rating model is Basel II compliant. We have made an application to BaFin for recognition as an ECAI (External Credit Assessment Institute) and are expecting a positive response. It is being marketed as "@rating score". This is a recognised, selective rating system for all interested parties which do not want to develop their own models or which want a second rating model to supplement their own procedures.

Business development

Coface Rating reached a turnover of Euro 32.2 million in the financial year 2008. This represents an increase of 5.9 per cent from the previous year's value of Euro 30.4 million. The underwriting fees rose by Euro 26.8 million, which is a 5.2 per cent rise from the previous year (Euro 25.4 million). The proceeds from @rating products have gone up by 8.7 per cent from Euro 5.0 million in the previous year to Euro 5.4 million.

With respect to the underwriting fees, Coface Rating very much depends upon the development of the underwriting policy of Coface Kredit. The latter received a reduced number of new credit limit applications for domestic and foreign risks in the period under review. The number of risks under permanent monitoring increased from last year, resulting in an overall increase of 5.2 per cent in this turnover segment.

The regular @rating clientele could be increased by 16.5 per cent to now 4,445 clients at the end of the period under review.

The cost for the acquisition of business information again rose distinctly by 16.5 per cent compared with the previous year, with the cost for the provision of information on foreign risks increased above average. This is a result of the export orientation of Coface Kredit in connection with generally higher cost for business information abroad.

Coface Rating had its own employees for the first time in the year under review and therefore also had personnel expenses for the first time. In previous years the employees were officially employed by and located at Coface Kredit, and in the year under review the proportion of expenses allotted to Coface Rating was charged to it as part of internal group cost allocations. A series of organisational changes in previous years, which culminated in the spin-off of the Information Line in the year under review, also made it necessary to overhaul the cost allocation procedure. This had a positive effect on the figures of Coface Rating.

Coface Rating reached a result of Euro 5,334,025 (previous year Euro -25,569) which will be transferred to Coface Rating Holding GmbH (Coface Rating Holding).

Events after the balance sheet date

No events of special significance occurred after the balance sheet date.

Risks and chances of future development

Coface Rating is integrated in the organisation and the IT workflows of Coface Kredit and Coface Deutschland AG (Coface Deutschland – formerly Coface Holding AG). Accordingly, there are no additional own risks for these fields.

On the market side Coface Rating uses the field staff and departments responsible for contract administration of Coface Deutschland as well as its staff functions for internal matters.

The economic development of Coface Rating is also highly dependent on the development of the credit insurance business itself. Positive or less positive sales results, as well as high or low levels of contract terminations with regard to credit insurance have direct effects on the turnover of Coface Rating and therefore also on its results.

It is therefore very important to offer our clients benefits through high standards of quality and services, thereby increasing customer loyalty.

In an economic situation that is characterised by insecurity and mistrust, the demand for reliable credit information and ratings tends to rise. Recognition as an ECAI by BaFin will further improve our market position.

Through efficiency improvements in internal processes and stemming the rise in information costs, the foundations are being laid for work to be carried out profitably even in a highly competitive environment.

Prospects for 2009

Coface Rating is well positioned with respect to its organisation and its products at the beginning of the year 2009. We are expecting a growth of the total turnover clearly above the growth rate of 2008. Naturally – coming from a lower basis – the increase in @rating products will be higher than that of the underwriting fees. According to our medium-term planning, said growth will continue over the years to come. The measures taken for cost reduction will contribute to distinctly positive results in 2009 and the years to come.

Mainz, January 19, 2009

Coface Rating GmbH

Becker

Coface Rating GmbH
Balance sheet as of December 31, 2008

Assets	**31.12.2008**		**31.12.2007**	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Fixed assets Tools and office equipment		10,712		380
II. Financial assets				
1. Investments in associated companies	217,500		0	
2. Loans to affiliated companies	193,600	411,100	0	0
B. Current assets				
I. Debtors and other assets				
1. Debtors from deliveries and services	1,511,646		1,268,012	
2. Debtors owed by affiliated companies	14,791		1,103,011	
3. Other assets	41,437	1,567,874	158,191	2,529,214
II. Bank balances		7,614,259		4,017,286
Total assets		9,603,945		6,546,880

Balance sheet as of December 31, 2008

Liabilities	31.12.2008		31.12.2007	
	EUR	EUR	EUR	EUR
A. Equity capital				
I. Subscribed capital	26,000		26,000	
II. Capital reserve	51,000	77,000	51,000	77,000
B. Provisions				
Other provisions		1,101,376		546,340
C. Creditors				
1. Creditors from deliveries and services thereof with a residual term of up to one year: EUR 79,889 (previous year: EUR 0)	79,889		0	
2. Creditors owed to affiliated companies thereof with a residual term of up to one year: EUR 8,224,785 (previous year: EUR 5,854,389), of which with shareholder EUR 5,526,833 (previous year: EUR 440,882)	8,224,785		5,854,389	
3. Other liabilities thereof with a residual term of up to one year: EUR 120,895 (previous year: EUR 69,151)	120,895	8,425,569	69,151	5,923,540
Total liabilities		9,603,945		6,546,880

Profit and loss account from January 1 until December 31, 2008

Profit and loss account	31.12.2008		31.12.2007	
	EUR	EUR	EUR	EUR
1. Income from rating transactions	32,155,011		30,393,538	
2. Other operating income	1,092,304	33,247,315	885,708	31,279,246
3. Expenses for services received		10,324,051		8,860,113
4. Personnel expenses				
a) Wages and salaries	3,495,813		0	
b) Social security, pensions and other benefits	893,972		0	
of which relating to pensions EUR 130,156		4,389,785		0
5. Depreciations on tangible assets		1,066		95
6. Other operating expenses		13,708,184		22,887,864
7. Other interest and similar income		664,577		494,395
8. Result of ordinary activities		5,488,806		25,569
9. Extraordinary expenses		154,781		0
10. Result of extraordinary activities		- 154,781		0
11. Profit transferred due to profit and loss transfer agreement		5,334,025		25,569
12. Net income of the year		0		0

Notes for the financial year from January 1 to December 31, 2008

1. General statements

The sole shareholder of Coface Rating GmbH (Coface Rating) is Coface Rating Holding GmbH (Coface Rating Holding), Mainz, which is included in the consolidated financial statements of Coface S.A., Paris, through Coface Deutschland AG (Coface Deutschland), formerly Coface Holding AG, Mainz. The consolidated financial statements of Coface S.A. as at 31 December 2007 were published in the electronic Bundesanzeiger. Coface S.A. is a subsidiary (100 per cent) of Natixis S.A., Paris, and is included in its consolidated financial statements.

The company is a medium-sized company limited by shares for the purpose of Section 267 (2) HGB (German Commercial Code).

The annual financial statements have been prepared in accordance with the provisions of German commercial law on limited companies and any additional provisions of the GmbH act (law on limited liability companies) and the articles of association, taking into account generally accepted accounting principles.

A profit and loss transfer agreement effective from 1 January 2002 exists between Coface Rating and Coface Rating Holding.

In a further step towards an optimized organisational structure, Coface Rating took over the staff of the Information Line from Coface Kredit by way of spin-off with economic effect as of 1 January 2008. In the same connection Coface Deutschland transferred the department Product Management @rating to Coface Rating. The management of Coface Rating has been replaced as of 1 July 2008. The previous joint staffing with Coface Kredit in terms of the management and the employees has consequently come to an end during the year under review.

In the year under review Coface Rating and SCHUFA Holding AG, Wiesbaden, established – through the interposition of a holding company held in equal parts, CS Connect Verwaltung GmbH, Mainz (shareholding's book value Euro 12,500) – the joint venture CS Connect GmbH & Co. KG (shareholding's book value Euro 205,000), in which both parties have an equal stake as limited partners. The business purpose of the partnership is to gather credit information which is to be made available to both partners. The partnership is financed via payments into the capital reserve as well as by shareholder loans, which the partners provide in equal parts.

2. Accounting and valuation methods

These present annual accounts as at 31 December 2008 have been drawn up according to the principles of commercial law and with due regard to the applicable provisions of the GmbH act (law on limited liability companies) as amended from time to time.

Assets

Fixed assets are stated at acquisition costs minus scheduled depreciation. Low value assets are included in the item Fixed Assets.

As from 1 January 2008, low value assets have been stated in a compound item. Depreciation will be calculated on a straight-line method basis over 5 years.

In the capital investments the shareholdings are stated at acquisition cost and the lendings are stated at face value.

Trade receivables, accounts receivable from affiliated companies, other assets and credits in banking accounts are stated at their nominal values. The latent credit and default risk from accounts receivable is taken into account through individual and general bad-debt allowance.

Liabilities

The other provisions take into account all recognisable risks and contingent liabilities. Their amounts have been determined applying sound business judgement and they essentially comply provisions for costs for the audit and the publication of the annual financial statements, provisions for information, provisions for partial retirement and long service awards, provisions for commissions as well as provisions for goods and services.

Provisions for partial retirement and long service awards are calculated on the basis of an interest rate of 5.5 per cent.

Liabilities are stated at the amount to be repaid.

3. Comments on the balance sheet and on the profit and loss account

Fixed-asset movement schedule

	Initial cost and production cost EUR	Additions EUR	Disposals EUR	Accumu-lated depreciation EUR	Depre-ciation in the financial year EUR	Book value 31.12.2008 EUR	Book value 31.12.2007 EUR
Tangible assets							
Tools and equipment	1,031	11,339	0	1,718	1,066	10,712	380
Financial assets							
Shareholdings / Investments in associated companies	0	217,500	0	0	0	217,500	0
Lendings to companies with a shareholding relationship	0	193,600	0	0	0	193,600	0
Total financial assets	0	411,100	0	0	0	411,100	0
Total	1,031	422,499	0	1,718	1,066	421,812	380

As in the previous year the receivables under current assets have a residual term of up to one year.

Liabilities due to associated companies comprise mainly liabilities due to Coface Rating Holding and include the obligation to transfer the profit of Euro 5,334,025. The total receivables have a residual term of up to one year.

As a result of the spin-off of the Information Line from Coface Kredit to Coface Rating the company has its own staff for the first time and thus states proper personnel expenditure. In the former years the personnel expenses determined by way of cost allocation were included in the other operating expenses.

The above spin-off lead to a spin-off loss for Coface Rating which is stated as extraordinary expenses in the amount of Euro 154,781.

As Coface Rating and Coface Deutschland represent a corporation and fiscal unit, tax provisions on the Coface Rating level are not made for the financial year 2008.

4. Other disclosures

Employees

The total number of employed staff on average (excluding management and apprentices) was 58, 37 thereof work full time and 21 work on a part-time basis.

In accordance with section 286 (4) HGB the disclosure of the management total remuneration is omitted.

Appropriation of profits

The result of Euro 5,334,025 is transferred to the parent company according to the profit and loss transfer agreement of 2 October 2002, amended on 14 September 2005.

Management

Grit Becker
Dipl. Volkswirtin
(as from 1 July 2008)

Norbert Langenbach
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz
(until 30 June 2008)

Supervisory Board

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Chairman of the Board of Management of Coface Deutschland AG, Mainz
Chairman of the Board of Management of Coface Kreditversicherung AG, Mainz

Norbert Langenbach
Deputy Chairman
Member of the Board of Management of Coface Deutschland AG, Mainz
Member of the Board of Management of Coface Kreditversicherung AG, Mainz

Stefan Brauel
Member of the Board of Management of Coface Deutschland AG, Mainz,
Member of the Board of Management of Coface Kreditversicherung AG, Mainz

Franz J. Michel
Member of the Board of Management of Coface Deutschland AG, Mainz
Executive manager of Coface Finanz GmbH, Mainz

Mainz, 19 January 2009

Coface Rating GmbH

Becker

Auditor's report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Coface Rating GmbH, Mainz, for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements by appropriate application of § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the pres-entation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Coface Rating GmbH, Mainz, comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, January 22, 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Böhlhoff	Bonin
German Public Auditor	German Public Auditor

Advisory Board

Advisory Board of Coface Deutschland AG

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President Industrie- und Handelskammer für Rheinhessen, Mainz

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As at : February 19, 2009

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