



ACTIVITY  
REPORT  
**2015**



**coface**  
FOR SAFER TRADE

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Strong global presence,  
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## COFACE - SIX KEY DATES

### 1946

Founded as a French company specialising in export credit insurance

### 1992

International expansion and gradual development of the network in numerous countries

### 1994

Privatisation

### 2011

Refocus on credit insurance

### 2014

Floated on the stock exchange (Euronext, Paris)

### 2015

Renewed commercial offering

4,600 employees  
73 different nationalities



# YOUR BUSINESS PARTNER

## PROFILE

For 70 years, Coface has been one of the world's three leading credit insurance companies. It specialises in facilitating business-to-business trade, working with customers to develop their operations both regionally and internationally. Whatever their size, nationality or sector, we inform our customers about current market issues to assist them in controlling their financial risks. To do so, we provide our international business expertise, country and sector risk assessments, accurate data on 80 million companies worldwide and a range of scalable, innovative products that suit their needs and business strategy.

Our offer focuses primarily on credit insurance services, the Group's core business line, and in some countries factoring, corporate information, debt recovery, bonds and Single Risk.

Coface, listed on the French stock exchange (Euronext, Paris, CAC Small), has a solid financial base and excellent solvency levels. Fitch and Moody's ratings are AA- and A2 respectively, with a stable outlook in both cases.



Turnover of  
**€1,490m**

Data on  
**80 million**  
businesses worldwide

**€475bn** in secured debt

**40,000** corporate customers

Operating directly  
or indirectly in  
**100 COUNTRIES**  
representing around  
97% of global GDP

# A WORD FROM THE CEO

XAVIER DURAND

*We have to be even more efficient in guiding our clients through a challenging macroeconomic climate.*

”



# 2015, RENEWED COMMERCIAL OFFERING

It is with pride that I took up my role as CEO of Coface in February 2016. Indeed, Coface is a globally renowned brand, as are its savoir-faire, experience and the expertise of its teams. The Group also has another major asset: a geographic reach that is unrivalled in the credit insurance industry.

After a much needed period during which the business was refocused on credit insurance, and our processes organised and improved, we have important challenges ahead in the years to come.

I have three priorities. The first is to continue to carefully manage our risks and to help our customers in adjusting their risk portfolio in the face of a constantly evolving economic environment. The second is to improve our operational efficiency, notably by adjusting our cost structure. Finally, my third priority is to open up a new chapter of dynamic sales growth for our Group, and to identify the resources necessary to achieve this. A new strategic plan will define our lines of action and the means we must put in place to achieve our objectives, while clarifying our vision of tomorrow's Coface for our clients, partners and shareholders. The plan should enable our employees to adhere to, engage in, and support our action.

2015 was marked by a deterioration of the global economic environment, and was therefore difficult for businesses. Companies, because they lacked confidence, were less dynamic and tended to accumulate cash rather than embark on new projects. Our turnover, largely dependent on that of our clients, who are companies, nonetheless increased by 3.4% at current scope and exchange rates (1.2% at constant scope and exchange rates). This growth was buoyed by our

activity in emerging countries and we were able to post net income of €126 million, slightly higher than the level we recorded in 2014. Given the difficult economic environment, our net loss ratio mechanically rose, though in a relatively contained way (from 50.4% to 52.5%) due to our efficient risk management.

Among the highlights of 2015 was our continued work to perfect our product line, with in particular the launch of TradeLiner, an innovative contract particularly suited to companies' changing needs. We also extended our bonding offering to Germany and France. We now have a product and services range that is structured, modular and tailored to meet the needs of all companies, whatever their size, sector of activity or nationality. In addition, we set up an organisation dedicated to financial institutions to develop relationships with banks and insurance companies in order to commercialise our products. By way of example, I would cite the business partnerships we concluded in 2015 with Axa Insurance Singapore, Dubai Export, Barclays in the UK and Kutxbank in Spain.

The global economic climate in 2016 will no doubt continue to be volatile and challenging, as it was in 2015. We therefore owe it to ourselves to be even more efficient in helping and supporting our clients in these uncertain times. Through our professionalism and our expertise, we will also have to continue to convince companies, and more generally, all the actors of international trade, of the value and utility of our guarantees and services offer.

# GOVERNANCE

MAY 2016



## GROUP MANAGEMENT COMMITTEE

- 1 XAVIER DURAND,**  
CEO
- 2 NICOLAS DE BUTTET,**  
Director of Group Underwriting,  
Information and Litigation
- 3 NICOLAS GARCIA,**  
Commercial Director
- 4 PATRICE LUSCAN,**  
Director of Group Marketing  
and Strategy
- 5 CAROLE LYTTON,**  
Chief Legal, Compliance and  
Facility Management Officer,  
General Secretary, and,  
in interim, Chief Human  
Resources Officer
- 6 CARINE PICHON,**  
Chief Financial & Risk Officer

**COFACE SA BOARD OF DIRECTORS**

- **LAURENT MIGNON,**  
Chairman of the Board of Directors
- **JEAN ARONDEL,**  
Chairman of the Steering  
and Supervisory Board,  
Caisse d'Épargne Loire-Centre
- **BPCE,** represented by  
**MARGUERITE BÉRARD-ANDRIEU,**  
Deputy Chief Executive Officer,  
Strategy, Legal Affairs & Compliance,  
Group Company Secretary
- **JEAN-PAUL DUMORTIER,**  
Chairman of the Board of Directors,  
Banque Populaire Rives de Paris
- **ÉRIC HÉMAR,**  
Chairman and CEO, ID Logistics
- **LINDA JACKSON,**  
Chief Executive Officer, Citroën brand
- **SHARON MACBEATH,**  
Human Resources Manager, Rexel
- **PASCAL MARCHETTI,**  
Chief Executive Officer,  
Banque Populaire des Alpes
- **MARTINE ODILLARD,**  
President, Gaumont Pathé Cinemas
- **LAURENT ROUBIN,**  
Chairman of the Management Board,  
Caisse d'Épargne Picardie
- **OLIVIER ZARROUATI,**  
Chairman of the Management Board,  
Zodiac Aerospace

**EXECUTIVE COMMITTEE**

Chaired by the CEO, the Group Executive Committee consists of members of the Management Committee and the seven Regional Managers for Latin America, North America, Asia Pacific, Central, Northern, and Western Europe, and Mediterranean & Africa. It supervises cross-company operations within the Group and deals with specific regional situations and issues.

- **CYRILLE CHARBONNEL,**  
Western Europe Regional Manager
- **KATARZYNA KOMPOWSKA,**  
Central Europe Regional Manager
- **ANTONIO MARCHITELLI,**  
Mediterranean & Africa Regional  
Manager
- **BART A. PATTYN,**  
Latin America Regional Manager
- **TÉVA PERREAU,**  
Northern Europe Regional Manager
- **JUAN SABORIDO,**  
North America Regional Manager
- **HUNG WONG,**  
Asia Pacific Regional Manager

# FINANCIAL SUMMARY

## TURNOVER

(in millions of euros)



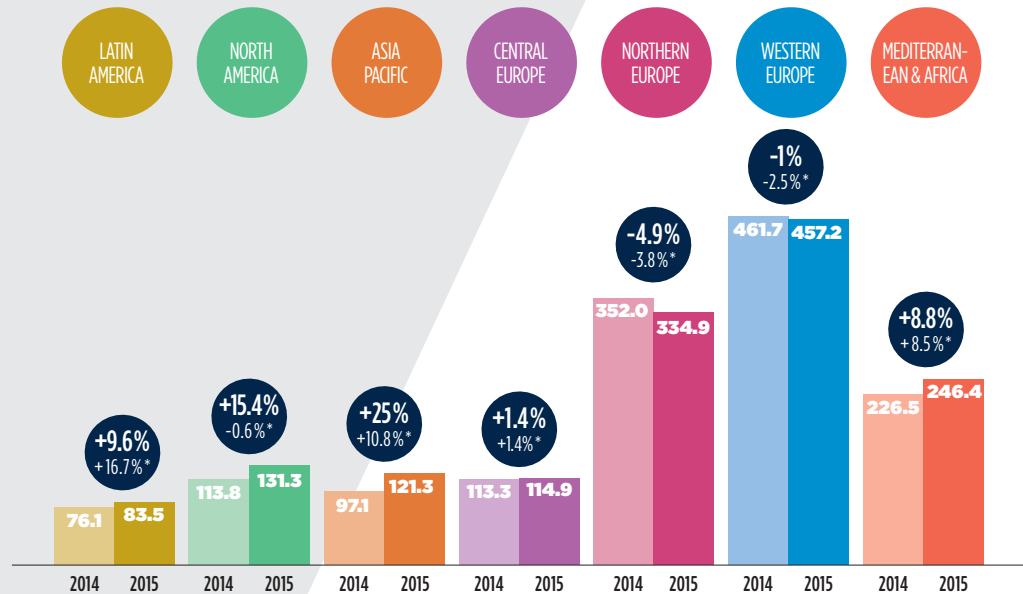
The Group's turnover was up 3.4% compared with 2014, and up 1.2% at constant scope and exchange rates. This growth, despite the unfavourable global economic climate, was driven by a commercial strategy based on product innovation, multichannel distribution and improved sales and monitoring processes.

## TURNOVER BY REGION

(in millions of euros)

Emerging markets were the driving force behind the Group's growth in turnover.

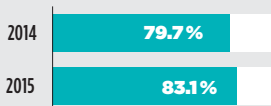
The slowdown in the United States was due to the restructuring of our agent network across the country. In mature, more-profitable markets, competition remains fierce, keeping prices down.



\*At constant scope and exchange rates.

## COMBINED RATIO NET OF REINSURANCE

(in %)



Our loss ratio net of reinsurance was 52.5% in 2015. This stabilised during the second half, once the decision to reduce coverage for the most unstable companies and markets had been

put into effect. The cost ratio net of reinsurance remained under control: 30.5%\*\* as of 31 December 2015, against 29.3% at the end of 2014. The combined total ratio net of reinsurance for 2015 stood at 83.1%, up 3.4% on the previous year, reflecting the deterioration of the macroeconomic environment in 2015.

\*\* Excluding the impact of exchange rates and one-off items

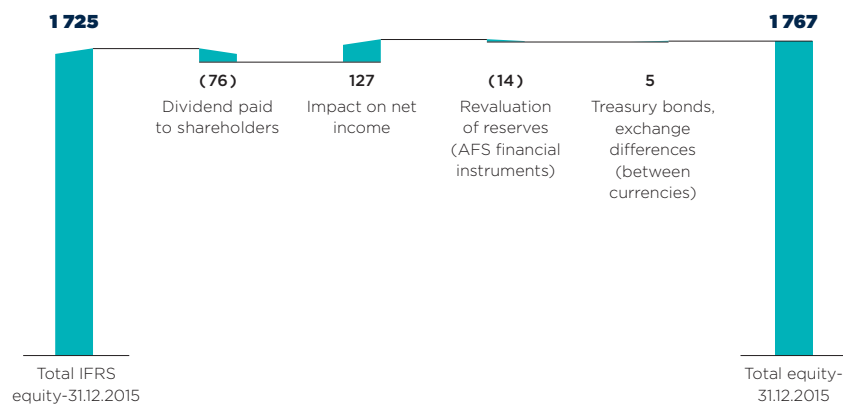
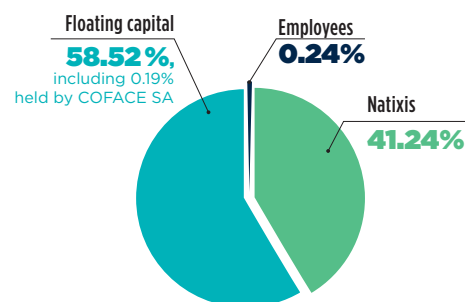
## NET INCOME

(Group share, in millions of euros)



Based on net earnings per share of €0.80, Coface offered its shareholders a dividend of €0.48 per share in 2015, the same amount as in 2014.



**EQUITY GROWTH***(in millions of euros)***SHAREHOLDER STRUCTURE***(31.12.2015)***MARKET PROFILE (31.12.2015)**

<b>Negotiation</b>	Euronext Paris (compartiment A), eligible SRD
<b>ISIN code</b>	FR0010667147
<b>Reuters code</b>	COFA.PA
<b>Bloomberg code</b>	COFA.FP
<b>Stock market indices</b>	CAC Mid and Small, CAC All-tradable, CAC Financials, Next 150, MSCI Global Small Cap
<b>Capital</b>	€786,241,160
<b>Number of shares</b>	157,248,232
<b>Market capitalisation (price used as of 31.12.2015: €9.336)</b>	€1,468,069,494
<b>Earnings per share</b>	€0.80
<b>Cash distribution per share***</b>	€0.48
<b>Payout ratio</b>	60%
<b>IPO price</b>	€10.40
<b>Highest price</b>	€11.91
<b>Lowest price</b>	€7.36

\*\*\* Dividend subject to the approval of the Annual General Meeting of Shareholders on 19 May 2016

**CREDIT RATINGS**

Fitch and Moody's have confirmed the Group's Insurer Financial Strength (IFS) ratings, at AA- and A2 respectively (with a stable outlook in both cases). These ratings were assigned on 17 September and 13 October 2015 and reflect the good position of Coface on the credit insurance market, its excellent solvency levels, prudent investment policy and consistent risk management discipline.

**SOLVENCY II**

Coface was prepared for the entry into force of Solvency II on 1 January 2016. At 31 December 2015, the coverage rate of required equity (ratio between the Group's available equity and equity required for insurance and factoring) stood at 147% (compared with 144% at the end of 2014), estimated based on economic capital and after taking into account the issuance of subordinated debt in March 2014.





## INTERNATIONAL

# STRONG GLOBAL PRESENCE, IN-DEPTH ECONOMIC ANALYSIS

**100**

countries where we operate directly or indirectly

**16**

economists

Macro- and microeconomic studies and overviews for our customers and the entire international trade community are produced by Coface's 16 economists, based in Hong Kong, Istanbul, Mainz, Paris, Sao Paolo and Warsaw.

Our publications and analyses on 160 countries are available on [www.coface.com](http://www.coface.com)

Around **30**  
studies published per year

**160**

countries analysed and assessed



# TOWARDS A NEW PARADIGM FOR GLOBAL GROWTH

ANALYSIS BY JULIEN MARCILLY

Group Chief Economist

**Global recovery was patchy in 2015, and 2016 looks set for more of the same. So economic actors have to get used to a world where growth is set to remain sluggish and to dealing with unexpected events.**

 **-67%**

Variation in Brent Crude price between mid-2014 and the end of 2015

## CONFIDENCE SEVERELY TESTED

Following the 2014 Russian crisis, 2015 also had its share of upheavals, including the Greek crisis, rising social unrest and political tension in Brazil and Turkey, and terrorist attacks in many countries, including France, Lebanon, and Tunisia. These were just some of the events that hit business confidence hard during the year. As the world became more unpredictable, investment projects start to tail off. Many businesses are stockpiling cash, central banks continue to supply liquidity, yet businesses are reluctant to invest. The downsides seem too risky.

## USA

### A SUNNY SPELL, WITH THREATENING CLOUDS ON THE HORIZON

The US is enjoying a particularly clement spell, for a number of reasons: household and corporate balance sheets are healthier, domestic demand is strong and the construction sector will no doubt continue to improve. But clouds are gathering on the horizon. The Fed's tighter monetary policy, coupled with a small downturn in corporate profits, may discourage investment, while export businesses continue to struggle with a strong dollar. The energy sector is suffering from falling global oil prices.

## EUROZONE

### A SLUGGISH AND DISPARATE RECOVERY

#### First signs of recovery and the rise of non-traditional parties

In 2015, Eurozone budget policies were eased while low inflation boosted household spending and a highly expansionist monetary policy triggered a gradual rise in private sector

credit. Lower oil prices allowed businesses to restore their margins to some extent, although investments are not back to normal, owing to a lack of confidence in the future. That confidence has been put to the test. The 2014 Russian crisis was followed in the same year by the 'Grexit threat' and uncertainty around Chinese growth is worrying business leaders. Ultimately, European growth, especially in France and Italy, remains too weak to reduce unemployment to a meaningful extent. With a few notable exceptions, such as Germany, unemployment remains high in Spain, Italy, Greece and Portugal, while in France, it simply has not yet begun to drop. Paradoxically, these initial signs of recovery can bring about social discontent among people who are not (yet) seeing the benefits of the upturn - hence the rise of non-traditional political parties in some countries. In Greece, Syriza's victory in the January 2015 general election came at the end of 2014 just when growth seemed to be heading in the right direction. In Portugal, the autumn 2015 elections led to the government's resignation and brought a left-wing coalition into power. These changes coincided with a drop in unemployment and stronger economic activity compared to previous years.

#### European businesses still in a difficult position

Despite the tentative recovery, businesses have not yet managed to significantly improve their balance sheets. Despite heavy borrowing in the relaxed credit climate that preceded the crisis, they continue to have high debt and still often find themselves in an unstable financial situation. Company default rates, though on a downward trend in all countries except Portugal, are often higher than before the crisis. Such companies are also penalised by declining opportunities in emerging markets.

## EMERGING COUNTRIES

**STRUCTURAL DIFFICULTIES IN BRAZIL,  
SLOWING GROWTH IN CHINA****Significant slowdown  
in emerging-market growth**

Between 2010 and 2015, average GDP growth in emerging countries more than halved, from 7.2% to 3.4%. Over the same period, excluding China, their contribution to global growth decreased threefold. The difficulties businesses are facing are at the heart of this structural slowdown: poor infrastructure (Brazil, India, Indonesia) and governance (Brazil, India, Russia), inflation and higher labour costs hampering competitiveness (South Africa, Brazil, Turkey), and higher debt levels (China). This unfavourable climate is holding up investment and therefore growth.

**Brazil up against structural issues**

Brazil is no doubt the best example of the difficulties currently faced by emerging countries. In addition to supply constraints, 2015 also saw a fall in household spending, owing to double-digit late-year inflation, high levels of debt and a loss of confidence prompted by the institutional and political crisis. These problems being largely structural, the situation is unlikely to improve in 2016.

**China, a key concern**

The position of Chinese businesses seems to be worsening as they face overcapacity in the metal, chemical and construction industries. Their debt has increased considerably, not only in terms of bank credit, but also because of an oversized shadow banking system that commands extortionate rates. Labour costs are increasing dramatically, having an impact on sectors such as the textile industry. Last but not least, businesses are up against a markedly slower pace of economic activity than at any point during the previous decade. 2016 will be crucial, both for China and the global economy: Chinese authorities need to control the risks threatening China's economy and push on with reforms.

**Africa and Latin America particularly  
affected by the Chinese slowdown**

In 2015, those signs of weakness affecting the larger emerging markets spread towards other countries, through various channels: exports, investments, relocation of expatriate workers and the cost of raw materials. Latin America has certainly been hardest hit, owing to its dependence on China and raw materials. Some African countries are in the same situation. There is, however, a glimmer of hope. First, a great many countries are continuing to witness the emergence of their middle class, which could mean increased household spending and an expanded service sector; this might make up in part for the difficulties encountered by businesses in general, and by the manufacturing industries in particular. Some regions and countries, however, appear to be relatively unaffected by these problems for now. Such is the case for central and western Europe, which, as a net importer of oil, has little commercial dependence on the struggling large emerging markets (including Russia). In Asia, India, the Philippines and Vietnam are still relatively sheltered from the effects of the Chinese slowdown. In Africa, Ethiopia, Kenya and Uganda have not been greatly impacted by the recent drop in oil and metal prices; furthermore, the economic diversification policies put in place are beginning to work. In many countries, though, there remains a desperate need to improve infrastructure: congested airports, damaged roads, unsuitable heating and water systems, inadequate urban transport, etc. European businesses continue to be leaders in all these sectors and many others. Even if economic development in emerging countries slows down inexorably, growth drivers will continue to exist.


**- USD 735bn**

Level of net capital flows  
in 2014/5 (IIF)


**7.3%**

India's growth in  
2015 - higher than  
China's (6.9%)  
for the first time  
since 1999

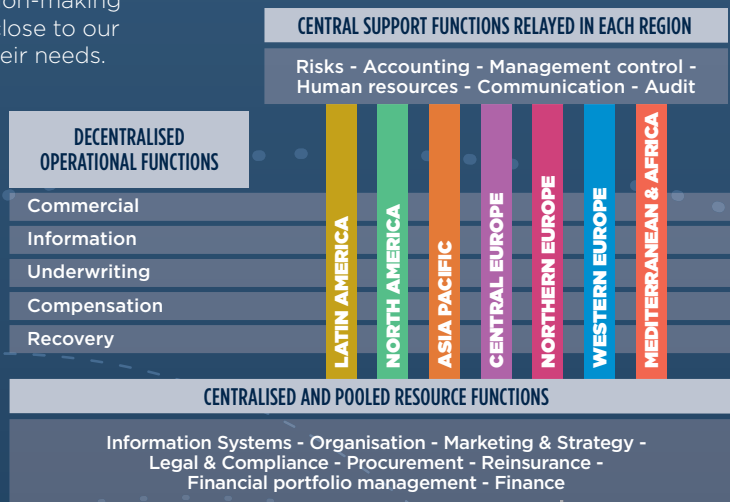


# AN OUTSTANDING NETWORK SERVING BUSINESSES WORLDWIDE

Starting in the 1990s, Coface has gradually established a first rate international network, taking over credit insurance companies and opening numerous subsidiaries and branches. We have also built a widespread network of partners. Every link in this chain represents another Coface entity, meaning we now operate directly or indirectly in 100 different countries, accounting for nearly 97% of global GDP. Thanks to this international presence, Coface is able to remain close to its customers, there to mediate risk directly in the countries in which they operate and to initiate debt recovery procedures within the country of non-payment itself.

## AN ORGANISATION CLOSE TO CUSTOMERS

To overcome the inevitable challenges of managing an international network and remaining coherent and effective, the Group has opted for a structure that guarantees a quick and responsive decision-making process, allowing us to stay close to our customers and respond to their needs.



# 100 countries where we operate directly or indirectly

## NORTH AMERICA

- Canada
- United States

## LATIN AMERICA

- Argentina
- Brazil
- Chile
- Colombia
- Ecuador
- Mexico
- Panama
- Paraguay
- Peru
- Uruguay
- Venezuela

## WESTERN EUROPE

- Belgium
- Spain
- France
- Ireland
- Luxembourg
- Portugal
- United Kingdom
- Switzerland

## CENTRAL EUROPE

- Austria
- Bulgaria
- Croatia
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Czech Republic
- Romania
- Serbia
- Slovakia
- Slovenia

## NORTHERN EUROPE

- Germany
- Denmark
- Finland
- Iceland
- Kazakhstan
- Liechtenstein
- Norway
- Netherlands
- Russia
- Sweden

## ASIA PACIFIC

- Australia
- Bangladesh
- Brunei
- China
- South Korea
- Hong Kong
- India
- Indonesia
- Japan
- Malaysia
- New Zealand
- Pakistan
- Philippines
- Singapore
- Taiwan
- Thailand
- Vietnam

## MEDITERRANEAN & AFRICA

- South Africa
- Saudi Arabia
- Albania
- Algeria
- Bahrain
- Benin
- Burkina Faso
- Cameroon
- Cyprus
- Ivory Coast
- Djibouti
- United Arab Emirates
- Egypt
- Gabon
- Gambia
- Ghana
- Greece
- Guinea
- Mauritius
- Israel
- Italy
- Jordan
- Kuwait
- Lebanon
- Libya
- Mali
- Malta
- Mauritania
- Morocco
- Niger
- Nigeria
- Oman
- Uganda
- Qatar
- Senegal
- Chad
- Tunisia
- Turkey
- Yemen



## COFACE PARTNER: BRINGING PARTNERS TOGETHER

The largest credit-insurance partnership network in the world, Coface Partner brings together a community of companies that share Coface's ambition, have decided to diversify into credit insurance and want to share their experience and good practices. The Group's tools and expertise are available to every one of its 68 members, which helps them to market their solutions. Buoyed by its success, Coface Partner has become a recognised quality label, which makes all the difference for its partners and their customers, differentiating them from the rest of the market.

## MULTI-CHANNEL DISTRIBUTION

Coface markets its products and services across the world through numerous distribution channels, which vary according to the specificities of the local markets. We have a large direct sales force made up of over 1,300 employees, as well as our vast network of partners: specialist brokers, exclusive agents, banks, general insurers and frontiers.



## IN OUR CUSTOMERS' WORDS

*"We are in the first year of our policy with Coface and our agent Juan. We are really happy that they can help us evaluate potential customers and decide which ones we should pursue. We expect the Credit Insurance Policy will allow us to grow sales by approximately 10% over the next twelve months."*

**Rida Wang** ”  
Owner/Ausvita Nutrition, United States



## FOCUS



To drive commercial distribution, Coface has set up a department dedicated to managing and developing global partnerships with financial institutions: banks, non-banking finance companies and general insurers.



**LATIN AMERICA**



**Bart A. Pattyn,**  
Regional Manager

<b>Employees</b>  <b>394</b>	<b>Turnover</b>  <b>€84m</b>
<b>Insured receivables</b>  <b>€37bn</b>	<b>Offices</b>  <b>11 countries</b>

## PRODUCTS AND SERVICES

- Credit insurance
- Business information services and debt recovery
- Single Risk

## DISTRIBUTION

Significant share of direct sales and insurance brokers active primarily on key international accounts

## COFACE COUNTRY RISK CONFERENCES

- Bogotá (Colombia)
- Buenos Aires (Argentina)
- Lima (Peru)
- Mexico City (Mexico)
- Quito (Ecuador)
- Santiago (Chile)
- São Paulo (Brazil)

## HIGHLIGHTS OF 2015

- Particular attention paid to risk and adverse policy management in this region, which has been affected by a downturn in its GNP, owing mostly to the turmoil in Brazil
- Continued strategy of geographical expansion through the acquisition of new licences in the region



## NORTH AMERICA

Regional market leader

Juan Saborido,  
Regional Manager



Employees

 **117**

Turnover

 **€131m**

Insured receivables

 **€50bn**

Offices

 **2 countries**

### PRODUCTS AND SERVICES

- Credit insurance
- Company information services and debt recovery
- Single Risk

### DISTRIBUTION

Direct sales and brokers, but mostly exclusive agents in the US

### COFACE COUNTRY RISK CONFERENCE

- New York (US)

### HIGHLIGHTS OF 2015

- Reorganisation of sales teams deployed to be closer to businesses
- Negotiated new contracts with company-data providers in order to improve information and risk management
- Improved efficiency of commercial underwriting through implementation of integrated IT tool
- Work to adapt TradeLiner to USA regulated market
- CGS management centralised in HQ to improve quality of services

## ASIA PACIFIC

Hung Wong,  
Regional Manager



Employees

 **391**

Turnover

 **€121m**

Insured receivables

 **€67bn**

Offices

 **17 countries**

### PRODUCTS AND SERVICES

- Credit insurance
- Company information services and debt recovery
- Single Risk

### DISTRIBUTION

Direct sales, specialist brokers, banking partners and frontiers (insurers)

### COFACE COUNTRY RISK CONFERENCE

- Hong Kong

### HIGHLIGHTS OF 2015

- Three new partnerships: *South China Insurance Co., Ltd* in Taiwan, *EQ Insurance* in Singapore and *Dhipaya Insurance Public Co., Ltd* in Thailand. A total of 34 partnerships
- Turnover growth of 25%, and 30% increase in new customers since 2014
- Successful launch of the new TradeLiner contract (in Australia, Hong Kong and Singapore), whose deployment will continue in other countries in the region in 2016
- Launch of EasyLiner in Australia, Hong Kong, Singapore and Taiwan
- Official opening of the Philippines office, confirming the Group's growth strategy in Asia.
- Project for an agreement with Eximbank (Vietnam) to boost the sales of our credit insurance solutions
- Partnership with *AXA Insurance Singapore* to launch the new *SmartCredit* product
- 'Best credit insurer in Asia Pacific' award, given by GTR

## CENTRAL EUROPE

Regional market leader

**Katarzyna Kompowska,**  
Regional Manager



Employees

**709**

Turnover

**€115m**

Insured receivables

**€29bn**

Offices

**13 countries**

### PRODUCTS AND SERVICES

- Credit insurance
- Company information services and debt recovery, bond support (in Austria)
- Factoring (in Poland)

### DISTRIBUTION

Direct sales and broker partnerships

### COFACE COUNTRY RISK CONFERENCES

- Bucharest (Romania)
- Budapest (Hungary)
- Prague (Czech Republic)
- Sofia (Bulgaria)
- Warsaw (Poland)
- Vienna (Austria)
- Vilnius (Lithuania)

### HIGHLIGHTS OF 2015

- Dynamic commercial development in Poland and Romania, two key contributors to Group growth in the region
- Launch of TradeLiner, the Group's new flagship contract, in every country of the region with and good sales figures
- First success of the credit insurance partnership with AXA on the Serbian market, a significant contribution to turnover and many new customers
- Launch of an internet portal allowing customers to access *credit management* services, which boosted cross-selling (*x-selling and up-selling*) opportunities and prospecting of SME segments, largely untapped so far

## NORTHERN EUROPE

Ranked third  
in the regional market

**Teva Perreau,**  
Regional Manager



Employees

**918**

Turnover

**€335m**

Insured receivables

**€103bn**

Offices

**10 countries**

### PRODUCTS AND SERVICES

- Credit insurance in every country
- Factoring (in Germany)
- Single Risk
- Bonds
- Company information services and debt recovery (in Germany)

### DISTRIBUTION

Direct sales and through partners, mostly brokers and banks

### COFACE COUNTRY RISK CONFERENCE

- Mainz (Germany)

### HIGHLIGHTS OF 2015

- Completed a large-scale sales restructuring operation
- Factoring reactivated in Germany
- New country managers in Denmark and Sweden
- In Russia, a country experiencing a serious deterioration of its economic and risk environment, implementation of strict risk management and postponement of deployment of the Group's sales strategy (apart from the opening of an office in Kazakhstan)



**WESTERN EUROPE**

Ranked third  
in the regional market

**Cyrille Charbonnel,**  
Regional Manager



Employees

 **1,485**

Turnover

 **€457m**

Insured receivables

 **€128bn**

Offices

 **8 countries**

**PRODUCTS AND SERVICES**

- Credit insurance (TradeLiner)
- Single Risk (mostly in France and Switzerland)
- Bond support (mostly in France)

**DISTRIBUTION**

Mostly through agents: brokers, partners and exclusive agents (in Portugal and Spain)

**COFACE COUNTRY RISK CONFERENCES**

- Barcelona, Bilbao, Madrid and Zaragoza (Spain)
- Dublin (Ireland)
- London (United Kingdom)
- Paris (France)
- Porto (Portugal)
- Zurich (Switzerland)

**HIGHLIGHTS OF 2015**

- New partnerships with leading banks in every country in the region
- New bond offers in France
- Launch of CofaNet Policy Master
- Launch of TradeLiner
- Strengthening of team in charge of prospection and large customer accounts

**MEDITERRANEAN & AFRICA**

**Antonio Marchitelli,**  
Regional Manager



Employees

 **564**

Turnover

 **€246m**

Insured receivables

 **€68bn**

Offices

 **39 countries**

**PRODUCTS AND SERVICES**

- Credit insurance (primarily in South Africa, Italy, Morocco, Turkey and the Gulf countries)
- Business information services and debt recovery
- Bonds

**DISTRIBUTION**

Direct sales and sales through brokers and agents (in Italy)

**COFACE COUNTRY RISK CONFERENCES**

- Dubai (United Arab Emirates)
- Milan (Italy)

**HIGHLIGHTS OF 2015**

- Launch of credit insurance in Israel and Morocco, alongside pre-existing business information and debt recovery services
- Steady growth in Italy and Turkey, two reliable growth drivers in the region
- Rapid increase in activity, confirming the Middle East as a key contributor to Group growth in the region. Signing of a credit insurance partnership deal with the Oman Insurance Company based in Oman.
- Coface's market position strengthened, thanks to the marketing of several innovative products, including EasyLiner in all the region's main countries, with particular success in Italy
- *Milano Finanza Insurance e Previdenza Awards* prize for 'Best Credit Insurance Company', and *Le Fonti International Award* for 'excellence in credit insurance' in Italy
- Overall, our claims business remained strong despite rising tensions in several of the region's markets, thanks to efficient underwriting of risks and an improved business information system.







## OUR EXPERTISE

# ADVISE, PREVENT AND INSURE AGAINST CREDIT RISK

**660**  
underwriters and  
credit analysts

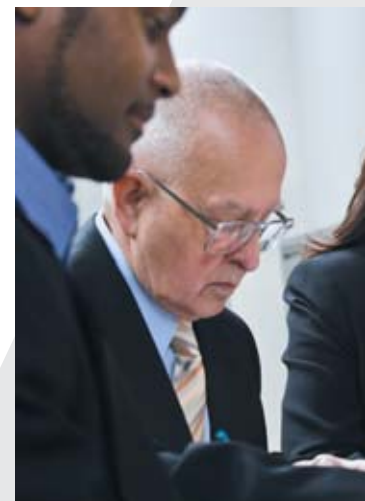
**410**  
claims and recovery  
managers

We see our credit insurance services as more than just protection against potential losses. They allow us to help companies develop a profitable and creditworthy customer base, meaning claims are kept to a minimum. This is to the benefit of both the insurer and the insured.

# ADVISING ON AND PREVENTING CREDIT RISK

## PREVENTION

**Our teams are on hand to advise our customers in all their commercial activities and to help them successfully fulfil the contracts they have with their own clients. We provide data for assessing the creditworthiness of prospects and buyers, as well as macro- and microeconomics studies to help customers understand the environment in which they operate.**



 **99.7%**  
of our risk exposure  
is assessed via  
a DRA

 **2.5**  
million businesses  
assessed via a DRA

### QUALITY DATA ON BUSINESSES

In business-to-business, what matters most to a supplier is being able to accurately assess a prospect or client's ability to meet its financial commitments, whether they operate in the same country or on the other side of the globe. Business information is therefore key to any business relationship.

Collecting, using and storing reliable data that is both up-to-date and secure is a priority for Coface. To achieve this, we have established a worldwide network of 50 centres dedicated to managing financial data on 80 million businesses. Moreover, Coface makes use of a unique debtor identification database (EASY), which makes communication with partners and clients easier. This data, collected primarily from external providers, is compiled in our ATLAS database, then reworked and analysed by our 330 credit analysts. Information is regularly updated, in particular through exchanges with policyholders, to monitor how their debtor risk is changing.

In short, Coface offers its policyholders a reliable means to monitor their debtors' risk. We secure the subscription decisions made by our own underwriters and support our management and debt recovery operations.

### RELIABLE CREDIT RISK ASSESSMENT

Coface's credit analysts assess a debtor's ability to meet their commitments using a common scale for all of the Coface Group (*Debtor Risk Assessment* or DRA). The

underwriters use this assessment to decide on the level of risk we can insure against. This synthetic indicator, which reflects the default risk of potential buyers on a scale from 0 (defaulting company) to 10 (best possible rating), is made available to our policyholders so that they can manage their sales growth and prevent eventual claims. With DRA, our customers can closely monitor developments in their client portfolios through daily alerts, and assess the quality of a risk for any buyer in the world.

Coface also offers a risk-tracking indicator called *Weighted Assessment of Portfolio* (WAP), which gives a comprehensive, quantitative vision of the quality of the receivables portfolio for each of our policyholders. This tool is also available to customers, who can use it to monitor developments in their own receivables portfolio.

### CLOSE TO THE POLICYHOLDER AND ITS CLIENTS

The decision to guarantee a risk on a debtor is made by the Coface underwriter for the country in which the debtor is located. This underwriter is a local, working close to the risk's source. They know the business environment, the local economic issues and the economic fabric of their country. If necessary, the underwriter in the policyholder's country can revise the decision, based on the commercial or strategic context in which the policyholder is doing business.



### DEBATES ON THE MAJOR TRENDS IN THE GLOBAL ECONOMY

For 20 years now, Coface has been organising conferences on developments in the global economy. In 2015, 20 of these seminars were held in several countries around the world: Argentina, Austria, Brazil, Chile, France, Germany, Mexico, Poland, Spain, USA, and more. A great number of stakeholders in international trade (corporate clients of Coface, non-client companies, bankers, economists, academics and journalists) came to learn about and to discuss current economic and geo-strategic issues.

Likewise, the measures undertaken by Coface to recover outstanding receivables when they are due are led 'close to the claim'. To provide this service, the Group relies on the expertise of over 220 debt recovery experts and a large network of partners comprising 32 collection agencies and 185 law firms, spread across nearly 200 countries. This network allows us to establish quick, direct contact with debtors. The actions we undertake are therefore more effective, and benefit both Coface and our policyholders.

### IN-DEPTH ECONOMIC RESEARCH

Coface places great importance on economic research and has a team of economists tasked with monitoring macro- and microeconomic developments in various regions of the world. The resulting studies are used in-house, primarily by our underwriters and claims managers, but are also available to our policyholders and the public: journalists, academics, prospects, banks, brokers, partners, and so on.

Studies are primarily in the form of the publication, Panorama, available on [www.coface.com](http://www.coface.com); their aim is to help businesses assess and prevent risk so that they can make their decisions based on the most relevant, reliable and recent information possible. In 2015, Coface published around twenty Panoramas on the changing risk level in some countries or industries, and on the main corporate default trends. These Panoramas are

often presented alongside an in-depth look at a specific country, or other subjects, such as the globalisation of the wine market, milk quotas in Europe, the automotive industry in the US or the photovoltaic power sector in Europe.

For its major customers, Coface also provides short summaries on a variety of punctual news issues, known as 'Briefs'. In 2015, over 70 Briefs were produced on subjects such as the economic consequences of the Catalan independence project in Spain, changes in global metal prices, the political situation in Venezuela and the Nepalese earthquake disaster.

### COFACE ASSESSES RISK IN 160 COUNTRIES

To understand the average payment-default level of a country's businesses regarding short-term commercial transactions, Coface assesses, using a scale from A1 to D (in increasing order of risk), the impact of economic, financial and political outlooks on businesses' payment behaviour.

We also use this scale to assess the business environment in these countries: availability and reliability of corporate accounts, ability of the country's legal system to guarantee fair and effective protection for creditors, and the ability of its institutions to create a favourable environment for commercial transactions.

# GUARANTEEING CREDIT RISKS: INDEMNIFYING UNPAID RECEIVABLES

## CREDIT INSURANCE

Credit insurance, Coface's core business line and long-standing area of expertise, consists in compensating a debt owed to a company after the debtor has defaulted. Alongside effective prevention methods for anticipating and assessing risk, it is one of the key factors in any company's growth, allowing businesses to better manage their trade receivables.

### BUSINESS-TO-BUSINESS CREDIT: A COMMON PRACTICE THAT IS NOT WITHOUT RISK

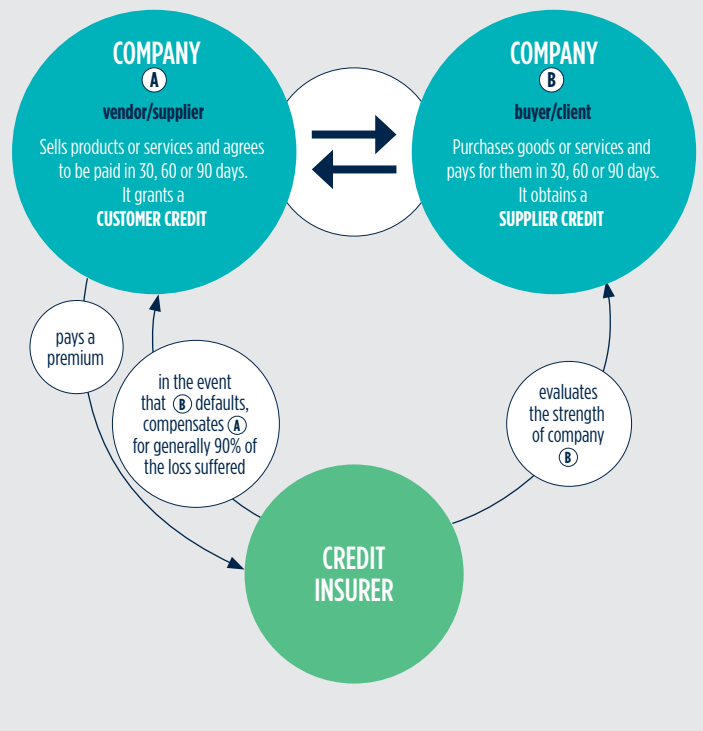
In trade relations, to sell what it produces a company typically gives its client a time frame within which to pay. This has become a commonplace practice in recent decades, and the seller runs the risk that their debtor will be unwilling, or unable, to honour its debt when the time comes to pay. This is where credit insurance comes in: the insurer agrees to absorb this risk, in exchange for a premium.



### THE MECHANISMS OF CREDIT INSURANCE

Credit insurance covers the risk of non-payment of a debt that company **A** (vendor/supplier) has due from company **B** (buyer/client) under contractual trade relations.

If the debt goes unpaid, the insured company **A** is compensated for the guaranteed amount. Coface's experts then intervene to recover the unpaid receivable through amicable negotiation and then, if necessary, through litigation.





## CUSTOMER CASE STUDY

**Company: SMEG UK**

### Established

1989 (Italian parent group established in 1948)

### Sector

Premium domestic appliances

### Market

UK retailers, distributors, kitchen specialists and developers

#### BUSINESS CHALLENGE

With their distinctive retro style, Smeg's award-winning domestic appliances are a highly desirable addition to many kitchens. The company's British subsidiary, Smeg UK, is based in Oxfordshire and has an annual turnover of more than £40 million. Its fridges, cookers and dishwashers are sold through major retailers such as John Lewis, Currys and B&Q, as well as independent electrical and home appliance stores.

Smeg UK had been insured by Coface previously for two years, but it decided to self-insure during the recession. However, by 2013, company sales had picked up and it was ready to expand into new product areas and new markets. In 2014, it launched 150 new product lines in the UK.

In 2013, Smeg UK decided it was time to reconsider credit insurance to help it keep track of its growing customer base. Credit Control Supervisor, Irene Rous explained: *"The big guys are usually fairly stable, but we thought it was sensible to mitigate our risk given the different types of customers for our SDAs. We asked our broker, Aon, to look at a range of criteria including policy term, premium cost and the level of no claims bonus."*

#### COFACE SOLUTION

After evaluating the options and considering their previous experience, Smeg UK again placed its confidence in Coface's credit insurance, which includes credit information, cover against bad debt and debt collections for a single annual premium.

To date, it has only been necessary to make one £1,000 claim under the policy, which is testament to Smeg UK's successful approach to credit control. This starts with CofaNet, Coface's secure online policy management tool which Smeg UK uses to obtain credit decisions on its account customers and to monitor trading risk.

If a customer's credit limit is too tight, Irene Rous has found that Coface is willing to talk through the options so that Smeg UK can temporarily extend their cover and make a sale. *"This flexibility is where the credit insurance policy shows its true value,"* she reflects.

*"We would recommend Coface because the policy is so flexible and easy to manage. When we had to make a claim, the service was very good and they paid within a month."* **Irene Rous**, Credit Control Supervisor



# AN EXTENSIVE RANGE OF PRODUCTS AND SERVICES

**Coface is a long-standing player in the credit insurance market that offers an extensive range of products and services to all companies, whatever their size, business sector or nationality. Our solutions are scalable to suit any company's needs and payment terms.**

 **10,000**

Daily risk underwriting decisions

## TRADELINER

TradeLiner is a modular and comprehensive credit insurance solution for businesses with an annual turnover of over €7.5 million looking to insure themselves.

Offering a choice of several standard terms and conditions, TradeLiner is a flexible solution that meets insured companies' specific needs and features. It also incorporates a very wide range of services and options. A number of these are must-haves, including the financing period, percentage of cover and list of countries covered as defined in the contract. Others are "extra"; for example, insured companies can choose cover for their affiliated companies and/or exports, decide on centralised or decentralised management of their policy, opt for total or excess cover and determine the level of autonomy in decision making relating to coverage. Policyholders can also select additional options, such as 'litigation', which gives them an advance on compensation while a trade dispute is pending

with a client; 'manufacturing risk', which covers costs related to the production of a specific good; and 'orders to be delivered', which covers orders which are yet to be delivered, for example, over a three-month period in the event of a reduced credit limit.

In addition, this solution focuses on a key feature: Coface's risk prevention services. The beneficiary of this type of contract has access via CofaNet (dedicated policy management site) to business information and debtor assessment tools, such as DRAs (*Debtor Risk Assessment*) for every debtor in its portfolio, as well as a global risk indicator (WAP - *Weighted Assessment of Portfolio*). Customers may also deal directly with Coface's underwriting department, which is organised by business sector.

⇒ In June 2015, Coface launched a new contract called TradeLiner to gradually replace its Globalliance contract around the world. TradeLiner is likely to become its flagship product and is already available in 28 countries.

It continues to be rolled out internationally, and further options will be made available to give policyholders access to additional services, such as information on their suppliers or potential clients, recovery services for their uninsured receivables, and so on.





#### TOPLINER

TopLiner is a supplementary coverage solution which TradeLiner (or Globalliance) beneficiaries can request when they have not obtained a guarantee for a given debtor, or have received a guarantee lower than the amount requested.

Policyholders generally take out this product when they wish to cover a high priority development project. As the risk is greater in these situations, the insurance premium is higher and set in accordance with Coface's risk assessment, the amount guaranteed (between €5k and €5m) and the cover period requested by the company (likely to vary between 30 and 90 days).

⇒ Coface is gradually rolling out this solution in the countries in which it operates. Deployment continues in the countries in which the product needs to be registered, as well as those in which Coface uses a local insurer (*fronter*) to market its contracts.

#### EASYLINER

A simplified credit insurance solution for small and medium enterprises (SME) with an annual turnover of less than €10 million.

EasyLiner is a solution designed for SMEs, which are often unfamiliar with the mechanisms and advantages that credit insurance policies can offer. It is a solution that is easy to implement and manage day-to-day. This more succinct contract can be taken out online via our dedicated website. The quote is calculated using very basic criteria (turnover, number of clients, business sector), and the premium is flat-rate to help avoid any budgetary issues.

EasyLiner is part of Coface's multichannel distribution strategy. This means the contract can be sold either directly by brokers or by Coface partners (banks, general insurers etc.), making the solution easily accessible to SMEs.

⇒ Launched in 2014, EasyLiner is already available in 28 countries and continues to be deployed internationally in 2016.

#### GLOBALLIANCE PROJECTS COVER

Globalliance Projects Cover is intended for capital goods suppliers and/or service providers looking to insure one-off operations with a value between €100k and €5m throughout a specific year.

With this policy, companies are able to insure their sales of capital goods and services against non-payment due to business or political reasons; it covers risk relating to credit, manufacturing (costs involved in the manufacture of a specific good) and abusive calls on bonds.

⇒ Coface plans to update this offer in 2016 and bring it into line with the other recent 'Liner' solutions.

### IN OUR CUSTOMERS' WORDS

*"My overall experience with Coface has been good and I am happy that the process flow has been systematic for all the policies under my Group. This also applies to all matters processed by my account manager, Dawn Seowand she helps us to obtain the necessary credit-limits approvals and appeals. Overall, Coface has taken a more conservative approach in the review of buyers cover. The thing that pleased me most is that Coface is able to have a unified group policy structure and wording offered to my various entities in different countries. If I were to recommend Coface to my colleagues, I would mention in particular that*

*the attributes would be our long relationship with Coface where there is mutual understanding of our business, in particular the people whom we work closely with in Account Management and the Claims teams. The on-going communications and close follow-up on key issues like renewal, claims and other miscellaneous issues matters to me the most during my experience working with Coface.*

Inge Kurniawan

Credit Controller - Stamford Tyres International Pte Ltd, Singapore





#### COFACE GLOBAL SOLUTIONS

Coface Global Solutions (CGS) is a unique support structure for multinational businesses operating in at least two countries that wish to insure a turnover of more than €250 million.

Backed by 67 entities throughout the world, CGS gives large, international policyholders the ability to coordinate and structure their credit insurance globally, often via the TradeLiner (or Globalliance) contract. With CGS, companies can fail-safe their global expansion, while optimising their operational performance, by using credit management control tools for both their head office and their subsidiaries.

Owing to its broad geographical presence, Coface is able to guarantee that businesses' risks are underwritten in a location-specific way and that recovery of unpaid receivables takes place as close as possible to the claim. This global network is especially useful for multinational businesses which require services and control/management tools adapted to their own particular issues: geographical spread, multi-currency risk, consolidation of debtor credit aggregates, and more.

Coface provides multinational companies with a dedicated *Program Leader*, whose role is to coordinate the services we provide: those produced by our senior underwriters, who are specialists in the business sector in question; the tools used to manage the policy; and access to the expertise of our international network, particularly our global database of 80 million debtors.

#### TOOLS FOR DAY-TO-DAY ONLINE CREDIT RISK MANAGEMENT

- **CofaNet** is a secure online platform that Coface's insured companies can use to manage their contracts on a daily basis. With just a few clicks, they can identify their buyers, request a credit limit, view their clients' DRAs, signal unpaid receivables, monitor compensation payments, and more.
- **CofaNet Policy Master** is a website that helps policyholders manage their contracts. It allows insured companies to download files from the accounting software in any format they require. Having first verified that the current level of outstanding debt is within the credit limits and is in accordance with the credit insurance policy, CofaNet Policy Master automatically suggests a variety of measures to be taken, which will only be implemented after formal agreement by the policyholder. The site also makes it easier for customers to automate their claims and turnover declarations.
- **CofaNet CashMaster** companies can use this to obtain Coface insurance certificates when seeking bank funding.
- **CofaMove** is a mobile app which businesses can use to identify prospects and clients, request guarantees and credit notes, track outstanding payments and more. It allows customers to make real-time risk-taking decisions and follow their portfolios from anywhere in the world. It's also a plus for sales team initiatives. CofaMove gives customers access to all the most important CofaNet features, right on their mobile phone.
- With **CofaServe**, businesses can manage their policies from their own insured receivables management systems, once connected to Coface via a web service.

We also offer *CGS Dashboard*, a genuine risk control and management tool that provides instant access to buyer lists; comparisons of current and past data; comparative tables for regions, divisions and subsidiaries; consolidated risk identifications for given groups of buyers; programme coordination based on performance indicators; file downloading and more. With *CGS Dashboard*, policyholders can gain a better understanding of the overall impact insured receivables have on their balance sheets, obtain access to detailed analyses of their credit risk, and consolidate claims by identifying and studying trends.

The *CGS* head management team is part of the Group's commercial organisation and coordinates the relevant Coface entities worldwide, monitors quality standards and directs all *CGS* operations.

⇒ By the end of 2016, Coface plans to bring *CGS Dashboard* into line with *TradeLiner* by launching *GlobaLiner*, a version that's been designed specifically for the needs of these types of businesses.

#### SINGLE RISK

Our Single Risk solution is aimed at businesses and financial institutions exposed to commercial and political risks in complex, one-off operations involving significant sums (usually more than €5 million), generally with credit periods ranging from 12 months to 7 years.

It allows policyholders to protect themselves against the risks involved in a specific investment or market (as opposed to products designed to protect their overall turnover).

Guarantees apply to a business's exports and domestic sales, as well as its imports, and can also cover political risk. Coface's experts carry out targeted studies on every operation.

#### IN OUR CUSTOMERS' WORDS

*"Femina has selected Coface Israel for the good coverage of credit limits. Our company got for a special customer a good coverage, and that gave me the opportunity to develop my business. I believe in competition, and I am happy that a third player is on the market as a valid alternative. Coface is a real "Good Credit Insurance Company" that I recommend."*

**Dror Blumenstock**  
CEO - Femina Textile Industries Ltd, Israel



#### ADDITIONAL SERVICES

##### • Factoring

Coface markets factoring solutions in Germany and Poland, providing businesses the means to finance their trade receivables, thereby optimising their cash flow.

##### • Bonds

We also issue bonds for businesses in Germany, Austria, Italy and France. These include market bonds, environmental bonds, bonds for customs and tax authorities or regulated professions, and more.

##### • Business information services and debt recovery

In central European countries, Coface sells business information and debt recovery services to businesses lacking credit insurance.





A woman with blonde hair, wearing a white blouse, is smiling and looking to her left. She is holding a white document or folder. The background is a blurred office environment with other people and large windows. The overall tone is professional and positive.

## OUR BUSINESS CULTURE

# A RESPONSIBLE AND COMMITTED GROUP

For many years, Coface has been committed to social and environmental improvement. In 2003, we signed the UN Global Compact, committing us to using our sphere of influence to support ten principles related to human rights, international labour standards and the fight against corruption. These commitments apply to all the Group's relationships with the business community, and also structure our own human resources policy.

# SUCCESS THROUGH THE COMMITMENT OF MEN AND WOMEN

## SOCIAL COMMITMENTS

**Coface launched a wide-reaching transformation project in 2013 and, relying on the renewed commitment of our workforce, refocused its business around credit insurance. This was a particularly demanding period for its employees. Now there are other challenges to overcome: creating the conditions for renewed growth, pushing for even greater customer satisfaction and reinforcing our ability to innovate...all while continuing to closely manage our costs and risks and to improve our operational efficiency. To achieve these goals, team spirit and professional development are our highest priorities.**

### SHARING A COMMON GOAL

In each of its local entities, Coface applies the same management principles and shares the same structural vision of human resources and the issues it faces. This helps foster a managerial culture of performance and growth in every country and allows us to prepare teams for the work of tomorrow.

Our employees share a sense of pride in the company's areas of expertise and the role their work plays in boosting growth in local and regional economies. Their sense of belonging to an international business with 73 different nationalities is a genuine asset for Coface: we are committed to meeting customers' needs and, more generally, those of all business communities across the world.

It is because of our commitment to a common goal and corporate culture that we were able to start to transform the Group and continue

to anticipate the challenges faced by the market, which are increasingly complex, interconnected and impacted by the transition to the digital age.

The Group is dedicated to developing a quality 'employee value proposition' in each of its entities, to defining management practice and to using organisational dynamics to strengthen its competitive edge. This approach is part of our sustainable growth policy, with trends in employee engagement measured through an opinion poll process.

In the course of 2016, the Group will define in a new strategic plan the resources and actions needed to meet its objectives for the years to come. Coface has three priorities: to continue to closely manage risk and guide clients in adjusting their risk portfolios; to improve operational efficiency, notably by adapting the Group's cost structure; and to create a new commercial momentum.

Internally, this strategic plan should engage all employees, and fully involve them in supporting its initiatives. The plan will also provide the opportunity to embed Coface's values internally, as well as with its customers, partners, shareholders, and all stakeholders. Coface's values, defined after internal concertation, will be coherent with Coface's

As part of our medium-term CSR plan, Coface will be implementing major labour initiatives, such as a new diversity policy that will increase opportunities for all employees.





new ambitions and based on the Group's historical expertise, its employees' sense of responsibility, teamwork and client focus.

#### **DIVERSITY TO BETTER SERVE OUR CUSTOMERS**

Achieving parity between men and women (55% of our workforce are women) is one of our key concerns, and for years we have been promoting internal mobility and looking to give employees greater responsibility. The international governance observatory of publicly-quoted companies, Ethics & Boards, placed us 18th in its 2015 ranking of the Paris stock exchange's SBF120 companies in terms of women's representation. The criteria assessed were the women on Board and in top management positions, as well as policies voluntarily implemented to promote gender diversity.

#### **A REDEFINED INTERNATIONAL MOBILITY POLICY**

With its vast global presence, Coface is focusing on increasing employee mobility and development on an international level, so as to better address the issues related to its worldwide activities. Following the completion

of a comprehensive audit on our workforce and practices, we reviewed our international mobility policy in 2015. New rules were implemented to ensure more effective risk and cost management, and we can now apply these with greater flexibility, allowing us to bolster the Group's development momentum by making it easier for talented employees to relocate internationally.

#### **TRAINING IN OUR PROFESSION**


We believe that ongoing training is an essential tool for developing our staff's technical skills, especially in the areas of underwriting, data handling, debt recovery, back office and litigation. This is why we work to boost our team members' employability, incorporating any new customer requirements as well as economic market trends directly into their training programmes. When possible, our training programmes are delivered using innovative e-learning solutions.

Coface leverages its experts' knowledge by encouraging them to share it with as many co-workers as possible. Our internal experts create e-learning content, circulate it and support our communities of learners, thereby encouraging our business culture to develop rapidly. In 2015, our training focused

 **1,000**

employees  
had sales training  
in 2014-2015



 **22** languages  
for individual online interviews

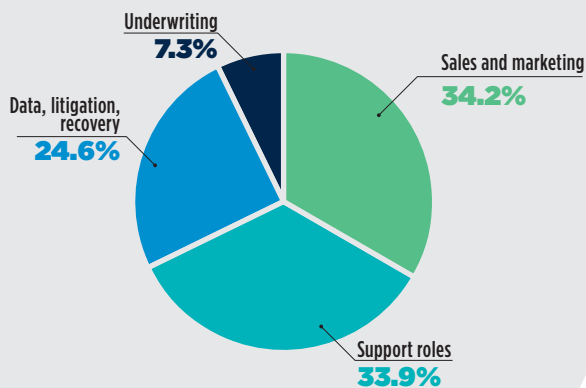
on two key strategic priorities: continued development of sales-skills and the integration of new Solvency II regulations. In 2014 and 2015, we rolled out a large-scale sales techniques programme, Sales Force 1, which was taken by nearly 1,000 employees worldwide and won two silver trophies: one from the internationally renowned Brandon Hall Group, the other from Actions Co in France. All our employees followed another e-learning programme designed to give them an understanding of the impact that Solvency II would have on both the Group and their individual roles.

#### PRECISE PERFORMANCE TRACKING

A yearly review process between all employees and their managers was launched a few years ago in each of our entities, and in 22 languages. It allows us to establish strategic priorities and share a clear set of criteria for employee performance evaluations. This annual campaign is an opportunity for employees to create a dialogue with their managers and set out clear individual objectives for the coming year; founded on shared key strategic priorities for each function. We also carry out a mid-year review to assess each employee's individual objectives.

The responses we obtain during these reviews on employees' performance and hopes for mobility serve as a basis for our 'people review', which we use to identify key roles and high-potential employees, as well as to build succession plans. In 2015 we examined 244 key positions within the Group, focusing on potential succession plans.

#### WORKFORCE BREAKDOWN BY BUSINESS SECTOR IN 2015



#### CONTROLLING RESOURCE MANAGEMENT

Coface uses an online HR reporting tool to gain a detailed overview of our workforce and facilitate our recruitment and internal mobility strategies. It provides an accurate vision of local needs, identifies trends and allows us to manage the Group's overall efficiency and talent.

# AN ENVIRONMENTALLY AWARE WORKFORCE

## ENVIRONMENTAL COMMITMENTS

**As a service provider, Coface's policy in this area is primarily focused on making property management decisions that limit its environmental footprint by reducing greenhouse gas emissions, and consumption of energy and paper. We also aim to encourage waste recycling, especially of IT components and obsolete equipment, and, more generally, to promote employee behaviour that respects the commitments we have made in this area.**

As part of Coface's medium-term CSR plans, we intend to gradually implement energy monitoring operations in all of our entities and identify any investments necessary to ensure optimum energy efficiency.

### ENVIRONMENTALLY SOUND FACILITIES

Environmental issues were one of our key considerations when choosing the Group's French headquarters. These headquarters are NF HQE (*Haute qualité Environnementale* - High Environmental Quality) and BREEAM (BRE Environmental Assessment Method) certified. Our German head office has been given 'Ökoprofit' status for its low energy use.

To limit paper consumption, Coface has gradually implemented a new document printing policy in all its offices: double-sided photocopying and the removal of individual printers. We regularly run awareness campaigns about this issue, encouraging employees to print documents only when needed and to use low-waste page formats when printing on paper. For several years now, Coface has also been committed to sharing only scanned documents with customers when possible, which it does via its range of online tools: CofaNet, CofaMove, Dashboard. Thanks to these measures, our overall consumption has been dropping continually (down around 10% between 2014 and 2015).

### INITIATIVES TO REDUCE OUR ENVIRONMENTAL FOOTPRINT

Coface has introduced various initiatives to reduce its environmental footprint and contribute to the fight against climate change, particularly in the area of greenhouse gases. For example, we keep employee business travel by car, train and plane to a minimum, favouring telephone and video conference calls whenever possible. Rules on company vehicles have gradually been implemented in each of our entities, based on the model introduced in France. Here, we have limited CO<sub>2</sub> emissions to an average of 105 g per vehicle, and since 2015 the new vehicles we bring into service have been even more eco-friendly, with average CO<sub>2</sub> emissions across the fleet of 94 g per kilometre; all of this has allowed us to reduce CO<sub>2</sub> emissions by 15% over the past two years.

As part of its medium-term CSR plan, Coface will name a representative for each region who will be charged with collecting all relevant data available in his or her country.

# A VOCATION TO HELP DRIVE COMPANIES' GROWTH

## CORPORATE SOCIAL COMMITMENTS

**By its very nature, credit insurance helps to develop trade by providing secure business transactions. As a market leader, we strive to offer our customers products designed to meet their specific needs. We have made innovation a strategic focus in our development as illustrated in recent years by the launch of new products or services such as TopLiner, EasyLiner and Coface Global Solutions.**

 **36** countries  
participated in  
Coface Trade Aid  
day in June 2015

### TEAMS TIGHTLY WOVEN INTO THE LOCAL SOCIO-ECONOMIC FABRIC

With teams present in 67 countries, we remain in close contact with local populations and economies. Furthermore, we always strive to employ candidates from the local community, who are trained in credit-insurance related professions and have sound business experience. This approach strengthens our expertise while at the same time enabling the development of local talent, and diversity, which our customers consider important. In addition, we constantly seek ways to support initiatives that help students. Our collaboration with universities and higher education frequently involves Coface employees giving courses, or the Group offering apprenticeship contracts and establishing new partnerships. In 2015, Coface worked with the *Duoc-UC* university in Chile to give a presentation on the fundamentals of credit insurance, organised a seminar in Hong Kong with the French Paris-Dauphine university for a group of students following a programme in 'insurance and risk management', and, in Italy, gave three lectures at the universities of Siena, LUISS in Rome, and Carlo-Cattaneo LIUC in Castellanza.

### EMPLOYEES WHO SHOW SOLIDARITY

In 2004, Coface created *Coface Trade Aid*, a non-profit organisation which promotes charitable initiatives in line with its values; these are put forward by its employees and are run individually or undertaken in partnership with charities. The association's objective is to facilitate trade, particularly between developed and emerging countries, as well as to support initiatives to improve education and promote employment. These allow us to help people who, owing to their economic or social status, would otherwise be prevented from participating in the economy. *Coface Trade Aid* focuses on specific, identified micro-projects in order to monitor and take part in them from start to finish. Projects are chosen according to their impact, effectiveness and scope. The associations' financial transparency, drive and involvement are also key criteria.

### EMPLOYEES WHO CARE ABOUT ETHICS AND COMPLIANCE

*Coface's Code of Business Ethics* highlights the importance for all employees to avoid conflicts of interest. For instance, any employee who is presented with a gift of excessive value, is required - without exception - to declare the gift to his or her Compliance Officer. The code also outlines appropriate business conduct, with particular emphasis on integrity. This includes dealing fairly with customers, avoiding all conflicts of interest, and not using the information in their possession

## FOCUS

**2015: Third Coface global compliance day** organised in Coface's businesses worldwide



against a customer, prospect or contracting third party.

In dealing with its suppliers, Coface has established a set of good buying practices. In 2015, we standardised the terms and general conditions of purchase for supply and service-provision contracts, as well as our calls for tenders, which now include social responsibility and environmental values assessment criteria. Coface has implemented a code of conduct for managing supplier relations, which embodies ethical principles, including those outlined in the United Nations Global Compact.

To combat money laundering and corruption, Coface has deployed tools and procedures in every one of its entities to ensure better control of all risks related to financial security, applicable to all of our employees and clients. In 2015, all our employees were required to take an *e-learning* training course, available in five languages, to help them identify fraud risk and attempted frauds, to combat money laundering and the necessary precautions to take whenever in doubt.

The Group complies fully with the laws and regulations relating to financial security, money laundering, financial crime and the funding of terrorism, regardless of the country in which it is operating. We have, for example, a monitoring and surveillance system for suspect transactions, which is based on customer-awareness procedures (*Know Your Customer*), risk classifications and computerised transaction filtering tools.

Procedures are generally implemented by our international network of Group compliance officers, using a secure intranet and specialised tool for identifying, classifying and monitoring their customer portfolios across all Coface entities.

Coface has systematically implemented each of these procedures in order to exclude any operations deemed suspect and to ensure that it does not insure any companies participating in the manufacture of cluster munitions or anti-personnel mines.

Lastly, all information the Group holds on businesses is stored securely and confidentially. To fulfil this commitment, we are particularly careful in our choice of providers and pay close attention to how our data on policyholders and their clients is stored, as well as to the implementation and respect of standard data-protection regulations (active and passive firewall protections and a business continuity plan).

 **100%**

of our employees  
have been trained  
to identify fraud risks

# SIMPLIFIED INCOME STATEMENT

EXCERPT FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF COFACE SA

<i>(in thousands of euros)</i>	31/12/ 2014*	31/12/2015
<b>Turnover</b>	<b>1,440,536</b>	<b>1,489,530</b>
Gross premiums written	1,242,676	1,269,082
Return premiums and profit-sharing	- 98,309	- 81,497
Change in unearned premiums	- 11,640	- 1,650
<b>Gross premiums earned</b>	<b>1,132,727</b>	<b>1,185,935</b>
Policy fees	124,756	125,550
Net banking income, net of cost of risk	68,577	65,903
Revenues or income from other activities	112,431	107,446
Investment income net of expenses, excluding cost of debt	42,769	53,091
<b>TOTAL REVENUES FROM ORDINARY ACTIVITIES</b>	<b>1,481,259</b>	<b>1,537,925</b>
Claims and benefits expenses	- 538,721	- 605,344
Bank operating expenses, excluding cost of risk	- 11,066	- 14,094
Other expenses	- 47,338	- 44,892
Net reinsurance income or expense	-68,660	- 51,410
Contract acquisition expenses	-262,880	- 274,048
Administration expenses	-269,119	- 269,956
Other current operating expenses	- 74,509	- 81,652
<b>TOTAL ORDINARY INCOME AND EXPENSES</b>	<b>- 1,272,299</b>	<b>-1,341,396</b>
Other operating income and expenses	-9,937	- 4,232
<b>OPERATING INCOME</b>	<b>199,023</b>	<b>192,297</b>
Financing charges	-14,975	-18,491
Share of income from associated companies	2,136	2,157
Income tax	-60,335	- 48,836
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>125,849</b>	<b>127,127</b>
Net income from discounted operations	0	0
<b>CONSOLIDATED NET INCOME</b>	<b>125,849</b>	<b>127,127</b>
Non-controlling interests	-825	- 888
<b>NET INCOME (GROUP SHARE)</b>	<b>125,025</b>	<b>126,239</b>

\* Recalculated according to the IFRIC 21 interpretation.  
2014 results integrated IFRIC 21 are equivalent to those published in 2014.

**CONDENSED CONSOLIDATED BALANCE SHEET**

<i>(in thousands of euros)</i>	<b>31/12/2014*</b>	<b>31/12/2015</b>
<b>ASSETS</b>		
Intangible assets	231,968	224,307
Insurance business investments	2,677,731	2,648,119
Debtors arising from banking and other activities	2,244,262	2,370,902
Investments in associated companies	19,001	20,258
Share of reinsurers and reinsurance companies in liabilities in respect of insurance contracts	329,163	327,986
Other assets	806,282	894,121
Cash and cash equivalents	278,624	396,837
<b>TOTAL ACTIF</b>	<b>6,587,031</b>	<b>6,882,530</b>

<i>(in thousands of euros)</i>	<b>31/12/2014*</b>	<b>31/12/2015</b>
<b>LIABILITIES</b>		
Equity (Group share)	1,717,797	1,760,954
Non-controlling interests	6,737	6,073
Total equity	1,724,534	1,767,027
Provisions for liabilities related to insurance contracts	117,792	114,234
Borrowing	395,123	392,594
Technical liabilities related to insurance contracts	1,472,180	1,514,862
Funds from banking sector operations	2,217,782	2,369,662
Other liabilities	659,620	724,151
<b>TOTAL LIABILITIES</b>	<b>6,587,031</b>	<b>6,882,530</b>



COFACE SA  
1, place Costes et Bellonte  
92270 Bois-Colombes - France  
SA (French limited company) with share capital of €786,241,160  
Trade Commerce Registry n°. Nanterre 432 413 599

**coface**  
FOR SAFER TRADE