REGISTRATION DOCUMENT

2015

Including
the annual
financial repport

coface
FOR SAFER TRADE

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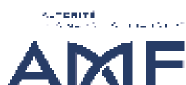
REGISTRATION DOCUMENT

Including the annual financial report

2015



In application of its General Regulations, notably Article 212-23, the French Financial Markets Authority (Autorité des marchés financiers) filed this registration document on April 13, 2016 under number R.16-020. This document may only be used in support of a financial transaction if it is supplemented by a prospectus approved by the French Financial Markets Authority. It was prepared by the issuer and its signatories assume responsibility for it.

It was registered in compliance with the provisions of Article L.621-8-1-I of the French Monetary and Financial Code (Code monétaire et financier) after the French Financial Markets Authority verified that the document was complete and comprehensible, and that the information it contained was consistent. This did not entail the French Financial Markets Authority authenticating the accounting and financial items presented therein.

Copies of the present registration document are available free of charge at COFACE SA, 1, place Costes et Bellonte, 92270 Bois-Colombes, France, as well as on the websites of COFACE SA (www.coface.com).

IMPORTANT INFORMATION – The information contained in this document is a free translation of the French Registration document registered with the French market regulator (AMF) under the visa number R.16-020 and while efforts are made to provide an accurate translation, there may be material errors, omissions, or inaccuracies in the reporting. In no way does Coface assume any responsibility for any investment or other decisions made based upon the information provided on this translation.

OVERVIEW OF COFACE /

The Coface Group is a global leader in credit insurance and a recognised expert in commercial risk management.
It provides businesses worldwide with solutions to protect them against the risk of client insolvency on their domestic and export markets.

4,578
—
employees [(1)]

40,000
—
companies using Coface's services and cover

100
—
countries in which we operate either directly or indirectly

€1 490 M
—
in revenue

€192 M
—
in operating income

€126 M
—
net income unchanged since 2014

—

Ratings AA-, outlook stable by Fitch Ratings et A2, outlook stable by Moody's

(1) *Global scope Registered (active and inactive) employees under an open-ended or fixed term contract (excluding interns, work-study placements, temporary workers, or sub-contractors).*

(in thousands of euros)	AS OF DECEMBER 31 2015	2014 *	2013
Revenue	**1,489,530**	**1,440,536**	**1,440,330**
Gross written premiums	1,269,082	1,242,676	1,206,690
Policyholders' bonuses and rebates	-81,497	-98,309	-75,564
Net change in unearned premium provisions	-1,650	-11,640	-2,583
Gross earned premiums	**1,185,935**	**1,132,727**	**1,128,543**
Fees and commission income	125,550	124,756	123,410
Net banking income, net of cost of risk	65,903	68,577	66,678
Revenue or income from other activities	107,446	112,431	119,167
Investment income, net of management expenses (excluding finance costs)	53,091	42,769	67,516
TOTAL REVENUE AND INCOME FROM ORDINARY ACTIVITIES	**1,537,925**	**1,481,259**	**1,505,313**
Claims expenses	-605,344	-538,721	-576,263
Expenses from banking activities, excluding cost of risk	-14,094	-11,066	-11,884
Expenses from other activities	-44,892	-47,338	-51,884
Income and expenses from ceded reinsurance	-51,410	-68,660	-66,202
Policy acquisition costs	-274,048	-262,880	-256,867
Administrative costs	-269,956	-269,119	-263,891
Other current operating expenses	-81,652	-74,509	-83,112
TOTAL CURRENT INCOME AND EXPENSES	**-1,341,396**	**-1,272,299**	**-1,310,104**
Other operating income and expenses	-4,232	-9,937	1,721
OPERATING INCOME	**192,297**	**199,023**	**196,931**
Finance costs	-18,491	-14,975	-3,035
Share in net income of associates	2,157	2,136	1,493
Income tax	-48,836	-60,335	-67,380
NET INCOME FROM CONTINUING OPERATIONS	**127,127**	**125,849**	**128,008**
Net income/(loss) from discontinued operations	0	0	0
CONSOLIDATED NET INCOME/(LOSS) BEFORE NON-CONTROLLING INTERESTS	**127,127**	**125,849**	**128,008**
Non-controlling interests	-888	-825	-569
NET ATTRIBUTABLE INCOME FOR THE YEAR	**126,239**	**125,025**	**127,439**

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

SIMPLIFIED CONSOLIDATED BALANCE SHEET

(in thousands of euros)	AS OF DECEMBER 31		
	2015	2014 *	2013
Assets			
Intangible assets	224,307	231,968	240,441
Insurance business investments	2,648,119	2,677,731	2,208,633
Receivables arising from banking and other activities	2,370,902	2,244,262	2,120,516
Investments in associates	20,258	19,001	17,621
Reinsurers' share of insurance liabilities	327,986	329,163	347,221
Other assets	894,121	806,282	784,667
Cash and cash equivalents	396,837	278,624	273,920
TOTAL ASSETS	**6,882,530**	**6,587,031**	**5,993,019**

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

(in thousands of euros)	AS OF DECEMBER 31		
	2015	2014 *	2013
Equity and liabilities			
Equity attributable to owners of the parent	1,760,954	1,717,797	1,780,238
Non-controlling interests	6,073	6,737	13,089
Total equity	1,767,027	1,724,534	1,793,327
Provisions for liabilities and charges	114,234	117,792	112,056
Financing liabilities	392,594	395,123	15,133
Liabilities relating to insurance contracts	1,514,862	1,472,180	1,450,499
Payables arising from banking sector activities	2,369,662	2,217,782	2,109,297
Other liabilities	724,151	659,620	512,708
TOTAL EQUITY AND LIABILITIES	**6,882,530**	**6,587,031**	**5,993,019**

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

KEY FIGURES

REVENUE BY BUSINESS LINE AS OF DECEMBER 31, 2015

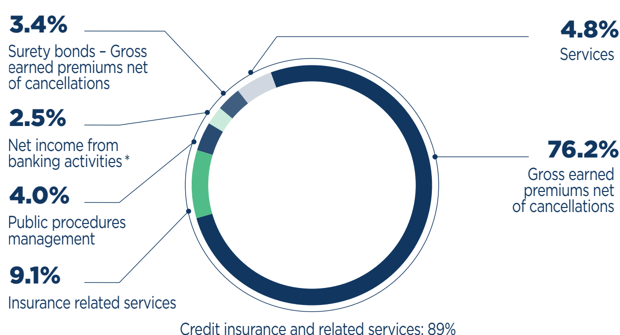
(in thousands of euros)	2015	2014	2013
Credit insurance and related services	**1,331**	**1,275**	**1,269**
Credit insurance – gross earned premiums excluding premiums	1,135	1,078	1,071
Related Services	136	134	133
Public procedures management	60	63	66
Additional Services	**159**	**166**	**171**
Net income from banking activities	71	71	69
Surety bonds – Gross earned premiums net of cancellation	51	54	58
Services	37	41	44
TOTAL	**1,490**	**1,441**	**1,440**

REVENUE BY REGION AS OF DECEMBER 31, 2015* **

(in thousands of euros)	2015	2014	2013
Northern Europe	335	352	367
Western Europe	457	462	469
Central Europe	115	113	110
Mediterranean and Africa	246	227	217
North America	131	114	102
Latin America	84	76	81
Asia-Pacific	121	97	95
TOTAL	**1,490**	**1,441**	**1,440**

* *See details in Note 25.*
** *The composition of the regions was modified on April 11, 2016 and led to certain adjustments.*
Portugal and Spain, which were initially included in Western European, were transferred to the Mediterranean and Africa.
Russia, initially included in Northern Europe, was transferred to Central Europe.

BREAKDOWN OF REVENUE BY BUSINESS LINE 2015



* *Factoring business in Germany and Poland.*

BREAKDOWN OF REVENUE BY REGION 2015

MAIN RATINGS OF THE COFACE GROUP AT MARCH 8, 2016

The Company and some of its subsidiaries are valued by well-known ratings agencies. The Company rating can vary from agency to agency.

At March 8, 2016, the main ratings for the Company and its principal operational subsidiary were as follows:

INSURER FINANCIAL STRENGTH RATING	AGENCY	RATING	OUTLOOK
Compagnie française d'assurance pour le commerce extérieur and its branches	Fitch Moody's	AA- A2	Stable
RATING FOR THE COFACE SA DEBT			
Long-term counterparty risk rating	Fitch Moody's	A+ Baa2	Stable
Subordinated hybrid debt	Fitch Moody's	A- Baa1	Stable
Short-term counterparty risk rating (commercial paper)	Fitch Moody's	F1 P-2	Stable

The ratings shown above can be subject to revision or be withdrawn at any moment by the ratings agencies awarding them. None of these ratings represent an indication of past or future performance of COFACE shares or debt issued by the Company and should not be used as part of an investment decision. The Company is not responsible for the accuracy and reliability of these ratings.

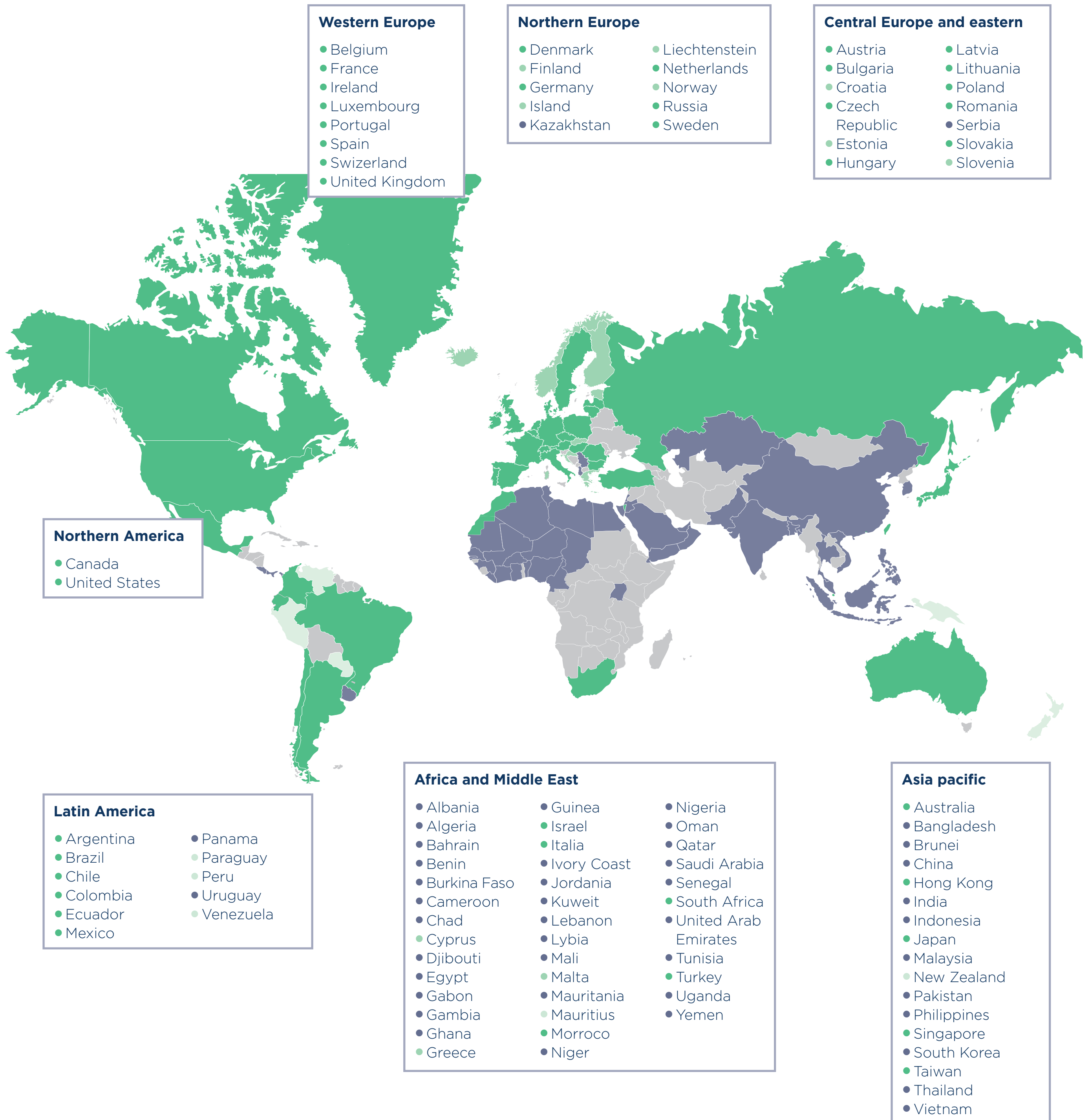
MARKET PROFILE

	2015
Trading	Euronext Paris (compartment A), eligible for deferred settlement service (SRD)
ISIN code	FR0010667147
Reuters code	COFA.PA
Bloomberg code	COFA FP
Stock Market Indexes [(2)]	SBF 120, CAC Mid 60, CAC Mid and Small, CAC All-tradable, CAC Financials, Next 150, MSCI Global Small Cap
Capital	€786,241,160
Number of shares	157,248,232
Market capitalization (retained price as of December 31, 2015: €9.336)	€1,468,069,494
Earnings per share	€0.80
Dividend per share [(1)]	€0.48
Pay-out ratio	60%
Highest price	€11.91
Lowest price	€7.36

(1) Special dividend deducted from "issue premium," subject to the approval of the Annual General Shareholders' Meeting on May 19, 2016.

(2) On March 10, 2016, Euronext announced the withdrawal of Coface from the SMF 120 and CAC Mid 60 indexes and its introduction into the CAC Small index. This change took effect on March 21, 2016.

AVAILABILITY OF THE COFACE GROUP CREDIT INSURANCE OFFER WORLDWIDE

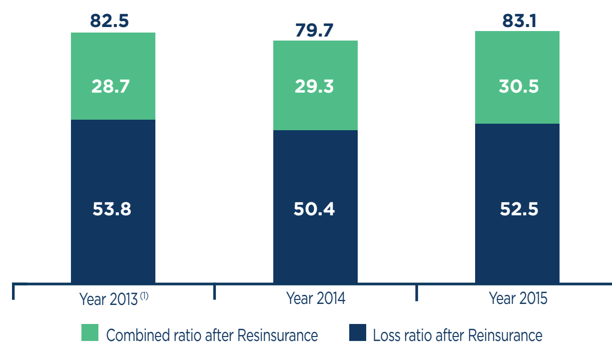


- **Direct:** Coface has a portfolio of licences which allows it to directly issue credit insurance contracts.
- **Freedom of Services:** Coface issue contracts from another European country where it has a licence thanks to the EU principle of free movement of services.
- **Offshore:** Coface occasionally issues contracts from abroad, and according to the conditions of the country concerned.
- **Coface Partner:** Coface may use an insurer that has a licence in the country concerned, which issues the contract and retrocedes all or part of the Coface Group's risks, according to the principle of "fronting".

PERFORMANCE INDICATORS

COMBINED RATIO BEFORE REINSURANCE *(as a %)*

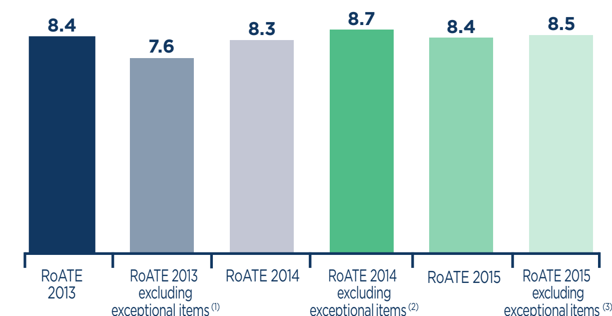
COMBINED RATIO AFTER REINSURANCE *(as a %)*



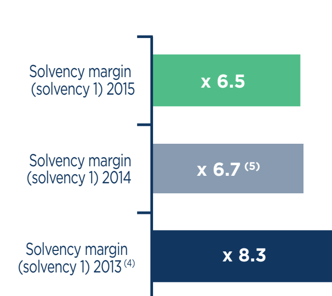
(1) Excluding the Company's relocation costs (-€8.3 million).

These operating ratios and the methodology for calculating them are defined in paragraph 3.3.2 "General presentation – Operating indicators".

ROATE *(as %)*



SOLVENCY MARGIN 1



(1) Net income (Group share) for 2013 restated for relocation costs and gains realised on disposals of financial assets from the establishment of the centralised investment management platform (€115 million).

(2) Net income (Group share) for 2014, restated for "IPO costs" (initial public offer) and other exceptional items (€132 million).

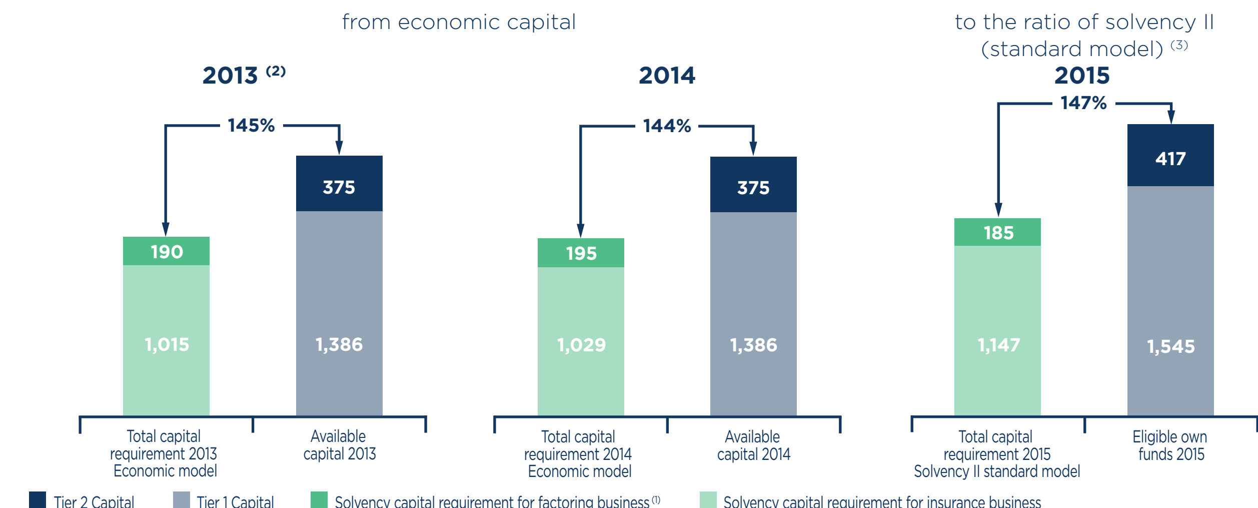
(3) Net income (Group share) restated for other exceptional items (€129 million).

(4) 2013 Solvency margin (Solvency 1) not restated for the hybrid debt.

(5) At the publication of the 2014 registration document, the indicated solvency margin (solvency 1) was 7.1. Restated for the own funds of credit and financial institutions, the coverage ratio would be 6.7 times (see Chapter 3 paragraph 3.5.2 "Solvency of the Group").

Return on average tangible equity (RoATE) computed as: Net income (Group share) (N)/Average Tangible IFRS Equity net of goodwill and intangible (N-1).

SOLVENCY MARGIN II

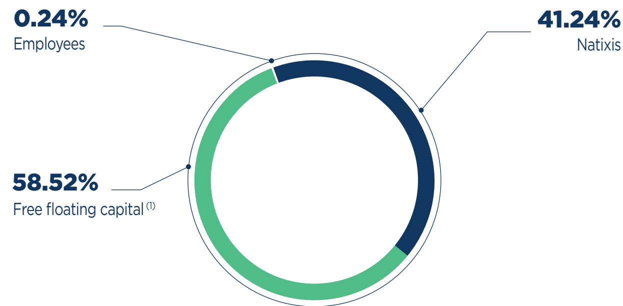


(1) Calculated according to the RWA methodology used by Natixis;

(2) Pro forma of issuance of hybrid debt and special dividends.

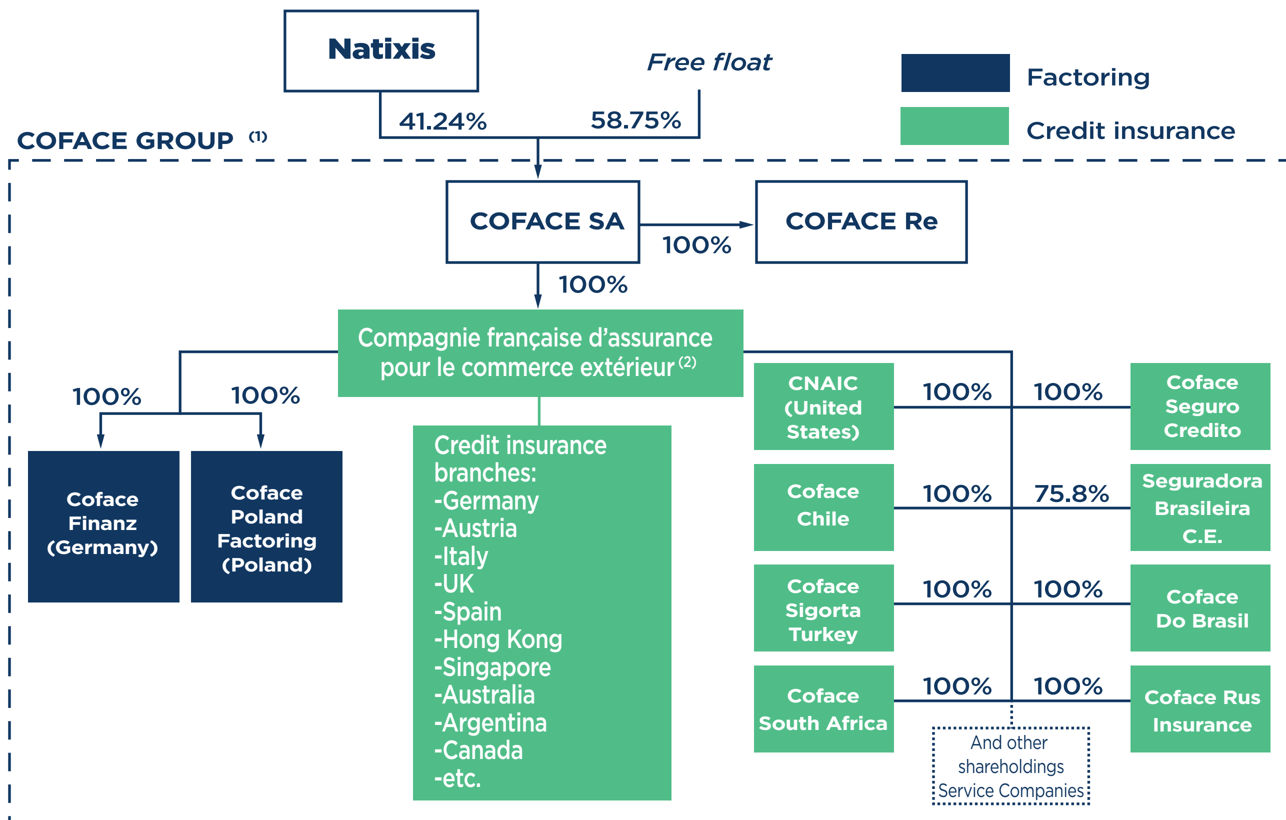
(3) Preliminary calculation. Coface's interpretation of Solvency II.

SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2015



(1) *Including 296,591 shares held in treasury under the share buyback programme, i.e. 0.19% of the capital (of which 0.04% of the liquidity agreement and 0.15% of transactions involving treasury shares).*

SIMPLIFIED ORGANISATIONAL CHART



(1) *The company COFACE SA, is also called the "Company" in this registration document. Unless otherwise stated, references in this document to the "Group" or the "Coface Group" are references to the Company and its subsidiaries, branches and holdings. COFACE SA is the holding company of the Coface Group. As a decision-making and management body, the Company is a non-operational holding company and plays a vital financial role in the Coface Group, performing management, financing and advisory activities for its subsidiaries; it also manages operating activities.*

The chief operating subsidiary of the Coface Group is Compagnie française d'assurance pour le commerce extérieur hereinafter referred to as "La Compagnie", with a net income of €79.1 million for the year ended December 31, 2015. This subsidiary, which is 100% owned by the Company, is a French société anonyme, with a share capital of €137,052,417.05, and registered with the Nanterre Trade and Companies Registry under company number 552 069 791.

La Compagnie is therefore the principal operating company and the principal insurance company of the Coface Group. It also manages public procedures on behalf of and with the guarantee of the French State (see Section 1.2.1.2 "Public Procedures Management"). It also owns the two Coface Group companies authorised to engage in factoring activities: Coface Finanz in Germany and Coface Factoring Poland in Poland (see the list of significant subsidiaries –pages 144-150 and Note 3, Chapter 4).

(2) *The relationship between the patent company and subsidiaries is presented in detail in Note 44.*

PRESENTATION OF THE COFACE GROUP

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1.1 History

1.1.1 HISTORY OF THE COMPANY

COFACE SA ("the Company") is the holding company of the Coface Group ("the Group"). It performs its activities through its primary operating subsidiary, Compagnie française d'assurance pour le commerce extérieur *("la Compagnie"),* and its subsidiaries.

La Compagnie, created by decree in 1946 and established in 1948 to support French foreign commerce, was the source of the Coface Group as it exists today. Its first shareholders – insurance companies, banks and other financial establishments – were primarily controlled by the French State. Following the privatisation of a large number of these companies in the 1980s, the indirect interests of the French State gradually decreased.

In 1994, with the privatisation of SCOR (a result of the privatisation of UAP), its primary shareholder, most of *la Compagnie's* capital became private, but it continued to manage public guarantees on behalf of the French State.

In 2000, *la Compagnie* was listed on the primary market of the Paris Stock Exchange by its shareholders.

In 2002, Natexis Banques Populaires, established through the acquisition by the Caisse Centrale des Banques Populaires of Natexis, the latter resulting from the merger of the Group's two original shareholders (Banque française du commerce extérieur and crédit national), acquired 35.26% of the Company's share capital and became its majority shareholder, owning 54.4% of the share capital.

In 2006, after *la Compagnie* was delisted from the Paris Stock Exchange in 2004, it became a wholly-owned subsidiary of Natixis, the entity born out of the merger between Natexis Banques Populaires and Ixis CIB. Natixis is the financing, management and financial services bank of the BPCE group, one of the primary French banking groups that resulted from the merger of Banques Populaires and Caisses d'Épargne in 2009.

In 2009 and 2010, the Company strengthened its equity through two capital increases, fully subscribed by Natixis, in the respective amounts of €50 million and €175 million, in particular in view of maintaining the Group's solvency within the context of the economic slowdown at that time.

In 2014 (on June 27), the Company launched an IPO on Compartment A of the Euronext Paris regulated market. The offering concerned a total of 91,987,426 shares, *i.e.* 58.65% of its capital and voting rights. Its stock was listed on the SBF 120 [1] I market index on December 22, 2014.

On July 29, 2015, the French State informed the Bpifrance Group that it had decided to transfer the public guarantee management business and had reached an agreement with *la Compagnie* on the terms of this transfer. The amended French Finance Act of December 29, 2015 (No. 2015-1786) specifies that the transfer date will be set by decree, and will occur no later than December 31, 2016 (see paragraph 1.2.1.2 - Management of public procedures).

As of December 31, 2015, Natixis had a total interest of 41.24% in the Company's share capital, with the Group's employees holding 0.24% and the public float representing 58.51% (including 296,591 treasury shares, *i.e.* 0.19% of the share capital, of which 0.04% in liquidity agreement and 0.15% in treasury share transactions).

1.1.2 INTERNATIONAL DEVELOPMENT OF THE COFACE GROUP

The Group, which now sells its products and services in 100 countries, develops through internal and external growth. It adopted an international growth policy throughout the 1990s by acquiring various credit insurance companies, and creating new subsidiaries or branches. These strategic acquisitions of equity interests included those of La Viscontea (an Italian surety insurance and credit insurance company) in 1992, London Bridge Finance (a British finance company offering credit insurance services, whose activity has since been taken over by the Company's local branch, Coface LBF) in 1993, Allgemeine Kredit (a German company providing domestic and export credit insurance solutions) in 1996, Osterreichische Kreditversicherung, the leading Austrian credit insurer, in 1996 and 1997, and lastly, Continental's portfolio in the United States, in 2002. This international development was also based on the creation of the *CreditAlliance* network in 1992, which led to various strategic partnerships, especially in emerging countries (located in Latin America, Asia and Africa). Between 2002 and 2010, the Group was positioned as a multiservice player specialised in trade receivables management.

(1) *On March 10, 2016, Euronext announced the withdrawal of Coface from the SMF 120 and CAC Mid 60 indexes and its introduction into the CAC Small index. This change took effect on March 21, 2016.*

1.1.3 REFOCUSING AROUND ITS CORE BUSINESS, CREDIT INSURANCE, AND PREPARING FOR THE CHALLENGES OF TOMORROW THANKS TO THE 2011-2013 STRATEGIC PLAN (THE STRONG COMMITMENT I PLAN)

In 2011, in order to accompany the refocusing of its activities around its core business, credit insurance, the Group implemented the Strong Commitment I Plan. It accordingly set up 80 structuring actions over a period of two years, to clarify and optimise its business model around credit insurance. This refocusing led the Group to divest all of its non-strategic interests (Coface Services, Kompass, Graydon, Coface Finans A/S Danmark, TKB and Coface Collection North America) or to liquidate them.

Furthermore, within the context of the regulatory developments linked to the implementation of the Solvency II Directive (see paragraph 1.2.6 "Regulatory environment") and the Strong Commitment I Plan, the Group transformed all of its insurance subsidiaries located in the European Union into branch offices, in order to streamline its organisation and to have a single contact for regulatory matters at the European level.

The implementation of this plan addressed three essential concerns: focusing on the fundamental elements of credit insurance, its core business, preparing the conditions for a sustainable and profitable growth model and implementing a structured, flexible and innovation-oriented form of governance.

The primary actions of the Strong Commitment I Plan included:

- the reorganisation of the Group's internal governance thanks to the establishment of a matrix organisation allowing proximity to its policyholders and also providing it with increased responsiveness in the decision-making process (see paragraph 1.3 "Group organisation");
- strengthening of risk analysis, evaluation and control tools (see paragraph 1.3 "Group organisation";
- redeployment of risk underwriting services, much closer to the underlying risks thanks to the creation of 25 new underwriting centres (of which there are now 44) and an organisation by branches of business, the creation of enhanced information centres (of which there are now 46) and of three centres dedicated to the mass processing of tasks generated by the processing of information about Group companies, and the continued harmonisation of its information systems (see paragraph 1.2.1.1 "Credit insurance and related services – Information regarding the solvency of debtors at the heart of the Coface Group's activities");
- harmonisation of the rules of commercial delegation, and a review of the pricing in order to standardise the subscription rules and procedure worldwide, thanks in particular to a common pricing tool, "PEPS" (see paragraph 1.4 "Information systems");
- establishment of product governance to improve the product range offered by the Group and a new segmentation of policyholders, creation of differentiated offers such as Coface Global Solutions, dedicated to multinationals, or TopLiner, supplementary coverage to top up the classic credit insurance (see paragraph 1.2.1.1 "Credit insurance and related services");
- preparation for the implementation of the so-called Solvency II Directive (see paragraph 1.2.6 "Regulatory environment") and the development of an internal model for the Group.

As part of the transformation process under way, in 2013 the Group introduced a new visual identity, a new logo and a new slogan, "Coface for safer trade", the symbol of a new renewed and modernised image. In parallel, in June 2013, it relocated its head office to Bois-Colombes, combining on one site all of its French operations, along with the headquarters' functions.

To continue optimising its operational organisation, enriching its offering and services, and its development, the Group launched a new multi-year business plan in 2014. Structuring actions under implementation are aimed at capitalising on the achievements of the Strong Commitment I Plan and improving them, in particular, by boosting its commercial development (see paragraph 1.2.3 "Coface Group Strategy").

1.2 Presentation of the Group's activities

The Group has been a world leader in the credit insurance sector for nearly 70 years. It offers companies solutions for protecting them, within the context of managing their trade receivables, against the risk of financial default of their debtor clients, both on the domestic and export markets. To that end, it offers:

- credit insurance products and related services (prevention of associated risks, receivables management and debt collection, Single Risk and the management of French public procedures);
- additional services (primarily factoring and surety bonds in certain countries).

The Group generates its consolidated revenue from nearly 40,000 clients, with the average annual consolidated revenue per client being less than €45,000, and does so in very diversified sectors, which allows it to better resist the changes that occur in sector-specific economic cycles.

1.2.1 CREDIT INSURANCE AND MANAGEMENT OF PUBLIC PROCEDURES

Credit insurance has been the Group's core business since it was formed in 1946. With nearly €475 billion in receivables guaranteed as of December 31, 2015, and nearly 40,000 insured companies located in nearly 100 countries, the Group is a world leader in the credit insurance market.

It relies on know-how in information acquisition and the management of information regarding debtors and their economic environment. This know-how is essential for analysing and overseeing debtor risks for both its policyholders and its risk underwriters, who are in charge of assessing these risks. Furthermore, the Group places its expertise in management and debt collection at the service of its policyholders, thanks to a comprehensive range of services.

Through its flagship product, TradeLiner, the Group addresses all types of companies seeking to protect themselves against their debtor risks. It enriches its offerings, within the context of its strategy of innovation, through additional coverage (TopLiner), products or offers intended for a particular client segment (international groups: Coface Global Solutions, or small and medium enterprises: EasyLiner), or specific coverage, in particular through a Single Risk offer, which provides its policyholders with coverage against a commercial or political risk related to a specific project or investment.

La Compagnie also provides public procedures management on behalf of and guaranteed by the French State since 1946. The amended French Finance Act of December 29, 2015 provides for the transfer of this management to a subsidiary of the Bpifrance group, by the end of 2016.

For the financial year ended December 31, 2015, credit insurance products and related services represented revenue of €1,331 million, or 89% of the Group's consolidated revenue. The following table presents the changes in the contribution of this business line to the Group's consolidated revenue during the 2013-2015 period (in millions of euros and as a percentage of the Group's total):

SHARE OF CONSOLIDATED REVENUE	AS OF DECEMBER 31					
	2015		2014		2013	
	(in €m)	*(in %)*	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Credit insurance	**1,331**	**89**	**1,275**	**88**	**1,269**	**88**
including earned premiums net of cancellations	1,135	76	1,078	75	1,071	74
including services related to insurance	136	9	134	9	133	9
including public procedures management	60	4	63	4	66	5

Taking into account a very broad client base, the diversity of business sectors represented and their geographic distribution, the Group does not consider itself to be dependent on particular policyholders. Thus, for the financial year ended December 31, 2015, the most important policyholder represented less than 1% of the Group's consolidated revenue.

The Group, directly present through subsidiaries or branch offices on a geographical area representing nearly 97% of the world gross domestic product, relies on an international network of local partners, and markets its credit insurance solutions and its supplementary services in 100 countries, thus having a presence and geographic footprint on all continents. It considers itself to be one of three global players on the credit insurance market. In particular, in 2014, it considered itself to be the leading player in emerging countries, the second player in North America and in Central Europe and the third in Western and Northern Europe.

1.2.1.1 Credit insurance and related services

Credit insurance mechanism

Credit insurance allows a creditor (the seller/provider), with a term debt held on its debtor (the buyer/client), to ask an insurer to cover the risk of non-payment of the trade receivable, in exchange for the payment of a premium.

It is therefore one of the key hedge instruments for the trade receivables of companies that grant payment terms to their clients, thereby authorising an implicit, generally short-term loan, with the terms even being limited in a regulatory manner in certain countries (for example in France by the so-called "LME" law [1]). The result is a non-payment risk which the credit insurance mechanisms seek to cover.

The following diagram illustrates the typical credit insurance mechanism:

The service offered to the policyholder not only consists in the indemnification of losses sustained, but also in the prevention of claims and assistance in developing a profitable and solvent clientele, in order to prevent loss as much as possible, in the common interests of the policyholder and the insurer. Preventing the risk of non-payment through credit insurance solutions requires collecting pertinent, reliable and up-to-date information about the debtors and their economic environment. The information held by the Group regarding the solvency of the debtors supplements and improves its credit insurance offering by establishing a key element at the time of its policyholders' applications for coverage, and when decisions are made regarding the coverage that is granted on a daily basis by its 333 risk underwriters (see below, the paragraph "Information regarding the solvency of debtors at the centre of the Coface Group's business").

The Group grants complete or partial coverage, which most often globally covers a portfolio of debtors (or a stream of business) of a given policyholder, as opposed to the subscription of an insurance policy, aiming to cover a single debtor risk. It proposes credit insurance policies that are generally entered into for a period of one year, and may be tacitly renewed.

Within the context of these policies, the Group authorises each new debtor that is presented by the policyholder, and establishes, within the credit limit granted, the maximum amount of risks that it is ready to accept for this debtor. It may then reduce or cancel its credit insurance coverage at any time for the future deliveries of goods or services by the policyholder to the debtor concerned, in order to limits its exposure. This reduction or cancellation allows the policyholder to be warned of an increased fear on the part of the Group in terms of said debtor's soundness. Exceptionally, the Group may grant certain policyholders, depending on their expertise, more or less autonomy in setting the credit limits for outstanding amounts not exceeding an amount as established in their credit insurance policy.

In the event that a debt is not paid by the debtor, the Group generally handles the recovery of unpaid receivables, in order to limit the loss and release the policyholder from managing this dispute phase. In this way, the policyholder is able to preserve, as much as possible, its commercial relations with its debtor (unless the policyholder expressly wishes to maintain the power to carry out this recovery itself). The Group conducts negotiations and, if necessary, disputes (before indemnification, within the context of a recovery mandate, after indemnification within the context of a subrogation), to recover the amounts due (see the paragraph "Indemnification of claims and recovery of receivables" below). In the event that these procedures fail, and once a specific period has elapsed in the insurance policy, the Group pays the policyholder a portion (generally 85% to 90%) of the unpaid covered receivable. This risk sharing contributes to the development of a community of interests between the policyholder and the insurer, and encourages prudent risk management. Upon payment of this indemnity, the Group is subrogated in the rights of its policyholder as concerns the portion of the receivable that is indemnified. The debt recovery it implements reduces the total amount of indemnities paid.

By using credit insurance, policyholders secure their margins while insuring themselves against the financial impacts of a payment default, while benefitting from prevention tools and information regarding the solvency of their debtors within the context of managing their credit risks. They also benefit from regular exchanges with the Group's sector and country specialists (see in particular paragraph 1.4 "Information Systems – Main Applications of the Coface Group and Tools provided to its policyholders – CofaNet").

Furthermore, credit insurance facilitates for companies access to solutions for the financing of receivables, in particular within the context of factoring (see paragraph 1.2.2 "Additional Services – Factoring"), by attenuating the risks associated with the financing of commercial receivables, thanks to the coverage provided, the selection of counterparties and evaluation of their solvency, and the associated mechanisms for recovering unpaid receivables.

(1) Law No. 2008-776 of August 4, 2008 on modernisation of the economy.

Products and credit insurance offering of the Coface Group

PRIMARY CREDIT INSURANCE PRODUCTS MARKETED BY THE COFACE GROUP

The Group has refocused and enhanced its offering of solutions, clarifying and adapting it to the specific needs of certain categories of policyholders (such as major multinationals or small and medium enterprises). It is making the offering more attractive thanks to innovative and differentiating products on the credit insurance market.

The Group offers numerous credit insurance solutions; the primary ones are described below.

TradeLiner

The Group launched a new contract, TradeLiner, in June 2015 to gradually replace its Globalliance contract worldwide.

Designed to become its flagship product, TradeLiner is already available in 28 countries and will continue to be rolled out internationally in 2016. It is a flexible offering aimed at addressing the specific requirements and needs of each policyholder thanks, in particular, to multiple versions of the general and special terms and conditions, adaptable to all business types and sizes. In certain countries, the Group has regularly marketed simplified forms of this offer to small and medium enterprises, which generally have a different name but offer comparable services. These simplified offers will be replaced by EasyLiner, the new product launched in 2014 (see paragraph below).

The TradeLiner solution also includes a set of variables and options that can be used to tailor the offering to the needs of each policyholder, based on essential services and related services. Thus, the term of the receivable, the portion covered or even the list of countries covered form part of the essential parameters which must necessarily be defined. A policyholder may also choose to cover its established countries and/or export, to centralise or decentralise management of its policy, to opt for coverage "to the first euro" or for an "excess policy" (in which the policyholder keeps a significant part of the risk and is only compensated when the annual losses exceed a certain amount), to modulate its level of autonomy when making coverage decisions, and to subscribe to "related" services from the Group, such as:

- the "disputed debt" option to obtain an advance on indemnities while awaiting the resolution of a commercial dispute with a client;
- the "pre-shipment" option to cover expenses linked to the manufacturing of a specific good;
- the "pending orders" option to cover orders pending delivery, for example, during a period of three months in the event of a reduction in a credit limit; or
- the "variable waiting period" option, which allows an earlier indemnification date when the policyholder is experiencing cash flow problems as a result of an unpaid receivable.

The combination of the various options aims to allow a tailored response to the policyholder's specifications, regardless of its size, business and nature.

Furthermore, within the context of TradeLiner, the Group places particular emphasis on its risk prevention service (commercial information and debtor assessment tools), which is provided to policyholders through:

- a DRA (debtor risk assessment) communication regarding all debtors of the policyholder portfolio, within the COFANET secure space (see paragraph 1.4 "Information Systems");
- communication of a global risk indicator (the WAP – Weighted Assessment of Portfolio); or
- access to the Group's Risk Underwriting Department, which is organised by business sector.

TradeLiner therefore offers a larger choice of options, allows the Group to offer a consistent product worldwide and better management of contracts and available covers.

TopLiner

Reserved for businesses that have subscribed a Globalliance or TradeLiner contract, the TopLiner offer is additional coverage designed for cases where, for a given debtor, the policyholder was not covered at all or obtained coverage for an amount lower than requested. In this case, the premium collected by the Group, which is naturally higher because it covers a risk deemed to be more difficult, depends on the risk assessment made by experts, for the insured amount (which may be between €5,000 and €5 million) and the desired duration of coverage (likely to vary between 30 and 90 days).

This product is generally subscribed by policyholders who wish to cover a priority development project. It allows such policyholders to receive assistance in their decision-making processes, when the Group has refused to grant them coverage for a given counterparty. This offer thus facilitates the commercial relations with the Group's policyholders in the event that coverage of some of their commercial projects is denied.

This commercial offer, which has not yet been rolled out in all countries of the Group, generated €12 million in consolidated revenue for the financial year ended December 31, 2013, €19 million in 2014 and €18 million in 2015. The roll-out is set to continue in certain countries which require products to be registered or where the Group uses a local insurer (fronter) to issue contracts (see paragraph 1.2.1.1 "Credit insurance and related services – A multi-channel sales network strengthened by a large network of partners and business contributors").

EasyLiner

EasyLiner, launched in 2014, is a range of products which falls within an offering for small and medium enterprises (SMEs), which are often unfamiliar with the mechanisms and benefits of credit insurance solutions.

This offer aims to propose on a large scale, credit insurance solutions which are best suited to the world of SMEs (more concentrated drafting of insurance policies, management of coverage and of the simplified policy), through an Internet portal which allows the Group's prospects to access and subscribe to the offering online.

EasyLiner falls within the Group's multi-channel distribution process, allowing for direct distribution through brokers, or even in cooperation with its extended network of non-

specialised partners and distributors (see paragraph 1.2.1.1 "Credit insurance and related services – Sales and partnership network"), developing a more expansive method of distribution, for Coface or a custom brand.

This offering was available in 28 countries in late 2015, and should continue to be rolled out in 2016.

Globalliance Projects Cover

The Globalliance Projects Cover offer allows suppliers of equipment and/or service providers to provide coverage for a group of specific operations throughout a year, with an amount of between €100,000 and €5 million. Under this coverage, policyholders are, according to the operation in question, protected against payment defaults that are commercial or political in origin for their sales of equipment or the provision of services, for the risks of credit, manufacturing (for coverage of expenses linked to the manufacturing of a specific good) or the abusive call of security.

This coverage takes effect upon the effective date of the contract, and responds to a promise of coverage which is valid for four months and renewable insofar as a commercial negotiation is pending. Thanks to this promise, policyholders can serenely engage with their debtors and integrate the estimated cost of the premium into their commercial offers.

The Group plans to renew this offer in 2016, in particular to make it consistent with the terms of the TradeLiner contract.

Single Risk

The offering of Single Risk coverage is intended for companies and financial institutions that are exposed to commercial and political risks, and in connection with operations that are time-specific, complex, for a high amount (generally greater than €5 million) and for which the credit term is between 12 months and seven years. It gives policyholders coverage against a risk linked to an investment or particular market, in comparison to credit insurance products, which cover insureds against payment default risks for the entirety of their revenue (whole turnover policies).

The offering provides subscribers with four types of coverage: export and domestic coverage, import coverage, financing coverage, and coverage against political risk for investment operations. Each operation is the subject of a specific contractual study by Group experts.

These contracts, which are managed by a team of experts and dedicated risk underwriters within the Group's Risk Underwriting Department, are intended for businesses that export, import or invest abroad, and provide coverage for:

- export and domestic operations on equipment, infrastructure, the provision of services, in the sector of construction and public works, raw materials and energy;
- import operations within the framework of business operations: prefinancing, tolling contracts and compensation related in particular to the non-delivery of products or to the termination of contracts;
- financing operations on prefinancing, financial credits, confirmations of letters of credit, forfaiting, project financing and sales-type leases;
- political risk for investment operations: coverage of risks linked to foreign assets, which could be the target of varied kinds of governmental decisions or actions, in particular in emerging countries (confiscation, expropriation, nationalisation, forced abandonment), but also of damage due to strikes, riots, civil unrest, acts of terrorism or even wars.

COFACE GLOBAL SOLUTIONS, A STRUCTURE DEDICATED TO MAJOR INTERNATIONAL ACCOUNTS

Coface Global Solutions (the "CGS Offering") is an offering dedicated to the management of major international policyholders which are present in at least two countries, and for which the insured revenue (or that proposed for insurance) is greater than €250 million. By relying on the operational entities of the Group, it enables coordination and, based in particular on the Globalliance product, structuring of the credit insurance of major international policyholders on a worldwide scale, by seeking to secure their commercial development internationally and allowing them to optimise their operational performance thanks to credit management tools for their head office and subsidiaries.

This offering relies on a world organisation which offers these multinational companies services, management and control tools tailored to their own issues (geographic fragmentation, multi-currency risks, consolidation of buyers credits, aggregates, etc.). It is organised according to the Group's seven geographic regions (Central Europe, Western Europe, Northern Europe, Mediterranean & Africa, North America, Latin America and Asia-Pacific), each organised around three functions: sales, client relations and risk underwriting. CGS central management (integrated with the sales department of the Group) provides worldwide coordination, quality standards control and management of this business line.

Thanks to this CGS offering, policyholders have a dedicated Program Leader, in charge of coordinating all the services made available to them by the Group: the services rendered by senior risk underwriters specialised by business sector, a set of tools for managing their credit insurance and accessing the full expertise of the Group's international network, in particular a worldwide database offering information on 80 million debtors, as well as the CGS dashboard, a platform allowing them to analyse their debtors' risks online. This dashboard in particular aims to better understand the global impact of receivables on policyholders' balance sheets, to provide a detailed analysis of their credit risk and a consolidated follow-up on the claims declared, by identifying and analysing trends. It also provides an overall vision of the quality of services that the Group provides to each of its subsidiaries.

The Group plans to align this offering with TradeLiner in 2016, with the launch of GlobaLiner, a TradeLiner version specifically designed to address the needs of this business segment.

PRICING OF CREDIT INSURANCE OFFERS

The amount of premiums is set according to, on the one hand, the loss experience that is statistically noted for a population of policyholders which have similar characteristics and, on the other hand, the actual loss experience of the policyholder in question. The result is transformed into a premium expressed as a percentage of the estimated revenue, the outstanding credit risk amount, or the credit limit amount, all three depending on the revenue of the policyholder. Accordingly, the total premium volume depends on the total volume of sales actually achieved by the policyholder, although a fixed minimum amount of premium is always stipulated in the Group's insurances policies contracts. This minimum premium amount is determined at the signing of the contract, on the basis of an estimated volume of sales. Final premium amount is calculated at the end of the year according to actual policyholder's revenue. It is revised when the policy is renewed, generally annually. The revised amount is calculated according to the effective loss experience and the quality of the risk generated by this policy at the time of the renewal. Furthermore, certain policies provide for mechanisms to share benefits, in order to encourage insured companies to monitor the quality of their clients. Some additional services, which are in particular related to the debtors solvency monitoring, are also included in an invoice.

Pricing is an essential element of the Group's commercial policy, in particular at the time of contact between its salespeople and policyholders or prospective ones. The pricing of credit insurance product offers operated by a portion of the Group's commercial teams (commercial underwriting) is managed separately from risk underwriting, which is carried out by the risk underwriters (see the paragraph: "Risk underwriting implemented according to a harmonised process").

Within the context of its Strong Commitment I Plan, the Group has converged its tools towards a single pricing system, which benefits from consistent, multi-disciplinary support, in particular thanks to the contribution of the risk underwriters, economic research and commercial teams, under the control of the Actuarial Department. Within the context of the Strong Commitment I Plan, emphasis has also been placed on a more dynamic management of the pricing of fee and commission income.

This pricing tool, PEPS (Past and Expected Profitability System), now common to all entities of the Group worldwide, facilitates the underwriting and control of the Group's pricing policy. Roll-out was completed in 2013, and the short-term credit insurance has been entirely underwritten in this tool since 2014.

PEPS is able to provide its users with a Risk Weighted Exposure, or "RWE", and to calculate the Expected Annual Premium, or "EAP". It allows risks to be covered for a given policyholder or prospective client, likewise taking into account their respective historic payment defaults, creating pricing projects by using simulation tools and formulating pricing proposals to the policyholder or prospective policyholder. Once all of the data is integrated (identity of the company, debtor information, portfolio, payment default suffered in recent years and contract conditions), PEPS calculates the minimum premium to be proposed to the policyholder or prospective policyholder, which is comprised of the estimated claims, expenses and sales margin expected by the Group.

On a methodological level, PEPS anticipates outstanding payments expected by the analysis of the debtors' portfolio at the time of pricing calculation.

More generally, the pricing method and the tools used by the entities of the Group allow the prices to be adjusted through consideration of multiple elements, within the context of contract renewals. The individual evaluation of the debtors of a policyholder's portfolio (credit risk trends, type of clientele developed by the policyholder, etc.) impacts the RWE calculated in PEPS, and thus the cost of the risk calculated by the tool. The evaluation also takes into account a temporary worsening of the sector, as well as global economic trends, and its impact on the loss experience in credit insurance. Alongside these adjustments, which are inherent to the pricing model used and which benefit from the monitoring of micro and macroeconomic risks of the Group, a pricing Governance Committee ends up deciding on sector-specific adjustments for certain countries, which are intended to reflect certain trends which have been detected by the Group's analysts, for which there is an expected positive or negative impact on the receivables covered. These adjustments are notably used when an abrupt shift is expected for a given sector, which justifies an advance adjustment (before statistical recording).

The Single Risk coverage, due to its specific features (generally higher amount, types of risks covered and longer duration) is the subject of a different pricing by a dedicated team which performs a country risk assessment of the country concerned, the operation covered as such, according to the type of coverage underwritten and, where applicable, the quality of the contractual counterparty.

A multi-channel sales network strengthened by a large network of partners and business contributors

In order to market and distribute its credit insurance products and additional services, the Group uses numerous distribution channels, which vary according to the specific nature of each of the local markets on which it is present. Its sales department supervises the control of direct sales on an international level, as well as that of indirect sales made through its network of partners, which notably has 68 sales partners who issue contracts (fronters), such as PingAn, Axa, Nexi, EDC, Activa International Insurance, Seguros Mundial, ICIEC or Sancor Seguros, as well as the business contributor sales partners.

The following diagram illustrates this model of multi-channel distribution of the Group's service offerings (the breakdown between direct and intermediated distribution is expressed as a portion of the total premiums collected):

These distribution channels include the Group's own sales teams, which are comprised, as of December 31, 2015, of approximately 1,329 sales representatives worldwide (excluding guarantees managed on behalf of the French State), as well as a large network of partners. The Group's direct sales force also includes exclusive agents who distribute its policies, due to the specific characteristics of the distribution network in certain countries, such as the United States and Italy.

In addition to using specialised credit insurance brokers, the Group relies on banking partners and general insurers to distribute its products. Lastly, the fronters, who can also participate as business contributors, are partner insurers who issue insurance policies on behalf of the Group in countries where it does not have a licence. The Group may call upon the fronters to facilitate an initial establishment in a new country, thereby limiting the necessary investment, which was the case in Colombia until the Group became directly established there in early 2014. In exchange, it reinsures the risks incurred by the fronters.

With its partner network, of which a significant portion are members of the Coface Partner network (www.partner.coface.com), the Group provides assistance to its policyholders in countries in which it has no direct commercial presence or specific licence. In this way, it is able to market its offers there and to enrich its knowledge of these markets.

Created in 1992 at the initiative of the Group, and previously called CreditAlliance, the Coface Partner network has been reorganised since January 2014 in order to increase sales potential.

It now combines private businesses and public institutions worldwide in the exclusive sector of credit insurance with two major objectives for the Group:

- increase, facilitate and guarantee commercial exchanges by supporting both the exchange of information between members as well as its know-how;
- develop a portfolio of credit insurance products and supplementary services with its participation.

It supplements and strengthens the internal network of the Group by expanding the geographical coverage of its services. Its members provide their knowledge of the local economic fabric, which is implemented according to the practices and using the IT tools of the Coface Group.

Exchanges within the Coface Partner network notably concern marketing and sales techniques for credit insurance products, with experience sharing to strengthen the effectiveness of the sales methods and provide an impetus for partners in their credit insurance investment.

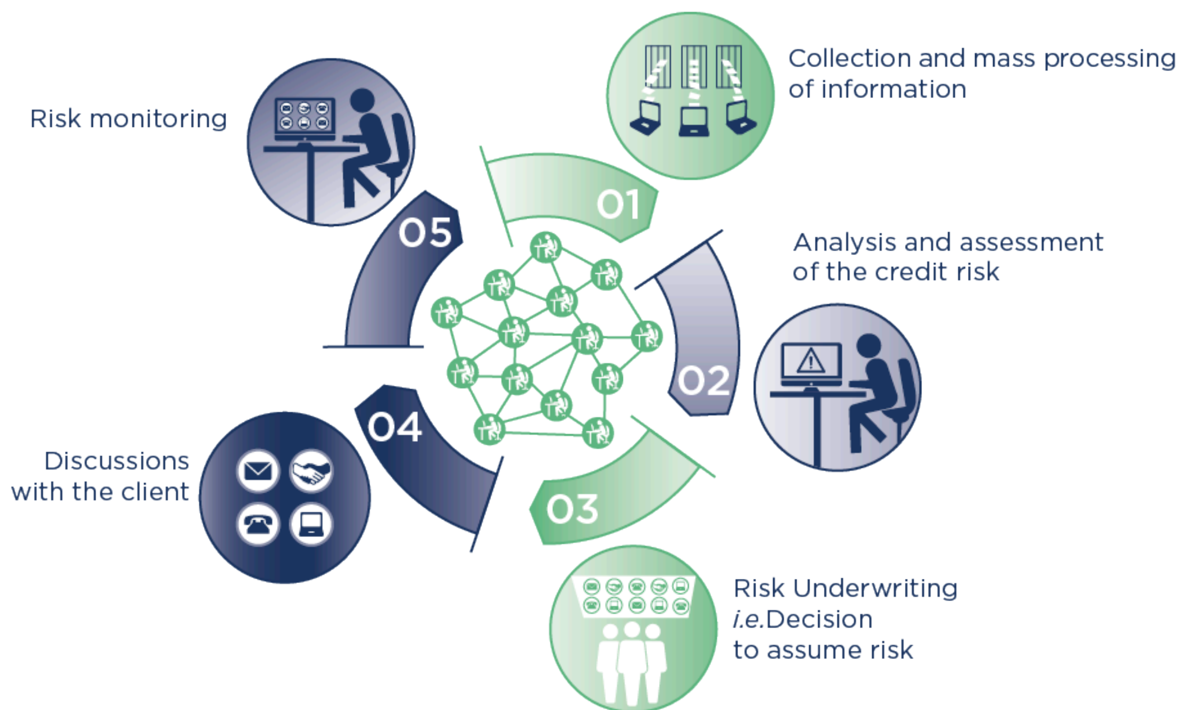
Information regarding the solvency of debtors at the core of the Coface Group's business

The Group's business essentially consists of the sale of coverage or services relying on the acquisition and management of pertinent, reliable and up-to-date information on debtors and their environment.

The Group operates a network of 50 centres dedicated to collecting financial information on more than 80 million debtors worldwide, for the processing and analysis of information and debtor risks.

Information is a key element in each stage of tracking the risks within the Group, and is compiled within its ATLAS database (see paragraph 1.4 "Information Systems – ATLAS" below). It is first collected, particularly from external providers, for initial administrative processing. It is then analysed by the Group's team of 330 credit analysts in view of evaluating debtors according to a scale which is common to the Group as a whole ("Debtor Risk Assessment", or DRA), on which the risk underwriters rely to decide on the amount of risk which will be underwritten for each policyholder. Lastly, this information which is collected, analysed and used by the Group is updated regularly to allow tracking of debtor risks. All of the Group's businesses moreover rely on EASY, its unique debtor identification database which facilitates communication between the Group and its partners and clients (see paragraph 1.4 "Information Systems – EASY" below).

The following diagram illustrates the central place of information for the Group's activities.



The collection, operation and preservation of reliable, updated and secure information constitutes a major issue for the Group, in order to:

- control its pricing policy and enrich the quality of its credit insurance offerings (see paragraph 1.2.1.1 "Credit insurance and related services – Pricing of credit insurance offers");
- obtain, in particular at the local level thanks to its close proximity to the risk, micro-economic information on the debtors and their economic environment, in order to make the underwriting decisions of underwriters secure within the context of its risk management policy, and to do so while offering its policyholders a debtor risk-tracking solution;
- facilitate its management activity and the recovery of receivables.

Incidentally, this policy allows the Group to obtain macroeconomic information, which is analysed by the teams of the Economic Research Department, which includes 16 economists, 12 of whom are based in Western Europe (Paris) and 4 work in other regions of the Group to provide local coverage. These economists have internal production objectives for the Group's businesses, and externally for policyholders and the public (journalists, academics, prospective clients, banks, brokers, partners, etc.). External production essentially takes the form of "panoramas", which are published on its website (www.coface.com), the purpose of which is to help businesses evaluate and prevent risks, and to make their decisions using the most pertinent, the most secure and the most recent information.

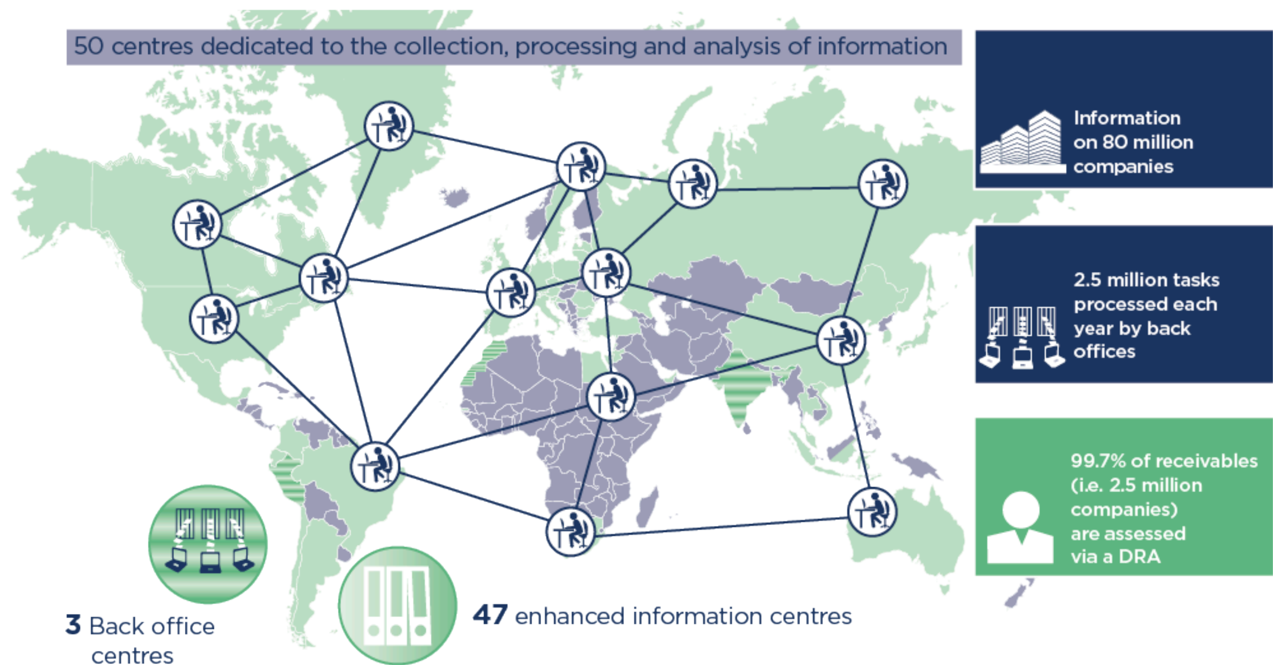
Several types of panoramas are published:

- the "country" panoramas, relating to the average level of risk within the context of short-term commercial transactions in a given country;
- the "country risk" panoramas, which offer the possibility of consulting in detail each quarter changes to country assessments, the analyses and forecasts of the Group's Economic Research Department;
- the "sector-specific" panoramas, which address temporary outlooks, the average financial position of businesses of the sector and payment behaviours;
- the "business defaults" panoramas, which address the failures of businesses by sector and geographic zone, or "the business environment in a country", which in particular analyse the reliability of accounts and the level of protection granted to creditors by the legal system.

Within the context of the implementation of the Strong Commitment I Plan, the Group is reorganising and simplifying its information network, in order to optimise and strengthen the collection and quality of its databases, and to have information that is increasingly pertinent and up-to-date. In particular, it is systematically reviewing the sources of intelligence gathered in each country, strengthening the automation of information flows and segmenting its needs according to the level and quality of risks.

This reorganisation has led to a centralisation of work with low added value (management of administrative tasks linked to so-called "mass" information flows) at the level of three shared services centres (Peru, India and Morocco) and to the creation and roll-out of 47 so-called "enhanced" information centres.

The following diagram illustrates the network of information on businesses of the Coface Group.



The teams of these "enhanced" information centres and their teams are focused on tasks with the strongest added-value and provide Group risk underwriters with in-depth analyses on the debtors with an outstanding amount or a high risk profile. They supplement the available information on the market, through interviews with business managers, debtors' visits, contacts with local banks, seeking and obtaining intermediary financial positions, specific or confidential financial information, DRA ("Debtor Risk Assessment") productions, etc. They thus provide essential support to the Group's risk underwriters, allowing them to make the decisions that are best suited to the needs of policyholders, in accordance with the risk limits set by the Group.

Risk underwriting implemented according to a harmonised process

The Group has established a harmonised process for all of its risk underwriters located in 44 countries, in order to strengthen and secure the management of risks attached to its various activities. The risk underwriting decision is by default made by the risk underwriter of the debtor's country, who is best placed to know the local economic environment. Where applicable, the risk underwriter is able to adjust this initial decision upward or downward, because it is the best way to determine the commercial or strategic context of the policyholder. This organisation allows debtor and policyholder proximity to be combined, including for major export transactions.

The risk underwriting decisions relating to Single Risk coverage are made by a dedicated team within the Group's Risk Underwriting Department.

To make their decisions, risk underwriters rely on the information collected, which is then analysed internally by the DRA, the drafting and updating of which are carried out according to the quality of the debtor. The DRA takes into account several criteria, such as financial soundness, profitability and solvency of the debtor, and also incorporates environmental factors, or even the quality of management of the business. Ultimately, it takes the form of an evaluation on a scale from 0 (businesses in default) to 10 (best possible evaluation).

Lastly, with the Weighted Assessment of Portfolio (WAP), the risk underwriters have a simple and immediate indicator at their disposal which measures the average quality of the debtor portfolio of an insured company. The WAP corresponds to the average DRA, weighted by the covered amounts of each debtor, which allows the risk underwriter to have a global view of the portfolio of debtors of a policyholder or country. Presented on a scale that is identical to that of the DRA, it is likewise made available to policyholders.

Risk underwriters work in real time and in a network, thanks to the ATLAS risk centralisation system, an IT tool for underwriting and managing risks for all entities of the Group.

As a database essentially dedicated to the production of credit limits granted to debtors, ATLAS incorporates all functions necessary to credit limit underwriting and monitoring (receipt of a request for credit limit cover, automatic or manual underwriting, management and follow-up of the risk covered, as well as outstanding amounts and portfolios).

It offers global risk management: all types of risks are integrated; outstanding amounts are managed and easily viewed. The quality of Group-level reporting and control procedures are improved. This tool is accessible 24/7, excluding periods of scheduled maintenance. In all, approximately 10,000 risk underwriting decisions are made each day.

Risk underwriters have no sales objective for the Group's products and services, and their compensation is in no way linked to their commercial success. This is to ensure an impartial application of the Group's policies in terms of risk management. Furthermore, risk underwriters have no stake in the commercial pricing of the products and services.

Risk underwriters have underwriting delegations (from €100 thousand to €7.5 million), according to their appraisal, seniority and expertise. They are compelled, above €7.5 million, to abide by a double signature procedure for decisions up to €20 million for the regional level. Decisions relating to coverage greater than €20 million, or which is particularly sensitive, are validated by the Group Risk Underwriting Department. The history of decisions and compliance with the levels of underwriting delegation, which are strictly limited and secured, are entirely traceable in ATLAS.

Indemnification of claims and recovery of receivables

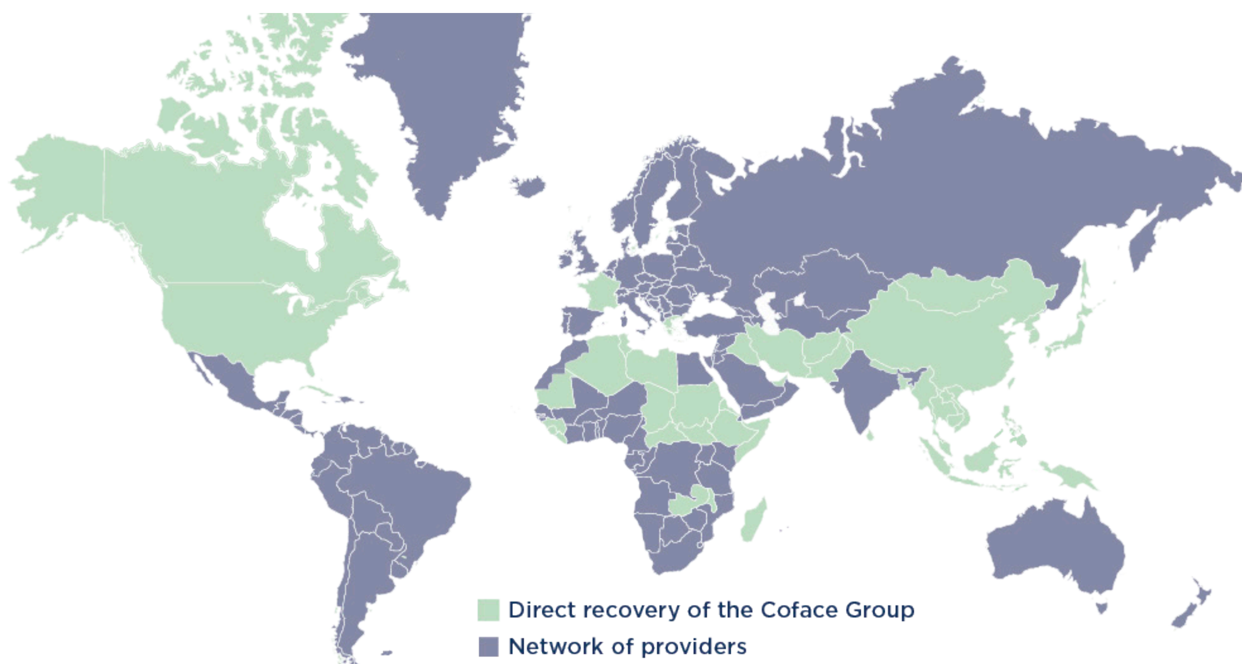
Faced with the threat of a payment default, or if a payment default has been recorded, the policyholder makes a declaration to the Group. Following this declaration, within the context of the underwritten policies, the latter intervenes to ensure the tracking, management and recovery of the unpaid trade receivable, either before indemnification by means of the "litigation mandate" (which is provided by the policyholder within the context of its credit insurance policy), or upon indemnification within the context of the subrogation mechanism, the insurer being thus subrogated in the rights of its policyholder.

The indemnification of claims and the recovery of receivables are two essential activities of credit insurance. Policyholders expect responsiveness and efficacy from their insurer in managing their outstanding receivables. Internally, the effectiveness of the recovery has a direct impact on the Group's loss ratio, the increase of one point in the recovery rate representing nearly €8 million in recovered receivables, which has an immediate effect on its results and improves its loss ratio. For the financial years ended December 31, 2013, 2014 and 2015, the Group's overall recovery rate, including insolvency and pending cases, totalled 35%, 36.5% and 35% respectively. In conformity with its strategic guidelines, as notably presented in paragraph 1.2.3 "Coface Group Strategy", the Group intends to improve its recovery rates through the ongoing adjustment of the techniques used and the contributing network of local providers, notably in the regions of the Mediterranean & Africa, Latin America and Asia-Pacific.

It thus offers its policyholders a full range of services relating to receivables management (recovery of domestic or internal receivables from third parties and statistical analyses on recoverability).

The indemnification and recovery network in charge of covering more than 200 countries, is comprised of 411 employees (of which 185 employees working from 39 countries), in charge of analysing payment requests, and 226 employees in charge of recovery who rely on DCON, an IT tool for entering and recovering all outstanding payments reported by policyholders (see paragraph 1.4 "IT Systems – DCON" below). It is supplemented by an external network of 32 collection companies and 185 attorneys' offices which support the Group's teams, in order to either assume the entire recovery process (*i.e.* approximately 40,000 files in 2015), or intervene in support of the internal teams, and at all stages of the recovery process.

The map below illustrates the Group's indemnification and recovery network as of December 31, 2015:



The Group teams in charge of recovery try to establish direct contact with the debtor (within 24 hours, as rapid contact increases their chances for successful recovery) in order to initiate an amicable recovery process. However, if these measures do not succeed, the Group takes the required procedures using its network of attorneys.

Its receivables management and recovery services also use the information on corporate solvency that it collects. Indeed, having this type of good information, as soon as the file is transmitted by the policyholder, increases the chances for recovery as the teams are able to set up the most suitable recovery strategy. Conversely, the information obtained concerning outstanding payments, thanks to the receivables management service, enriches the informational bases of the Group and increases the quality of the credit insurance coverage offered to its policyholders. The Group has established a standardised system of monthly indicators on the recovery rate, which has allowed the practices between the various regions of its indemnification and recovery network to be standardised. This standardisation is of particular importance to the extent that it guarantees an assessment according to the same criteria at the global level, and allows the Group to track this performance globally, country by country.

1.2.1.2 Public procedures management

La Compagnie has managed coverage of risks that are not insurable by the private market since 1946 on behalf of and with the guarantee of the French State, in an effort to assist, support and secure French exports, in particular those financed in the medium and long terms, as well as French investments abroad. For the financial year ended December 31, 2015, these services represented an amount of €60 million, or approximately 4% of the Group's consolidated revenue.

The following table presents the changes in the contribution of these services to the Group's consolidated revenue during the 2013-2015 period (in millions of euros and as a percentage of the Group's total).

	AS OF DECEMBER 31					
	2015		2014		2013	
SHARE OF CONSOLIDATED REVENUE	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Public procedures management	60	4.0	63	4.4	66	4.6

Until June 30, 2014, the SBCE subsidiary managed the coverage of risks not insurable by the private market for the Brazilian government. The agreement entered into between the Brazilian government and SBCE was not renewed on June 30, 2014 and this activity was transferred back to the Brazilian government as of July 1, 2014. This activity generated €5.6 million in revenue as at December 31, 2013 and €2.6 million as at June 30, 2014, after which this activity ceased.

This activity does not present insurance risks for the Group, as the risks are assumed by the State. All of the financial flows relating to public coverage (premiums, indemnities, remittances) are included in a distinct accounting entry in the financial statements of *la Compagnie*. The premiums and remittances collected by it are directly on behalf of the French State. The indemnities are paid by *la Compagnie* from the same account. The terms and conditions for management of this coverage and its compensation are set within the context of an agreement linking *la Compagnie* to the French State.

The various insurance offered on behalf of and with the guarantee of the French State

The various coverage managed by *la Compagnie* within the context established by the French State allows businesses to be assisted throughout their export process:

- prospection insurance simultaneously covers insurance against a loss suffered in the event of commercial failure, and liquidity support. It assumes a portion of the non-recurring prospection fees incurred by the policyholder;
- exporter risk insurance covers the issuers of bank guarantees, as well as the banks that provide prefinancing for exporters against the risk of non-reimbursement by the exporter;
- export credit insurance covers the exporter and/or its banker against certain specific risks upon entering into contracts for the export of goods and/or services, accompanied by long terms of performance and/or credit of more than two years;
- exchange insurance offers solutions for safer foreign currency export operations to allow an export company to propose offers and/or enter into a contract in a foreign currency without exposure to exchange rate fluctuations, from the commercial negotiation stage through the payment term of the contract;
- foreign investment insurance covers French businesses that make investments abroad and the banks that finance them against risks of rifling and/or destruction that are political in origin.

Context of intervention

After having processed the coverage applications that are directly sent to it, *la Compagnie* makes a coverage proposal to the French Export Credit and Guarantee Commission (Commission des garanties et du crédit au commerce extérieur) (ministry of Economy and Finance), which decides how to process them. *La Compagnie,* nevertheless, has delegations to provide coverage for certain applications, depending on the amount of the transaction, the credit term or even the premium category. It issues insurance contracts in its own name, based on the decision made by itself (within the context of its delegations) or the administration, and assumes the management of its insurance contracts (risk monitoring, establishment of riders, processing of payment requests, recovery of outstanding receivables, management of debt consolidations, etc.).

The distribution of insurance products managed on behalf of the French State is directly carried out by a dedicated internal team which is separate from that working on the Group's own products.

Transfer of public procedures management

On February 23, 2015, the French State announced that it was considering making changes to the management by *la Compagnie* of the public guarantee scheme for exports. On July 29, it announced that it had decided to proceed with this transfer and that it had reached an agreement

with *la Compagnie* on the terms of said transfer. The agreement entails an offset of €89.7 million before tax, net of transferred liabilities, estimated at €12.5 million, at the end of December 2014. *La Compagnie* will continue to be paid by the French State until the effective transfer of this business line. The Bpifrance group is currently preparing to receive this transfer, expected to occur on an unspecified date. Lastly, according to the amended French Finance Act of December 29, 2015 (No. 2015-1786), the transfer date will be set by decree, and will occur no later than December 31, 2016.

1.2.2 ADDITIONAL SERVICES

In addition to its credit insurance offers, the Group markets a set of services to supplement its debt risk management offering.

1.2.2.1 Factoring

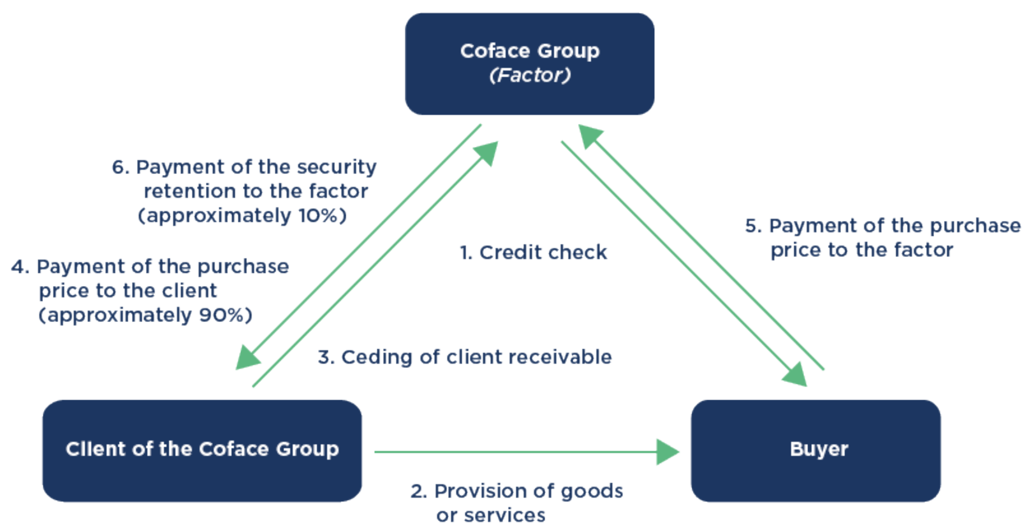
The Group offers factoring solutions in Germany and Poland. Historically present on other geographical markets, it has refocused its factoring activities within the context of the Strong Commitment I Plan (see paragraph 1.1.1 "History of the Company") on only these two countries where it has a critical mass needed to conduct its activities under optimal profitability conditions.

For the financial year ended December 31, 2015, the factoring offering represented €71 million in net banking income, or 4.7% of the Group's consolidated revenue.

The following table presents the changes in the contribution of this offer to the Group's consolidated revenue during the 2013-2015 period (in millions of euros and as a percentage of its total consolidated revenue):

NET BANKING INCOME AND PERCENTAGE OF CONSOLIDATED REVENUE	AS OF DECEMBER 31					
	2015		2014		2013	
	(in €m)	*(in %)*	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Factoring	71	4.7	71	4.9	66	4.6

The following diagram illustrates the factoring mechanism:



Factoring is a financial technique whereby a factoring company (the factor) finances companies' trade receivables by acquiring them and, where applicable, ensuring their recovery on its own behalf and by supporting any losses or, conversely, via a right of recourse against the company. The Group's factoring offering allows businesses to fund their trade receivables and optimise their liquidity:

- by having immediate availability to cash upon sale of their receivables (subject to deposit of holdback money);
- by streamlining their trade accounts receivable, in the absence of recourse (via the transfer of risks of non-payment and recovery);
- by financing their growth without being held up by their working capital requirement.

The Group combines its factoring activities with its credit insurance expertise in order to offer the following products:

- factoring with recourse: factoring product with recourse to the client in case of payment defaults;
- full factoring without recourse: product combining the services of factoring and credit insurance. Thus, in the event of a claim, the client is covered by credit insurance for its unpaid invoices;
- inhouse factoring with or without recourse: the client manages the relationship with its buyer, in particular, in the case of a payment default, notably to preserve its commercial relationship;

- reverse factoring: the Group's client is in this case the buyer, who proposes a payment through the factoring company to its supplier;
- maturity factoring: product deriving from full factoring, for which financing occurs at the invoice due date.

1.2.2.2 Surety bonds

In addition to its primary credit insurance activities, and relying on its debtor risk management capacity, the Group offers surety bond solutions in certain countries (basically Germany, Austria, Italy and France) to its clients in order to address their specific needs in certain markets.

A surety bond consists of an engagement which allows, in the event of a potential default or breach by the bondholder of its contractual obligations, to cover the beneficiary of the surety. The coverage provided by a surety allows a corporate bondholder to reassure its commercial or financial partners, in order to postpone immediate payment and/or to avoid reducing its borrowing abilities. Furthermore, in certain businesses, obtaining a surety is an unavoidable obligation needed to run a business or access specific markets.

Sureties have a term that is most often determined (from a few weeks to a maximum of five years in the Group portfolio) and which can be shared among several market players (generally banks and insurers).

For the financial year ended December 31, 2015, this offer represented €51 million in revenue, or 3.4% of the Group's consolidated revenue.

The following table presents the changes in the contribution of this offer to the Group's consolidated revenue during the 2013-2015 period (in millions of euros and as a percentage of the Group's total consolidated revenue):

	AS OF DECEMBER 31					
	2015		2013		2013	
SHARE OF CONSOLIDATED REVENUE	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*	*(in €m)*	*(in %)*
Surety bonds	51	3.4	54	3.7	58	4.0

The Group offers a range of specific surety bonds to help businesses gain access to domestic or export contracts:

- **contract surety bonds:** tender bond (guaranteeing to the buyer that the seller has responded to the call for tenders, may actually, if the contract is won, offer the services announced in its reply to the call for tenders), performance bond (guaranteeing to the buyer that the seller will perform the contract), advance payment bond (commitment to return the payment made by the buyer, in case the seller does not pursue the contract), holdback bond (guaranteeing potential faulty work that appears during the coverage period), and subcontracting bonds (guaranteeing the payment of the subcontractors that the business has hired);
- **customs and excise bonds** allow bearers to benefit from customs duties credits or even, on some markets, to guarantee amounts payable as indirect contributions or excise taxes, or to postpone the payment thereof;
- **environmental surety bond:** covers expenses linked to monitoring a site, keeping a facility safe, any interventions in the event of accidents or pollution and restoring the site after the activity is discontinued;
- **legal bonds** for temporary employment companies: to cover the wages and social security charges of temporary employees, in case the business becomes insolvent;
- **payment guarantees:** guaranteeing the amounts owed by the bondholder as payment for its purchases and services rendered by a beneficiary.

1.2.2.3 Other services

In some countries, essentially Central Europe, the Group sells information and recovery products to businesses that have no credit insurance. As of December 31, 2015, this activity represented consolidated revenue of €41 million.

1.2.3 COFACE GROUP STRATEGY

After successfully completing its strategic refocusing onto credit insurance during the 2011-2013 period, the Group launched its Strong Commitment II Plan in early 2014, which served as the foundation to the project unveiled to markets during its initial public offering in June 2014.

In a global market which it considers to be far from saturated, the Group, based on its competitive advantages, intends to pursue a sustainable and profitable growth strategy, to take an active part in the development of credit insurance worldwide, all while maintaining its investment level in order to pursue optimal management of risks and its costs, in an effort to strengthen its operating margin.

Through a combination of various actions in its strategy, the Group believes that all seven of its regions are capable of contributing sustainably to its growth, without being strongly dependent on any zone or being contingent upon an external growth factor. Even if it notes that during the 2014-2015 period, two external factors hampered the organic growth of its revenue, namely, the sluggish recovery of the global economy and significant pressure on prices in its historic credit insurance markets.

1.2.3.1 Densifying and revitalising the commercial approach of markets

The Group feels it is operating in a supply-driven business, in which its effort presenting the product is a key element for business growth. Its growth strategy is primarily geared towards strengthening its commercial approach to markets and is organised around four major points.

Improving the operating efficiency of networks

Following the example of the work that was conducted in the 2011-2013 period on fundamental risk management businesses, the Group proceeded with an operational review of the commercial function, in order to improve the efficacy of its sales forces. It thus established a harmonised, joint commercial organisation for the seven regions of the Group, which is capable of optimally supporting the multichannel distribution strategy and simplifying the commercial control, thanks to reliable tools for tracking and controlling this business.

The Group intends to strengthen the performance and pooling of resources allocated to sales activities, while continuing to develop homogenous tools in all countries and at every stage of the customer relationship. A new version of the CRM "Smart" tool was thus rolled out throughout 2015, which incorporates the elements of a harmonised customer journey at Group scale. Moreover, the Group has invested in an automated electronic prospection process. The tools of this process were tested and validated in three pilot countries in the first half of 2015, and finally rolled out in the second half.

Selectively strengthening the commercial network on the zones which present a potential for significant growth

The Group plans to expand and diversify its direct sales forces in order to increase its commercial coverage for certain areas which present a significant potential for growth.

These efforts first of all support its growth policy for emerging countries, while taking into account changes on these markets and as a function of the development of new direct establishments. The Asian, Latin American and African regions will be targeted primarily. In 2014, the Group was granted a licence in Colombia and in Morocco, and in 2015 in Israel. It also opened an office in the Philippines and in Kazakhstan, in order to boost the product representation carried out by the local insurer which writes contracts (fronting structure).

Furthermore, the markets of certain developed countries, in which the density of the network was not adapted to the current market potential, also benefit from these efforts. In particular, the United States, where the credit insurance market represents significant potential given the still relatively low penetration rate, and where the Group has significantly increased its number of agents and reorganised its regional agencies network, or even in the Scandinavian countries, where its representation does not reflect its world market share.

Developing partnerships to rely on networks that have a broader scale than the Group's own commercial network

Recognising that the size of the major credit insurers remains modest when faced with the potential of world commerce, the Group has defined a partnership strategy which is intended to provide another dimension to the networks that distribute its products.

This strategy primarily targets specialised credit insurance brokers, which it intends to assist and support in the roll-out and densification of their networks, in particular towards new territories.

It also concerns business contributor partners, who have distribution networks with a greater density than those of the Group in their countries, primarily the banks and general insurers who are well-positioned for the business clientele. In preparation for this process, the Group launched in 2014, a project designed to support its value proposition for these potential partners, and to identify the key factors of success which will allow an unspecialised sales network to increase its competence for a technical product such as credit insurance. Coface's proposal to its partners was notably implemented within the "Coface Partner" network, wherein each partner can share its experience with other partners in other countries, with the aim of refining its credit insurance process. Within this community of partners, the Group provides exclusive tools such as *Coface Campus,* the credit insurance online training website, and the assisted distribution website (www.onlinecreditpolicy.com) with an entirely customised version (with their brand, in their language and for a dedicated offer) for certain partners. In 2015, the Group worked on new partnership agreements including, in particular, one with the Axa group concerning three geographic regions: Asia, Middle East and Latin America.

Expanding the prospecting base in all market segments

The Group intends to continue expanding its prospecting base in all market segments that fall within its target.

This policy targets the SME segment in particular, which is, in principle, included in the commercial strategy of each market. This business line has been launched under the Group's own brand on a number of markets, but is due to be ramped up, primarily through distributor networks using tools designed to provide a certain degree of autonomy to these partners in terms of the sales prospecting cycle, in particular through the EasyLiner offer and the www.onlinecreditpolicy.com portal (see paragraph 1.2.1.1 "Credit insurance and related services").

At the other end of the spectrum of policyholder types, the segment of major multinational corporations, in which the Group is particularly present thanks to its Coface Global Solutions offer (see paragraph 1.2.1.1 "Credit insurance and related services"), is also receiving particular attention in the context of continuing commercial development. The Group thus recognises the potential for rapid growth that this segment holds, as well as the decisive role that large corporations play in the dissemination of credit insurance to new markets, in terms of both product knowledge and the establishment, for itself, of a minimum business volume, when access is gained to these countries. The Group intends to pursue its efforts on the segment of international credit insurance programmes by strengthening its Coface Global Solutions commercial network, and developing offers and services tailored to this segment.

1.2.3.2 Pursuing geographical expansion to potential markets

The Group intends to continue developing its international network – the market leader in terms of geographical establishments and which therefore represents a significant competitive advantage, in particular for major accounts with extensive international operations.

Expanding the portfolio of direct insurer licences

Extending its direct insurer licence portfolio continues to be a priority for the Group. Although its first establishment in a new country often takes the form of a fronting agreement entered into with a local insurer who has the necessary licence to carry out credit insurance, this initial phase is often followed by a second stage, which consists of obtaining a licence, when the potential and market operating conditions are sufficient to justify a more significant commercial investment.

After obtaining a licence in Colombia and in Morocco in 2014 and in Israel in 2015, in early 2016 the Group finalised the processes initiated in Peru and is examining a few files to obtain other licences by 2018.

Preparing and carrying out an opening in new countries

A supervisory mission regularly analyses the potential of countries where the Group is not yet present, in order to determine short, medium and long-term development priorities. The Group is considering expanding its presence by 2018 to ten or more new countries with identified potential, in both marketing and business terms, and which are primarily located in Africa, Southeast Asia and Latin America. For example, it has opened an office in the Philippines and in Kazakhstan to back the local insurers who are its partners.

Monitoring opportunities for external growth

Although developmental efforts are primarily aimed at organic growth, the Group does not exclude a selective study of any opportunity for external growth in its core business.

1.2.3.3 Continuing the product innovation policy

The Group is known for its historic, sustained product innovation policy, including during the period of refocusing on credit insurance. Since it operates in a supply-driven market, its strategy includes a policy of differentiation, which uses product innovation as a key driver with the benefit of a denser global network.

1.2.3.4 Renewing and specialising the credit insurance range

During its refocusing phase, the Group carried out some market segmentation work which led it to redefine and specialise its target product range. A renewal programme led to the launch of EasyLiner in 2014, a new contract for SMEs, which supports the bulk of the offers of this high-growth segment, and which was rolled out in 28 countries at the end of 2015. The Group also renewed its flagship contract, Globalliance in 2015, which has been replaced in most countries by the TradeLiner contract. This new contract improves modularity management, structures a more dynamic management of the political risk guarantee and promotes more convergence between different market practices. Its deployment is set to continue in 2016 in countries where prior approval is required from the local authorities and in those where this contract will be officially issued by a fronter partner.

After launching EasyLiner dedicated to SMEs, the Group revealed the logic of its new segmented offering with the launch of TradeLiner. This new offering is designed to follow GlobaLiner on the major international accounts segment, once the deployment and registration of the TradeLiner contract has been completed in all countries.

The management of the dedicated offer for Coface Global Solutions clients is still based on the historic product platform ("Globalliance" contract, CofaNet interface), supplemented by a device for coordinating and controlling insurance programmes ("Master Agreement" and a tool for risk analysis, monitoring and reporting, the "CGS dashboard", which reached a 30% penetration rate by the end of 2015).

However, a specialisation process was recently undertaken in October 2014, with the creation of a specific solution which enables better responsiveness to the needs of the Japanese clientele. A new network has thus been created, which includes Japanese-speaking representatives in the various continents.

This process of renewing the range will allow the Group to optimise its offering to match the needs of the various market segments.

1.2.3.5 Optimising service remuneration opportunities

In addition to enhancing the value of existing services, the Group plans to launch new paying, differentiating services. Accordingly, since 2014 it has been testing two additional services based on analysing policyholder accounting information: first, the CofaNet Policy Master, which simplifies credit insurance policy management by the policyholder, and second, CofaNet Cash Master, which facilitates the funding of policyholder receivables, by providing more specific information to granting third parties on credit insurance coverage, particularly in markets where the factoring offer is not yet very widespread. After the test phase, the two services were rolled out in the second half of 2015 in the Group's main countries. The *CofaMove* mobile application launched in September 2014, which allows all CofaNet users to manage their contract basics on their smartphones, was upgraded with new functionalities in 2015 (consultation of the full portfolio of guarantees, geolocalisation of buyers, multi-contract management, extended buyer search in partner databases, and ordering of additional coverage such as TopLiner).

1.2.3.6 Increasing the value delivered to companies by exceeding the historical framework of the business

The TopLiner offer proposed in the Group's main countries in 2013 (see paragraph 1.2.1.1 "Credit insurance and related services") gives a policyholder the possibility of obtaining additional coverage in cases where, for a given debtor, the policyholder has obtained coverage for an amount less than it requested, or no coverage at all. This product, which falls squarely within the core business, stands apart

from competing offers due to its structure and tools, an underwriting automaton that produces *ad hoc* pricing for sensitive risks, which reflects the Group's analysis on these buyers. This pricing system represents a unique decision-making help tool for the Group's clients. Since its launch, the product has steadily contributed to premiums for a value ranging between 1.5 and 2%.

Continuing to improve underwriting profitability through stronger risk control

The Group intends to keep paying strong attention to improving its knowledge, analysis and risk management, a major stake in the strategic refocusing on credit insurance, the basis for any leading competitive position, and a condition for sustainable profitability. This approach centres around three cornerstones.

Quality of information

In line with the actions carried out in the last four years, the Group will continue to invest to strengthen the quality of its information databases on companies worldwide regarding both the raw information purchased and the mining of such information by its teams.

Significant stakes are at play in this policy. The Group needs to possess quality, rapidly available and sufficiently updated information. Knowing how to access more confidential information is also important (for example, the intermediate financial position of a debtor) to improve security for its underwriting decisions and strengthen its risk management.

The Group continues, in particular, to regularly improve some of the terms and conditions for preparing the DRA (Debtor Risk Assessment) (see paragraph 1.4 "Information Systems"), in order to further improve the consistency of this risk assessment tool in all countries.

Underwriting control

The Group will accompany its geographical expansion programme with the adjustment of its risk underwriting network, in conformity with its proximity-to-risk policy for risk underwriters ("close to the risk underwriting").

It will continue to take initiatives to demonstrate its capacity to very responsively manage the delicate phases of the economic cycle, whether in terms of the global economy or sector-specific or regional crises. This exercise includes both the technical portion (decision-making) and its commercial component (communication with clients and cooperative management of complex cases). 2015 was, for example, marked by the management of the Russian and Brazilian crises and China's descent into a zone of uncertainty, ushering in more frequent business failures.

Lastly, as concerns the commercial underwriting portion, the global PEPS tool (Past & Expected Profitability System), which is now fully deployed, reached its cruising speed in 2015 and helped to improve the Group's pricing policy by allowing more detailed settings.

Effectiveness of debt collection

Based on the performance measurement tools in place, the Group seeks to continuously improve its recovery rates and ratios of costs incurred/recovered amounts, which have a direct impact on its loss ratio. To achieve this goal, it constantly adjusts its techniques and those of the network of local contributing providers.

1.2.3.7 Improving operational efficiency

In July 2015, the Group announced the launch of an operational efficiency plan, with the aim of structurally reducing its cost base. Preparation work for this plan continued over the course of the second half of 2015, focusing on a range of initiatives such as rationalized purchasing, more widespread pooling of resources, and the simplification of certain processes. The appointment of Xavier Durand as Chief Executive Officer of Coface as of February 9, 2016 has led the Group to review these initiatives in order to integrate them into a new, long-term profitable development project.

1.2.3.8 Succeeding through the support of the men and women of the Coface Group

Since 2013, Coface has been involved in a large-scale transformation plan which entails refocusing its activities around credit insurance. The successive implementation of the two strategic plans, Strong Commitment I and II, was a demanding period for all employees but led to the successful initial public offering of the Group. In 2015, Coface confirmed its sales momentum while improving its risk profile, thanks to the unfaltering commitment of its teams.

Sharing a common ambition

The Group's employees share pride in the Company's know-how and the utility of its mission in local and regional economies. The feeling of belonging to an international corporation, rich with more than 73 nationalities, is a real asset for Coface with regard to its ability to propose a global service offering, tailored to closely match the needs of its clients and partners.

Commitment around a common ambition and a shared culture is a priority in order to complete the transformations already underway and continue to anticipate the challenges of increasingly more complex and interconnected markets, now faced with digital transition. As such, the Group strives to offer a quality employer proposal within each entity, preparing management forms and acting on organisational dynamics in order to strengthen our competitive advantage.

This approach is in line with Coface's sustainable growth policy, while changes in commitment are measured through a Group opinion poll.

A team of managers at the heart of the transformation

On January 15, 2016, the Group's Board of Directors announced the appointment of Xavier Durand as Chief Executive Officer. This appointment became effective after the Board meeting of February 9, 2016, held to approve the 2015 financial statements. Tasked with upholding the Group's objectives of excellence, the management team is working on building the strategic framework, creating the conditions for new growth, developing client satisfaction, and unleashing the Group's capacity for innovation. Coface will continue to rigorously manage costs and risks, notably by improving its operational efficiency.

These company-wide objectives will be rolled out and shared in all countries, businesses and customer segments of the Group. At the same time, Coface is coping with the regulatory challenges of Solvency II.

In order to ensure the permanence of the ongoing transformations and place itself in the right position to seize all opportunities, the Group has set up a dynamic career management that is part of a wider talent development policy implemented worldwide. Therefore, it intends to prepare each employee for constant growth within the Group and to detect the high-potential individuals who will, in turn, help to renew its business.

◆ 1.2.3.9 Preparing a new profitable development approach

Xavier Durand was appointed on February 9, 2016 as Group Chief Executive Officer, tasked with finding leverage and resources to breath new life into the Group's commercial activities, propose and implement the necessary structural changes to improve its operational efficiency, while protecting its risk profile in an uncertain economic context.

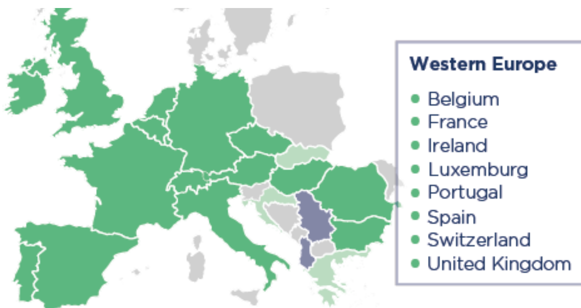
The actions to be carried out will be set out in a new strategic plan launched in 2016.

1.2.4 DESCRIPTION OF THE ACTIVITIES OF THE COFACE GROUP REGION BY REGION [1] [2]

Strengthened by its leading international presence, the Group organises its activities around the seven geographical regions in which it markets its products: Western Europe, Northern Europe, the Mediterranean & Africa, Central Europe, North America, Asia-Pacific and Latin America.

◆ 1.2.4.1 The Group's activities in the Western Europe region

AVAILABILITY OF THE GROUP'S OFFERING



The Group, which currently employs approximately 1,485 people [1] in the Western Europe region, earned revenue of €457 million in the region, or 31% of its total revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 23.4% in 2015.

The Group's activities in this region are very largely geared towards the marketing of credit insurance policies. Nevertheless, they present certain particularities, notably in Switzerland, where the offering of Single Risk policies represents a significant portion of the revenue achieved in that country. The majority of the Group's activities are brokered in Western Europe, with the exception of Spain and Portugal, where the Group's products are essentially sold by exclusive agents.

Continuing with its innovation and modernisation policy for its offering, the region launched in 2015, in all its countries, the Group's new credit insurance offer known as TradeLiner, which is better suited to the new requirements of international commerce. TradeLiner is a more transparent, clearer offer which proposes an array of innovative options, such as coverage for political risks, natural disasters, advance payments to suppliers, disputes, manufacturing risk and more. To automate and optimise credit insurance contract management by leveraging information derived from the client's accounting, the countries in the Western European region also launched in 2015 a new service named CofaNet Policy Master. The surety bond offering was also revamped and upgraded in France. As part of its distribution strategy, several Western European countries were able to enter into partnerships with leading banking players.

◆ 1.2.4.2 The Group's activities in the Northern Europe region

AVAILABILITY OF THE GROUP'S OFFERING

The Group, which currently employs approximately 918 people in this region, earned revenue of €335 million in the region, or 23% of its revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 47.6% in 2015.

Credit insurance is the main product sold in this region. In Germany, its leading market in this region, the Group also proposes factoring services, surety bonds, Single Risk coverage, together with business information and debt collection services. This expanded offer addresses the credit insurance market that the Group believes to be one of the largest in the world in terms of premium volumes.

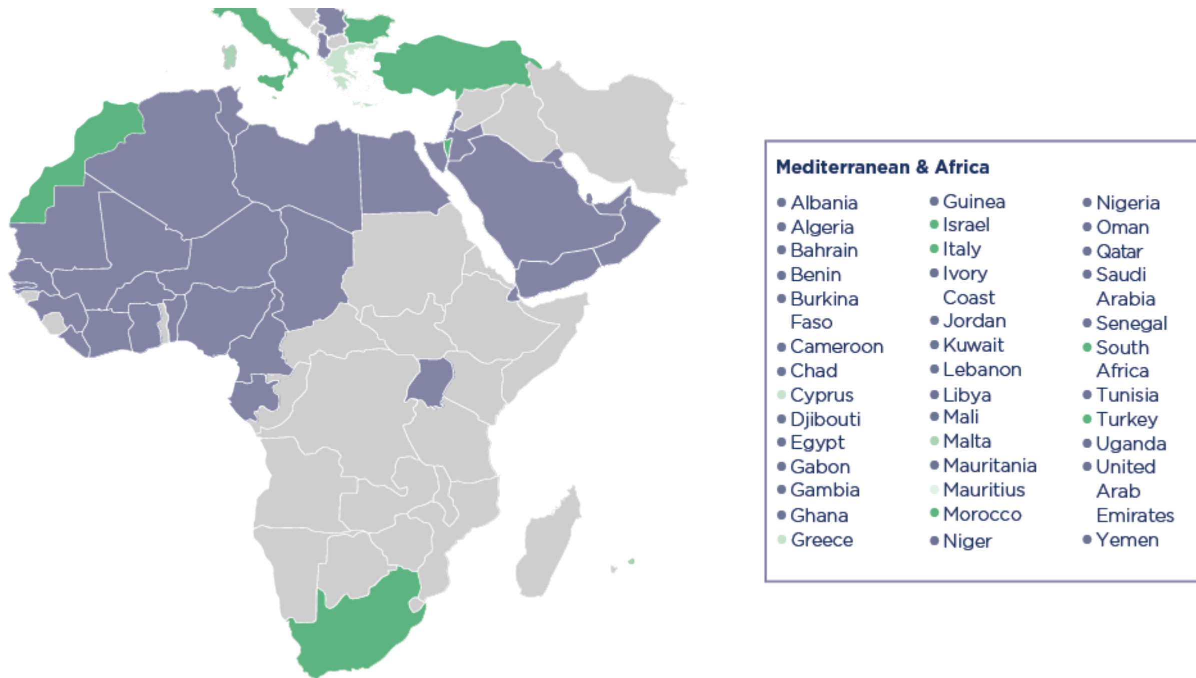
(1) *The workforce figures provided relate to employees on open-ended or fixed term contracts, excluding interns, work-study placements, temporary workers, and sub-contractors.*

(2) *The composition of the regions was modified on April 11, 2016 and led to certain adjustments. Portugal and Spain, which were initially included in Western European, were transferred to the Mediterranean and Africa. Russia, initially included in Northern Europe, was transferred to Central Europe.*

The Group employs its multichannel distribution strategy in the Northern Europe region, benefiting from the support of its own sales teams and its partnerships, in particular with brokers and banking institutions. 2015 was marked by the completion of a large-scale commercial reorganisation project, the relaunch of factoring sales and efforts to optimise processes and structures. In line with its development strategy in Scandinavian countries, the Group appointed two new Country Managers in Denmark and in Sweden. In Russia, considering the strong deterioration of the economic environment and risks, the Group consolidated its activities in this country to contain its risks and postponed its commercial development strategy, except for the opening of a representation office in Kazakhstan.

1.2.4.3 The Group's activities in the Mediterranean & Africa region

AVAILABILITY OF THE GROUP'S OFFERING



The Group, which currently employs approximately 564 people in the Mediterranean & Africa region, earned revenue of €246 million in this region, or 17% of its revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 48.6% in 2015.

The Group has a unique geographic coverage in the credit insurance market in the region. It is directly present in 17 countries and in a position to operate its business in 20 others through partnerships. It develops its strategy by using regional centres based in Casablanca, Dubai and Milan, tasked with the responsibility of managing its establishments and partner networks in a coordinated manner. The Group sells credit insurance contracts and surety bonds, as well as information on debtors and debt collection services.

The main countries in which the Group sells, directly or through partners, credit insurance contracts are South Africa, the Gulf countries, Morocco and Turkey. In West African countries, it sells credit insurance through banks to which it provides back office services in addition to supplying them with credit insurance contracts. Furthermore, one of the Group's business information administrative processing centres is located in Morocco.

In spite of an economic crisis that affected a large number of economies in the region, the Group successfully consolidated its position in nearly all the countries where it operates its business, thanks to the significant revenue growth recorded in 2015, fuelled by its expansion strategy in terms of geography, distribution channels and client segmentation. The two countries that contributed the most to the development of a new business line were Morocco and Israel. The Group began selling credit insurance services in Israel in early 2015, to supplement the sale of business information and debt collection services. Countries such as Italy and Turkey, the Group's traditional growth engines in the region, came through for the Group again in 2015, with the satisfactory development of their respective activities. Lastly, the Group's business line grew sharply in the Gulf countries, thus confirming that the Middle East is a key contributor of the region in terms of revenue.

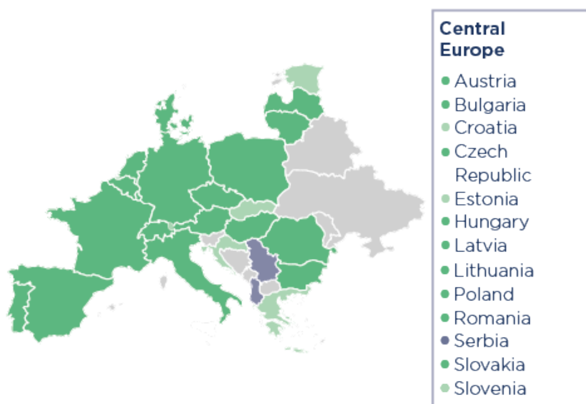
In 2015, the Group also strengthened its presence in this region through the sale of innovative products such as EasyLiner, which was hugely successful in Italy. It also strengthened its presence in the Emirates by signing a partnership agreement with Dubai-based "Oman Insurance Company" to sell its credit insurance services. This leading Middle-Eastern insurance company operates in the United Arab Emirates, Oman, Qatar and has a subsidiary in Turkey.

These results were hailed by the Italian market on two occasions in 2015. Indeed, the Group won the best credit insurance company award given by the "Milano Finanza Insurance e Previdenza" for its unflinching support to SMEs, and the "Fonti International award" in the special "Credit insurance excellence" category for its continuing dialogue with all sector players and the launch of EasyLiner.

The Group's loss ratio in the region fell steeply in 2015. Preventive actions were taken, in agreement with the relevant policyholders, to reduce outstanding amounts in countries such as South Africa and Turkey, where the economic situation had gradually deteriorated. This was also the case in those African countries particularly impacted by low oil prices. Throughout 2015, the Group adjusted its risk underwriting policy and the amount of its insurance premiums to take the economic changes in certain countries into account.

1.2.4.4 The Group's activities in the Central Europe region

AVAILABILITY OF THE GROUP'S OFFERING



The Group, which currently employs approximately 709 people in the Central Europe region, earned revenue of €115 million in this region (with the largest contributions from Austria, Hungary, Poland, the Czech Republic and Romania), or 8% of its total revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 39.9% in 2015.

In this region, the Group has the particularity of being the only supplier of integrated credit management solutions comprising credit insurance, business information and debt collection services for both insured and uninsured businesses. It also provides factoring services in Poland. By being present in 13 countries and indirectly in five others, the Group has had the widest network in Central Europe and the largest local footprint for nearly 20 years. It continues to expand this footprint by seeking new partners, as it did for example in Serbia in late 2014 with French insurer AXA to market it credit insurance contracts. An alliance which, one year later, is highly appreciated and sought after by regional BtoB players.

In recent years, the cornerstone of the Group's strategy in this region has been the building of a strong and powerful commercial organisation with the capacity to supply its clients with the best service, while developing partnerships with financial institutions.

Furthermore, the Internet portal launched in mid-2015 to allow clients access to credit management services, has helped to increase (the cross-selling and up-selling). The portal also facilitates the canvassing of SMEs, a segment that has been underexploited so far, by proposing to purchase, case by case, business reports on buyers or debt collection services.

1.2.4.5 The Group's activities in the North America region

AVAILABILITY OF THE GROUP'S OFFERING

The Group, which currently employs approximately 117 people in the region of North America, earned revenue of €131 million in this region, or 9% of its total revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 56.3% in 2015.

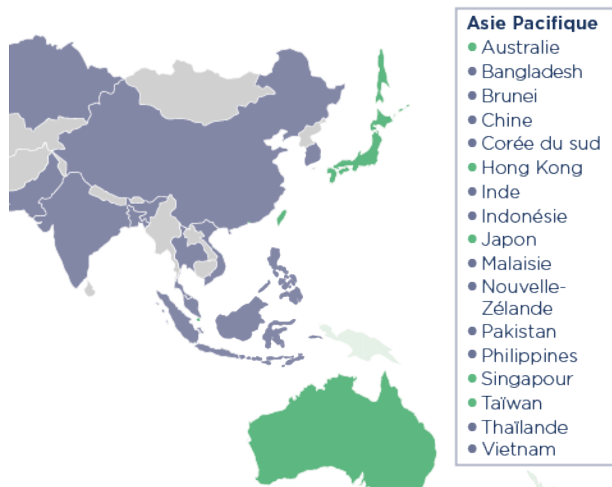
The Group directly issues its credit insurance contracts in the US and Canada. It primarily sells credit insurance services, along with debtor information and debt collection services for its policyholder or potential clients. The Group also provides Single Risk coverage, on a lesser scale.

These products are distributed through a multichannel strategy: the bulk of credit insurance policies are sold through exclusive agents (United States), but also through brokers or through the Coface sales teams. Given the weak penetration rate of credit insurance in this region, the Group wanted to strengthen the density of its network in order to adapt it to the market potential by increasing the number of sellers for its agents in the United States during 2014, as part of a multiyear plan to strengthen this network. In 2015, it restructured its sales team and redefined responsibilities with a manager specifically in charge of managing direct distribution and distribution through agents. A new policy was introduced to improve the selection and monitoring of new agents. At year-end 2015, the Group was using the services of 65 agents, and nine others were under training and expected to become operational in 2016.

With respect to business information, in 2015 the Group renegotiated its contracts with data suppliers, in order to improve the quality of information collected and refine its risk management system.

1.2.4.6 The Group's activities in the Asia-Pacific region

AVAILABILITY OF THE GROUP'S OFFERING



The Group, which currently employs approximately 391 people in the Asia-Pacific region, earned revenue of €121 million in this region, or 7% of its revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 100.6% in 2015.

The bulk of the Group's activities in this region comes from the direct or indirect sale of credit insurance contracts which are marketed in all countries in the region, along with Single Risk contracts managed from Singapore. It also comes from the sale of additional services: business information and debt collection. Incidentally, one of the three centres used by the Group to process the debtor information that it receives is based in the Asia-Pacific region, specifically in India.

In Asia-Pacific, the Group distributes its products directly and through partnerships with insurers (fronters). The products are therefore distributed either directly through the branches in Australia, Hong Kong, Japan, Singapore and Taiwan, or through the largest partner network in the region. This network comprises 34 partners, including three new partners who joined in 2015: South China Insurance Co., Ltd based in Taiwan, EQ Assurance in Singapore and Dhipaya assurance publique Co., Ltd in Thailand. Furthermore, pursuant to the Group's multichannel strategy, the region also uses specialised brokers and banking partners to market its offering. This diversification policy was fruitful, increasing the number of new clients by 30% in 2015.

The Group successfully launched the new TradeLiner contract in Australia, Hong Kong and Singapore, and plans to continue its roll-out in other countries in the region in 2016. It also continued to extend the sale of EasyLiner to new markets, since this contract is now available in Australia, Hong Kong, Singapore and Taiwan. In 2015, it officially inaugurated its representation office in the Philippines, thereby confirming its growth strategy in Asia, and also received the Best Trade Credit Insurer in Asia-Pacific Award from "GTR", a leading news source, publisher and event organiser for global trade.

1.2.4.7 The Group's activities in the Latin America region

AVAILABILITY OF THE GROUP'S OFFERING

The Group, which currently employs approximately 394 people in the Latin America region, earned revenue of €84 million in this region, or 6% of the Coface Group's total revenue for the financial year ended December 31, 2015. It recorded a loss ratio of 113.4% in 2015.

In Latin America, the portfolio of products sold by the Group essentially consists of credit insurance policies, but also includes debtor information and debt collection services. Credit insurance policies are sold in ten or more countries including Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru.

Business information services are also available in all the countries of the region and the Group has dedicated enhanced information management teams in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru (where incidentally, one of the Group's three information administrative management centres is based).

Debt collection services are managed in seven dedicated centres, located throughout the region.

The loss ratio level was still very high in 2015, and therefore requires constant monitoring. The Group is paying particular attention to this region, generally in economic recession and notably impacted by the difficulties in Brazil, in terms of monitoring of risks and loss-making policies.

However, the region still shows a robust sales momentum, with continuing growth of its revenue, thanks in particular to the portfolio diversification. Latin America has, following the example of other Group regions, a multichannel distribution, where the direct sales force nevertheless represents a significant portion. The brokers in the region are mostly present in the international accounts segment (handled by the Coface Global Solutions network). The Group continues its geographic expansion strategy in the region and expects to obtain a new licence in Peru in 2016.

1.2.5 PRESENTATION OF MARKETS AND COMPETITIVE ENVIRONMENT OF THE COFACE GROUP

Credit insurance, the Group's primary activity, is above all a short-term market. It mainly consists of insuring risks with a duration of fewer than three months, but also medium-term risks. The Group is mostly present on the short-term credit insurance market, which represented more than 88% of the total amount of its premiums as of December 31, 2015.

1.2.5.1 An increasing market, supported by the long-term growth of world trade

Credit insurance had its industrial boom in the wake of World War II, in particular in Western Europe. This boom can primarily be explained by the development of world trade, and the desire of countries to encourage exports through the creation of public export credit agencies ("ECA"). This trend has grown stronger in the last 30 years: total trade (goods and services) reached nearly $23,900 billion in 2014. Nevertheless, trade in goods has slowed down, with an average 3.3% increase in the exports of goods between 2010 and 2014 (*versus* an annual +5.9% between 2000 and 2008). On the other hand, exports of services have been more dynamic than those of goods over the recent period (+6.4% on average between 2010 and 2014) [(1)].

While the development of world trade is inconsistent, through both time and space, including in the recent period, it follows a favourable long-term trend. Medium-term economic forecasts anticipate modest growth of the gross domestic product ("GDP") in various economic regions and world trade volumes during the 2014-2017 period.

ESTIMATED GROWTH OF THE GROSS DOMESTIC PRODUCT*

	2014	2015	2016	2017
Developed economies**	1.7%	1.8%	1.8%	2.1%
Developing countries in Asia	6.8%	6.5%	6.2%	6.3%
Latin America and the Caribbean	1.3%	-0.3%	-0.2%	2.3%
Middle East and North Africa	2.6%	1.9%	2.5%	4.1%

* *Sources: Coface Group estimates for 2015 and 2016, IMF forecasts. Updated in December 2015.*
** *Canada, France, Germany, Italy, Japan, United Kingdom and the United States.*

ESTIMATED GROWTH IN THE VOLUME OF EXPORTS OF GOODS AND SERVICES*

	2014	2015	2016	2017
Developed economies**	3.8%	3.8%	3.3%	3.8%
Eurozone	3.8%	4.6%	4.6%	4.3%
Emerging and developing countries	2.9%	3.9%	4.8%	5.3%

* *Source: IMF. Updated in November 2015.*
** *Canada, France, Germany, Italy, Japan, United Kingdom and the United States.*

One of the factors of world trade expansion lies in securing its funding. The World Trade Organisation estimates that 80 to 90% of world trade depends on funding, and essentially, on intercompany credit. Likewise, Swift (Society for worldwide interbank financial telecommunication), a company that provides standardised interbank transfer messaging services, estimates that 80% of world intercompany trade occurs with so-called "open credit" payment terms. Yet the goal of credit insurance is precisely to cover the risks that intercompany credit can cause. The development of credit insurance, in particular for exportation, is thus linked to the that of world trade and to its privileged financing method, intercompany credit.

Incidentally, with the development of emerging countries [(2)] and their opening to international commerce, the Group considers that the proportion of transactions that are accompanied by open credit terms is tending to increase, to the detriment of transactions accompanied by coverage given to the supplier (such as a buyer bond, documentary credit, "stand-by" letter of credit), and prepaid transactions.

The Company estimates that in 2014, the global credit insurance market represented a total of nearly €7.3 billion in premiums (excluding premiums acquired as surety, medium term risk and excluding additional premiums). This market in reality includes a non-competitive portion which is covered by public players (around 15%) which is established by the export insurance of certain countries, for which a license is not accessible to international private players. The largest of

(1) *Source: World Trade Organization, International Trade Statistics 2015.*
(2) *In the Coface Group's estimates, the notion of emerging countries includes all countries with the exception of the following: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, New Zealand, Norway, the Netherlands, Portugal, Sweden, Switzerland, the United States and the United Kingdom.*

these protected markets was historically that of the export credit insurance of China, for which the Chinese authorities granted certain authorisations within the local private market in 2014. The Group, through its partner Ping An, will thus in the future be able to develop an export portfolio in China, a market which until now, has entirely been in the hands of the public player Sinosure. Exports from South Korea, another large market, remain to date in a State monopoly situation (K-Sure).

The Group considers that the competitive part of the market covered by private players has increased, thanks to the gradual economic recovery of certain mature countries and the dynamic of emerging countries.

The following table presents the changes in the credit insurance market (excluding the non-competitive market, excluding medium-term premiums, and only for companies that are members of the ICISA) from 2008 to 2014:

(in millions of euros)	2008	2009	2010	2011	2012	2013	2014
Gross premiums for credit insurance	5,251	5,206	5,583	5,961	6,139	5,890	6,066

Source: ICISA (International Credit Insurance & Surety Association): gross premiums reported by members of the Association.

1.2.5.2 An addressable market with potential for significant growth

On the scale of world trade, the portion of business that relies on credit insurance remains modest, being a product with still weak penetration, despite its steady increase. The Group believes that the world stock of intercompany client receivables was approximately €17,000 billion in 2014; and taking into account the average pricing observed in credit insurance, the penetration rate would be in the order of 5%. In its opinion, the growth potential of the credit insurance business is therefore structurally important but the principal obstacle remains self-insurance by companies, effort to win new business involves more the need to convince companies of the necessity to protect their trade receivables than competing with products such as documentary credits, sureties and standby letters of credit. To that end, Coface considers that the globalisation of the economy has typically increased the sensitivity of businesses to credit risk, given that:

- counterparties (clients) are increasingly distanced from those carrying the risk (providers), said distance causes greater difficulty in determining the quality of the counterparties;
- the growing interdependence of economies is leading to a quicker and generalised propagation of economic crises, leaving few sectors and regions protected.

The Group lastly believes that the development of credit insurance likewise depends on the density of the distribution networks of its players, whose size has remained too modest with respect to the potential of the product.

Incidentally, the development and rate of penetration of credit insurance are quite unequal according to the regions of the world and, within these regions, according to the countries that comprise them. These differences are in part linked to the historical commercial effort of the players and, in part, to the local practice of credit being extended to clients. For example, in France, as of December 31, 2011, intercompany credit represented receivables of more than €600 billion, or approximately 30% of the gross domestic product, compared to approximately 36% of the GDP in Italy and 14% in Germany [1].

The terms noted (which include payment delays) as well as the terms granted stoke the concerns of companies and thus reinforce their desire to protect themselves from the risk of non-payment. Nevertheless, according to the Group, the use of credit insurance also depends on variable managerial practices, according to the countries and economic sectors.

The table below presents the current practices as concerns payment terms, in major European countries:

COUNTRY	GRANTED AVERAGE PAYMENT TERM	NOTED AVERAGE CREDIT TERM	NOTED AVERAGE DELAY
Austria	21 days	32 days	11 days
Belgium	31 days	44 days	13 days
Denmark	21 days	25 days	4 days
France	38 days	51 days	13 days
Germany	18 days	17 days	-1 day
Greece	26 days	31 days	5 days
Italy	55 days	80 days	25 days
Netherlands	29 days	29 days	6 days
Spain	56 days	70 days	14 days
Sweden	27 days	31 days	4 days
Switzerland	28 days	37 days	9 days
United Kingdom	18 days	21 days	3 days

Source: European Payment Index 2015, Intrum Justitia.

(1) *Source: French Tax Inspectorate, « Le crédit interentreprises et la couverture du poste clients », report No. 2012-M-070-04, January 2013.*

The table below provides the credit insurance penetration indexes in the primary economic regions of the world for 2014.

REGION	EUROPE	NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC
Penetration index*	2.52	0.49	0.59	1.22

* *The penetration indexes presented in the table above correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product (Source: Group estimates for premium volumes and the International Monetary Fund for gross domestic product). Updated in November 2015.*

Competitive environment of the credit insurance market

The credit insurance market has a large number of players, sizes and very different positions. In the wake of World War II, numerous European countries created export credit agencies, a trend which has continued in other regions of the world, and which explains the presence of public entities, with public status or that have businesses on behalf of one or more countries in the competitive environment of the credit insurance sector. Subsequently, the gradual disengagement of certain governments from credit insurance, in particular through privatisation of certain export credit agencies, the growth of world trade and lastly, the construction of a single market in Europe, allowed private credit insurance players to establish and then anchor their competitive position.

1.2.5.3 A fragmented world market, dominated by a reduced number of global players

Three main players, the Coface, Euler-Hermes (a company under French law whose shares are listed on the Euronext Paris regulated market which belongs to the Allianz group) and Atradius (an unlisted company under Dutch law which belongs to Grupo Catalana Occidente) groups. These players, who knew how to capitalise on the development of international trade in the 1990s, shared, according to the Group's estimates, approximately 60% of the world market in 2014. Several private credit insurance players of lesser scale and numerous export credit agencies hold the remaining 40%. In fact, on that same date, the Group considered that it held 15% of global trade, the Euler Hermes and Atradius groups respectively 27% and 17% [(1)]. The market has not had a notable arrival of new players in recent years, the only examples being niche cases.

The three main market players are the only ones to have a global network and a significant geographical footprint on all continents. The other major players are mostly regional companies: Sinosure (China's export credit agency), Nippon Export and Investment Insurance (Nexi) (Japan's credit export agency), R+V (private company based in Germany), K-sure (South Korea's export credit agency) and Cesce (Spain's export credit agency). Lastly, numerous other players, more modest in scale, are also present. These are local players (notably the Export Credit Agencies) or niche players (for example, so-called "Excess" or "Top-up" insurers), among which we find two general leading insurers.

While they share approximately half of the credit insurance market at the global level, the three primary players together hold a more important competitive position on certain local or regional markets, in particular their historical markets. The following presentation reiterates the Group's operational geographic segmentation, as presented in paragraph 1.2.4 "Description of the activities of the Coface Group region by region".

Western Europe Region

According to the geographic division adopted by the Group, the credit insurance market in Western Europe includes France, the United Kingdom, Spain, Portugal, Belgium, Luxembourg and Switzerland. Estimated at €2 billion by the Group for 2014, it is largely dominated by the main historic players, the Coface, Euler-Hermes and the Atradius groups, which shared, according to the Coface Group's estimates, approximately three quarters of the market in 2014. Among the three main players of the world credit insurance market, the Group believes it is third in Western Europe. In some countries, other players have significant market shares, such as the export credit agency Cesce (whose privatisation is pending) on the Spanish market, or even Cosec on the Portuguese market (a subsidiary of the Euler Hermes group, taken into account in the estimate of this group's market share). Even though Western Europe represents one of the markets with the highest level of credit insurance, the region still has a very significant potential for conquest, in particular in the SME segment.

According to the Group, the region has robust fundamentals for GDP growth, but following relatively heterogeneous trajectories. In 2016, growth should be more vigorous in France (+1.4%, *versus* 1.1% in 2015) and in Belgium (+1.6%, after 1.3% the previous year). It is expected to remain dynamic, but less than in 2015, in the UK (+2% *versus* +2.2%), Spain (+2.6% *versus* +3.2%), and Ireland (+4.5% *versus* 6.9%).

(1) *The estimated market shares of the Group are based on the volume of premiums, excluding surety bond, Single Risk and additional, and excluding public procedure management and factoring.*

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	FRANCE	SPAIN	UNITED KINGDOM	SWITZERLAND	BELGIUM
Penetration Index (1)	2.9	5.9	1.8	1.7	3.6 (3)
Competitive position (2)	2nd	4th	3rd	4th	4th

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates. Updated in November 2015.

(3) Penetration index of Belgium and Luxembourg.

Northern Europe Region

The credit insurance market in Northern Europe includes, for the Group, Germany, the Netherlands, Denmark, Norway, Sweden, Finland and Russia. Estimated at €1.2 billion for 2014, it is largely dominated by the Coface, Euler-Hermes and Atradius groups, which shared, according to the Group's estimates, approximately two thirds of the market in 2014. Among the three main players of the world credit insurance market, the Group believes it is third in Northern Europe. Some local players have significant market shares, as with Ingo-ONDD on the Russian market, or R+V on the German credit insurance market.

According to the Group, the major markets of this region should have a development profile comparable to that of Western Europe. The economic situation should be generally more favourable in 2016 than in 2015 for the countries of this region. German economic growth is likely to stay robust (+1.7% in 2015-2016), buoyed by still vibrant domestic demand. Russia's performance is expected to deteriorate. Strongly affected by the drop in the oil price per barrel, its economy could remain in recession in 2016 (-1.5%, after -3.5% the previous year), particularly because of sluggish consumption and private investment.

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	GERMANY	NETHERLANDS	DENMARK	SWEDEN	RUSSIA
Penetration Index (1)	2.8	2.8	2.1	1.5	0.4
Competitive position (2)	2nd	2nd	3rd	3rd	2nd

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates, updated in November 2015.

Mediterranean & Africa Region

The credit insurance market in this region covers about twenty countries, the largest of which are: Italy, South Africa, Turkey, the Gulf countries and Morocco. One of the three main players of the world credit insurance market, the Company considers that in 2014 it was second on this market, which it estimates to be worth €632 million as of the same date. In 2014, the Euler Hermes, Coface and Atradius groups shared, according to the Group's estimates, more than three quarters of the Italian credit insurance market and held a very significant portion of the Turkish and Gulf countries' markets. Nevertheless, the credit insurance market in this region is generally under-penetrated (with the exception of Italy and South Africa), and the competitive environment is very variable according to the country. For example, the South African market, which is the second largest market in the region, is not dominated by the three classic major credit insurance players, but by CGIC (Credit Guarantee Insurance Corporation of Africa Limited Shareholding, a company under South African law), and among the three global leaders, the Group has a direct presence there with a licence, while the Euler-Hermes group has a significant presence on the Moroccan market. In 2015, the Group will have a licence to directly insure Moroccan companies, and will pursue its collaboration with its historic partner AXA Maroc.

The Moroccan economy should continue to grow steadily in 2016 (+2.7%), but less than in 2015 (+4.3%) where the agricultural sector performed remarkably well. Economic growth in Sub-Saharan Africa should remain relatively dynamic, with a still significant long-term development potential, but some countries in the zone will continue to be affected by the decline in commodities prices. Turkey should continue to report modest growth (+3.6% in 2016 according to the Group, *versus* 3.4% in 2015), driven by its dynamic domestic demand. In South Africa, GDP is expected to grow by 1.2% in 2016 (*versus* +1.3% in 2015), penalised by weak commodities prices, the depreciation of the rand against the dollar, as well as by inflation and high interest rates. The countries of the Gulf Cooperation Council would also be considerably affected by the low oil price per barrel. Conversely, Italy, which has a high credit insurance equipment rate, should boosted by a rally of its economy which, according to the Group, should grow by 1.3% (*versus* 0.6% in 2015).

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	ITALY	SOUTH AFRICA	TURKEY	UAE	MOROCCO
Penetration Index (1)	2.6	3.7	0.8	1.4	1.6
Competitive position (2)	2nd	2nd	1st	3rd	2nd

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates, updated in November 2015.

Central Europe Region

For 2014, the Group estimates at €392 million the credit insurance market in this region which includes a dozen countries, the largest of which are: Austria, Poland, the Czech Republic and Hungary. In 2014, the Euler-Hermes, Coface and Atradius groups shared, according to the Group's estimates, approximately three quarters of the credit insurance market in the region, with the balance being held by smaller players, including several export credit agencies. Among the three main players of the world credit insurance market, the Group estimates that it is second in Central Europe. It has the largest direct presence in the region, as the Euler Hermes and Atradius groups are not present in the Baltic countries. Competition is likely to grow fiercer in several countries as they realise their development potential, such as the countries of the former Yugoslavia. Outside of Austria, and probably within a few years Poland, the Central European region remains in a dissemination phase for the credit insurance product and the opening to international players in the sector, thus offering potential for growth, within the limits of the economic size of countries in the zone.

The Group believes that the growth rate of Central Europe should remain stable overall in 2016, around 3%, with the countries in this zone still benefitting from the low price of oil and a weak euro. Despite a slight slowdown, growth of the Polish economy should remain high (+3.3% in 2016, after +3.4% in 2015).

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	AUSTRIA	POLAND	ROMANIA	CZECH REPUBLIC	HUNGARY
Penetration Index (1)	4.2	3.1	0.8	2.6	2
Competitive position (2)	2nd	2nd	1st	4th	3rd

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates, updated in November 2015.

North America region

The competitive environment of the region, which includes for the Group the United States of America and Canada, features market gains by newcomers within the past five years, even though the market has remained largely dominated by traditional players [which in 2014 held, according to the Group's estimates, more than half of the credit insurance market in the United States]. The main players of this region are the Coface and Euler-Hermes groups, American International Group, Inc., Atradius group and, for Canada, the public player Export Development Canada (EDC). The competitive environment, highly dependent on brokered distribution, is relatively fragmented, since in 2014 some fifteen players shared almost the entire market. Among the three main players of the world credit insurance market, the Group believes that it came second in North America in 2014, and held the same rank among all players at the same date. The North American market presents all the features of a mature market (long-established main players, high competition among existing clients) even though its penetration index (estimated by the Group to be 0.4 for 2014 (1), or the weakest of the advanced economies), indicates a very significant potential for first-time credit insurance buyers. However, according to the Group, the realisation of this potential will require a significant sales effort from market players.

The Group also considers that the economic outlook for the United States is relatively favourable in the short and medium terms and expects GDP growth to be slightly down (+2.2% in 2016, after +2.4% in 2015), against a background of rising US rates and a persistently strong dollar. In Canada, growth should remain modest (+1.5% in 2016, after +0.9% the previous year), owing to the low oil price.

Asia-Pacific Region

The credit insurance market in the Asia-Pacific region was estimated at €2.1 billion in 2014 by the Group. It is largely dominated by the export credit agencies, which in certain countries enjoy quasi-monopolies, in particular

(1) Penetration index corresponding to the volume of collected short-term credit insurance premiums (excluding surety bond, Single Risk and additional) in the region compared to the gross domestic product.

for exportation in China through 2014 (Sinosure) and in South Korea (K-sure). Based on the premiums collected in 2014, the Group estimates that it ranks among the global players in the region, having significant market shares in Thailand, Singapore and Taiwan, with Atradius group being well-established in Australia. In this region, the Group estimates that the credit insurance market now presents a penetration index of 1.2, below the European average of 2.52, which indicates a market in which the managerial and financial tools are still in dissemination phase. This transformation is, in fact, reflected by a gradual transition from documentary credit to open credit terms, which allows credit insurers to position themselves on the market. The Group is thus expecting growth of the market in Asia-Pacific, linked to the increasing dissemination of the product, which will be fuelled by the arrival of international credit insurers in new emerging countries, along with the endogenous growth of the zone.

According to the Group, GDP growth will continue to be the main engine for global growth, as it will be dynamic in upcoming years. It will continue to be driven by the Chinese economy (+6.2% expected in 2016, *versus* +6.7% in 2015), even if the latter is significantly slowing down and has to face numerous challenges in the short term (high corporate debt, overcapacities in a large number of sectors). India should continue to report high growth (+7.2% in 2016, after +7.5% in 2015), just like the South-East Asian economies, such as Indonesia (+5% expected in 2016, *versus* +4.7% in 2015) and the Philippines (+6.05% 2015-2016). With respect to the two most advanced economies of the zone, Australia and Japan, Japan is expected to continue to report low performances (+0.9% in 2016, after +0.6% in 2015), owing to the modest results of its economic policies. Meanwhile, Australia should experience growth above 2% in 2016, buoyed by its monetary policy, among other factors.

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	CHINA	JAPAN	AUSTRALIA	SINGAPORE	SOUTH KOREA
Penetration Index (1)	1.6	0.6	1.3	1.4	1.9
Competitive position (2)	1st	4th	4th	2nd	1st

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates, updated in November 2015.

Latin America region

According to Group estimates, the size of the credit insurance market in Latin America was €231 million in 2014, with average annual growth of 16% since 2004, and 5% since 2011. This market covers around twenty countries, the largest of which are: Brazil, Chile, Mexico, Argentina and Colombia. In late December 2013, the Coface, Euler-Hermes (through Solunion, its joint venture with the Spanish insurance group Mapfre) and Atradius groups shared, according to the Group's estimates, more than three quarters of the Latin American credit insurance market. Having the largest geographical footprint in the region, the Group estimates that it is first among the three main players of the world credit insurance market in Latin America, with a 36% market share in 2013. The Group notably holds a leading position in several key markets, such as Brazil, Argentina, Ecuador, Peru and Uruguay. The Spanish export credit agency Cesce is likewise an important player in this market, but with a less significant market share at the same date.

Some other players have a relatively important competitive position at the local level, such as Magallanes or Continental in Chile (majority subsidiary of the Atradius group, considered in the estimate of Atradius' market share).

According to the Group, Latin America is going through a painful economic period. After a probable recession in 2015 (-0.6% according to the Group's estimates), its growth will remain slightly negative in 2016. The largest countries in the zone are likely to report poor performances. Brazil will probably remain in a difficult economic and political situation (-3%, after -3.7% in 2015). Venezuela is also in a critical situation, with a high default risk level in 2016. Argentina should suffer a negative adjustment in the short term following the standardisation of monetary policies, but beneficial in the medium-long term. However, several countries might continue to grow moderately, and profit from the relatively high growth potential in the medium term, such as Mexico, Peru, Chile or Bolivia. The gradual economic opening of Cuba appears promising in terms of long-term opportunities.

The table below provides the credit insurance penetration indexes and the competitive position of the Group in the primary countries of the region, based on premiums collected for 2014.

COUNTRY	BRAZIL	ARGENTINA	CHILE	MEXICO	COLOMBIA
Penetration Index (1)	0.4	0.5	3.1	0.5	0.6
Competitive position (2)	1st	1st	2nd	2nd	3rd

(1) The penetration indexes correspond, for a given country, to the volume of short-term credit insurance premiums (excluding surety bond, Single Risk and additional) compared to the gross domestic product.

(2) Group estimates, updated in November 2015.

1.2.5.4 A global market characterised by strong barriers to entry

The Group estimates that the emergence of new global players on the credit insurance market has been made difficult due to the existence of significant barriers to entry, and in particular:

- the need to have quality information about businesses worldwide;
- the need to have a local presence on several continents, which entails players having a dense geographic network, through a direct (via subsidiaries or branches), or indirect (via partnerships) presence;
- the various regulatory constraints attached to the global pursuit of credit insurance business, in particular in terms of approvals and/or authorisations;
- the fact of being able to rely on an efficient information system and integrated methods in order to reliably assess the risks debtors present, which notably entails an appraisal with a first-rate macro and microeconomic analysis;
- the need to have sufficient clout to recover outstanding receivables, whether or not they are insured;
- the importance of a brand that is recognised in its area of expertise, at the world level.

These barriers to entry, which materialise through the need to get significant investments, explain the strong stability of the positions of world leaders on the credit insurance market.

The Group estimates that the competition on the credit insurance market primarily occurs in terms of price, as the main players have used aggressive pricing policies during recent years, as well as in terms of the type of insurance coverage issued. Competition also exists with respect to the scope and quality of distribution channels, through their own sales teams or a network of partnerships, which are essential for harnessing the growth of the credit insurance business.

Lastly, and to a lesser extent, competition occurs on the capacity of innovation proven by the various market players, seeking to differentiate themselves by proposing products tailored to the changes in client needs. Competition also occurs on the employment market, in certain markets where quality profiles are particularly sought-after, either by direct competitors, or by banks.

Although it considers it highly unlikely at this stage, the Group does not rule out a scenario where the sector could see the emergence of new players from the digital world ("fintech" types of companies with a business model that allows the removal of some of the barriers mentioned above).

Competitive environment of the Single Risk business line

The Group estimates that the Single Risk business line falls within a very integrated and relatively concentrated global market, both from the viewpoint of insurers (about 50) and that of specialised brokers, who get approximately 95% of the distribution of this coverage. Contrary to credit insurance, players generally operate through syndicated contracts, with each of the insurers comprising the syndicate taking a portion of the premium and the risk.

According to the Group's estimates, the main players present on this market are ACE, AIG, Atradius, Axis, Catlin, the Coface and Euler Hermes groups, Lancashire, Sovereign, Swiss Ré and Zürich, in addition to a certain number of Lloyds syndicates. The total capacity per operation that these insurers can mobilise is currently in the order of US$1,700 million. The total amount of premiums reportedly exceeds US$1.5 million. In this context, the Group estimates that it holds a market share of around 2 to 3% of the Single Risk market. In 2015, the market was more specifically in a situation of excess capacity, which led to increased competition among players.

Competitive environment of the factoring market

Factoring is a market that is shared between banking and non-banking players. The Group is only active on the German and Polish markets.

In Germany, after 8.8% growth in 2013, the factoring market continued to grow by 10.4% in 2014, as a much faster rate than GDP, reaching €221 billion in factored receivables for the year [1]. Although it includes over 200 players, the German factoring market is dominated by eight players, who account for around 75% of the market, according to Group estimates: GE Capital Bank AG, PB Factoring GmbH, Eurofactor, Commerz Factoring, Deutsch Factoring Bank, Süd Factoring, BNP Paribas and Coface Finanz, which has a market share of around 13%.

In Poland, the Group estimates that the factoring market continues to grow and represented around €30.7 billion in factored receivables in 2014. It considers that this dynamic markets remains dominated by five players just ahead of it (it estimates its market share to be 7.6%).

Competitive environment of the surety bond market

The global surety bond market is largely dependent on the regulatory framework of the various countries, in reality divided into national markets. Indeed, the local legal context determines as much the characteristics of the product as the requirements in terms of a mandatory surety bond, which makes the market scope of the surety bond difficult to establish. In addition, the practice of certain business sectors or certain types of operations may also influence this market.

The Group estimates that this market represents between €10 and €15 billion in revenue, or more than the credit insurance market. Although largely dominated by banking players, the market also has insurers, who are secondary, notably because they do not have access, for regulatory reasons, to certain national markets, for example in India and in several countries of the Middle East and North Africa. The world's largest market, the United States, represents, according to the Coface Group's estimates, approximately half of the global surety bond market. In Europe, Italy is far and away the leading market, and in Asia, South Korea has the highest percentage of revenue from surety bonds issued.

(1) *Source: Deutscher Factoring Verband.*

1.2.6 REGULATORY ENVIRONMENT

The Group is governed by specific regulations in each of the countries in which it operates its insurance or factoring activities, either directly, or through subsidiaries or partnerships.

Furthermore, in addition to the activities it performs on its own behalf, *la Compagnie* covers and manages on behalf of the French State and under its control, the risks associated with international trade, which are subject to a specific legislative and regulatory framework. These activities do not fall within the provisions of Articles L.151-3 and R.151 *et seq.* of the French Monetary and Financial Code.

1.2.6.1 Credit insurance activities

General rules on oversight and control of the Coface Group's activities

The French Insurance Code, notably in Book III thereof, provides that an insurance company holding an authorisation from a Member State that allows it to perform its activities in one or more classes of insurance, may exercise these same activities, directly or through branch offices, within the context of the European passport.

La Compagnie, as an insurance company, is subject to the provisions of the French Insurance Code, and placed under the control of the ACPR, an independent administrative authority, which:

- oversees compliance by insurance companies with the legislative and regulatory provisions relating to insurance activity;
- ensures that insurance companies are always able to keep their commitments to their policyholders, and present the solvency margin required;
- authorises any modification in the Articles of Association of Compagnie française d'assurance pour le commerce extérieur;
- receives an internal control report, which must be sent to it annually by *la Compagnie* as required by Article R.336-1 of the French Insurance Code. In this respect, level two controls have been put in place since 2008. They primarily concern regulatory licences and authorisations, compliance with the regulations relating to the protection of personal data, the establishment of specific procedures to guarantee data confidentiality, rules of governance, compliance with anti-money laundering legislation, and "Know Your Customer" obligations assumed by insurance companies, along with the effectiveness of the reporting procedures. As the body in charge of establishing and publishing the consolidated financial statements of an insurance group, it provides the ACPR with a report each year that describes the insurance group's internal control mechanism; and
- monitors the Company with additional oversight on insurance companies that are part of an insurance group.

Furthermore, in accordance with Articles L.322-4 and R.322-111-1 to R.322-11-3 of the French Insurance Code, any party (acting alone or in concert) that intends to increase or decrease its interest, directly or indirectly, in the share capital of the Company or *la Compagnie,* such that the voting rights held by that party (or parties, in the case of a disposal or extension of interest made in concert) would go above or below the threshold of one tenth, one fifth, one third or one half of the voting rights in the Company or in *la Compagnie,* is required to inform the ACPR of such plan for disposal or extension of interest. Any party (acting alone or in concert) whose plan to extend its interest would have the effect of exceeding one of the voting right thresholds described above is likewise required to obtain the ACPR's prior agreement as to its plan to acquire equity capital.

The Company, as a holding company for an insurance group, is likewise subject to the ACPR's additional oversight as concerns compliance with the solvency standards.

Lastly, in application of Article L.561-2 of the French Monetary and Financial Code, *la Compagnie* is subject to the legislative mechanism relating to anti-money laundering and the financing of terrorism. The current mechanism, which was codified under Title six, Book V of the French Monetary and Financial Code, is notably a result of Order No. 2009-104 of January 30, 2009, which transposed Directive 2005/60/EC of the European Parliament and Council of October 26, 2005, relating to preventing the financial system from being used for the purposes of money laundering and terrorism financing. It includes oversight of any practices whereby third parties would use insurance operations to engage in corruption or to reinject funds obtained by committing criminal offences into the legal economy. This oversight is notably based on the establishment and use of "Know Your Customer" procedures, and transaction filtering tools. Transactions likely to be the result of an act of corruption, money laundering, or terrorism financing are analysed and, where applicable, result in a declaration of suspicion to Tracfin (*Traitement du renseignement et action contre les circuits financiers clandestins* [Financial Intelligence Unit]), which is the competent authority for this subject area in France.

Prudential regime for insurance companies

The prudential regime for insurance companies, to which the Company is subject as an insurance group pursuant to Article L.356-1 5° of the French Insurance Code, is defined by two aspects which govern their operation: a financial component on the one hand, and an accounting component, on the other. The companies of the Group operating outside of the European Union are likewise subject to a prudential regime.

FINANCIAL ASPECT OF THE PRUDENTIAL REGIME FOR INSURANCE COMPANIES

The regulations derived (i) from Directive No. 2009/138/EC of the European Parliament and of the Council of November 25, 2009 on the taking up and pursuit of the business of Insurance and Reinsurance, transposed by ordinance and decree into the French Insurance Code in April and May 2015, and (ii) from its application texts, including the delegated regulations of the European Commission ("the Commission"), notably delegated regulation (EU) 2015/35 completing the aforementioned directive, came into force on January 1, 2016 (together "**Solvency II**").

The aim of Solvency II is, in particular, to achieve better understanding of the risks of insurers, and create a common system for all European Union members. The new approach is based on three pillars (see section "Obligation to establish a sufficient solvency margin" page 41).

Obligation to provision for commitments

Insurance company liabilities essentially consist of commitments underwritten for their policyholders. Due to the uncertainty weighing upon the number and date of execution of these commitments, which is integral to the activity of an insurance company, these commitments are posted in the balance sheet as estimated amounts. The latter, which are also known as technical provisions, must at all times be sufficient to settle the debts they represent, in application of Article R.343-1 of the French Insurance Code.

The main operating company of the Group, *la Compagnie,* is required, in conformity with the provisions of Article R.343-7 of the French Insurance Code, in French standards, to establish the following technical provisions, intended to cover the complete settlement of its commitments to policyholders or contract beneficiaries:

- provisions for unearned premiums, intended to record, for all pending contracts, the portion of premiums issued, and to be issued, which relate to the period comprised between the inventory date and the next premium maturity date or, by default, the contract termination date;
- provisions for pending risks, which supplement the provisions for unearned premiums when it appears that the premiums carried over will not be sufficient to cover the claims and expenses related to the contracts between the end of the accounting year and the next premium maturity date. They are intended to cover, for all pending contracts, the claims expense and costs related to contracts for the period elapsing between the inventory date and the next premium maturity date that can be reviewed by the insurer or, in their absence, between the inventory date and the contract termination date;
- provisions for payable claims, intended to cover expenses in principal and costs, both internal and external, as relate to all claims that have arisen and that have not been paid;
- provisions for equalisation intended to offset any technical loss that appears at the end of the year. In France, they consist of an annual contribution of 75% of any technical surplus from the line up to a limit representing 1.34 times the average premiums or contributions received annually over the last five years, deducting ceded reinsurance and inward reinsurance items;
- capitalisation reserves, intended to prepare for the impairment in values included in the Company's assets and the decrease in their income;
- provision for default risk, intended to offset any insufficient liquidity of investments.

Rules of Dispersal. Article R.332-3 of the French Insurance Code requires compliance with quantitative criteria in terms of distribution and dispersion. Under rules of distribution, loans are capped at 10%, real estate assets at 40% and instruments of any other nature at 65% of the amount of regulated commitments.

Rules of valuation. The assets accepted in representation of the commitments of an insurance company obey the rules that determine the value at which they will be recorded in the balance sheet. The regulations schematically enact three recording methods according to the asset considered, it being specified that, in principle, said assets are recorded at their acquisition value, deducting for any amortisation and impairment. Nevertheless, certain assets are recorded in the balance sheet at their historic value, in other words, their purchase price or cost. Another category of assets is recorded in the balance sheet at the realisable value (for example, the most recent stock price for instruments listed at the inventory date), in other words, the price that would be obtained if these assets were disposed of on the inventory date. Lastly, amortisable assets are recorded in the balance sheet at their reimbursement value, as stipulated in the contract.

Obligation to establish a sufficient solvency margin

In addition to the technical provisions which roughly consist of freezing amounts that could be due during a certain period of time in advance, the regulations require insurance companies to offer solvency guarantees through their own funds. Generally, solvency rules consist of the insurance company holding a minimum surplus of assets in comparison to those representing its commitments. To that end, the Group's transformation of all of its insurance subsidiaries on the territory of the European Union into branch offices allowed it to centralise all of these entities' assets and to only leave the minimum cash necessary for operational needs at the local level. In other countries, regardless of the legal status of the entity concerned, it must comply with the local regulations. To that end, the entities have locally maintained their asset portfolios as well as their cash in an effort, in particular, to respond to the asset-liability and solvency requirements set by local regulators.

Within the European Union, the Group is subject to oversight from the Prudential Supervisory and Resolution Authority (the Autorité de contrôle prudentiel et de résolution, or ACPR), which has broad oversight power, notably to examine the solvency margin. The Company is required to calculate a consolidated solvency margin corresponding to the ratio between the total of its available capital and the required regulatory capital. According to the applicable French regulations, the Company must maintain its consolidated solvency margin at a minimum of 100%.

During recent years, the European Commission, in conjunction with the Member States, conducted an in-depth examination of the regulatory capital requirements in the insurance sector, within the context of implementing Solvency II.

Solvency II, which will come into force as of January 1, 2016, aims in particular to achieve better understanding of the risks of insurers, and will constitute a single for all members of the European Union.

The new approach will rely on three pillars:

- pillar 1 covers the quantitative requirements of equity, the rules on asset and liability evaluation, as well as capital requirements. Solvency II thus provides for Solvency Capital Requirements ("SCRs") which determine the equity that is required from the insurer for the purposes of absorbing a major shock, which are calculated according to a standard model or according to an internal model that is developed by the policyholder and validated by the national prudential regulator;
- pillar 2 covers the requirements related to governance and management of risks assumed by insurers, as well as the effective oversight of the latter parties, and in particular the requirement they have to conduct an internal evaluation of the risks and solvency (Own Risk and Solvency Assessment – ORSA) and to communicate the results thereof to the supervisory authority within the context of the prudential control process; and
- pillar 3 concerns the reporting and transparency requirements. This approach will cover, among other things, the assessments, treatment of insurance groups, determination of capital and the overall level of requirements in terms of capital. One of the main aspects of Solvency II consists of reconciling the risk assessment methods with the capital requirements of the economic capital methods, and authorises the Group to use these internal models relating to the calculation of economic capital, once they have been validated by the control authority of the Group (the ACPR) in order to better understand the risks and determine how to appropriately manage those risks.

At this stage, there are still uncertainties about some application procedures that have to be adopted (for a detailed description of the risks related to these uncertainties, see Chapter 5 "Risk factors – Risks linked to the implementation of the Solvency II Regulations").

ACCOUNTING FEATURES OF THE PRUDENTIAL REGIME FOR INSURANCE COMPANIES

In addition to the general accounting obligations enacted by Article L.123-12 *et seq*. of the French Commercial Code, the Group is subject to specific accounting rules for insurance companies, which have been codified under Title IV, Book III of the French Insurance Code. In fact, the inversion of the production cycle that is specific to insurance activities – *i.e.* the fact of providing services with an actual cost that will only be known after the fact – justifies the existence of the specific accounting rules for the companies that conduct these activities.

The Group's consolidated financial statements are prepared in application of IFRS rules (IFRS 4, phase 1). This standard requires that the references used for these insurance contracts be an internationally recognised set of guidelines. The Group has thus adopted the French principles to show the accounting of the insurance contracts. The provision for equalisation is not accepted under IFRS, and was thus eliminated in the IFRS financial statements, even though it has been maintained in the financial statements of *la Compagnie*. Furthermore, the Group must apply IFRS 4, paragraph 14 and in particular proceed to conduct liability adequacy tests.

Regulations applicable to the credit insurance contracts signed by the Coface Group

The contracts issued in each of the countries where it is present comply with the corresponding country's regulations. In France, the credit insurance contracts issued by the Group are not subject to the provisions of the French Insurance Code, but rather to those of the general law on contracts – with the exception of the provisions of Article L.111-6 (major risks), L.112-2 (framework of the precontractual phase), L.112-4 (content of the insurance policy), L.112-7 (information to be provided when the contract is offered with unrestricted provision of services) and L.113-4-1 (motivation to be provided to the policyholder by the credit insurer when it refuses to cover the receivables held by the policyholder over its debtor) of the French Insurance Code.

1.2.6.2 Management and coverage of public procedures

In addition to the activities it performs on its own behalf, *la Compagnie* manages, on behalf of the French government and under its control and guarantee, the risks related to international trades, which are unlikely to be insured by the market. This engagement is performed under the conditions set by Act. No. 49-874 of July 5, 1949, and Decree No. 94-376 of May 14, 1994, as amended and codified in Articles L.432-1 *et seq*. and R.442-1 *et seq*. of the French Insurance Code, supplemented by the management and public procedures agreement, and the agreement relating to financial relations between the French government and *la Compagnie,* which is attached thereto, signed on February 24, 2012.

This public procedures management activity has been maintained, as with all credit insurance operations performed "on behalf of or with the support of the State, or when the State is the insurer", outside the field of application of Directive 1987, in particular as concerns the prudential rules it imposes, as well as the Third Non-Life Directive, even including a subsequent coordination, for which intervention has still not been planned.

For this activity, some operations of *la Compagnie* benefit from the State's coverage in application of Article L.432-2 of the French Insurance Code. This essentially concerns the following activities, which are aimed at supporting and developing French export trade (see paragraph 1.2.1.2).

In application of Articles L.432-3 and R.442-2 of the French Insurance Code, the insurance guarantee is issued by *la Compagnie,* on behalf of the French State, in conformity with the decisions of the Ministry of the Economy, which are made upon consultation with the Foreign Trade Credit and Guarantees Commission. These decisions determine the policy terms which in particular relate to policyholders' obligations, the collection of premiums, events giving rise to claims, indemnity payment terms, the distribution of the amounts recovered on debt in default, and the execution of these policies.

Article L.432-4 of the French Insurance Code provides that all technical flows corresponding to public procedures, with the exception of the fees collected by *la Compagnie*

for its management, should be distinctly recorded in the Company's financial statements. As such, these operations do not have to be recorded in the balance sheet or income statement of *la Compagnie*: only the management compensation collected in this context is reported in the income statement. Furthermore, the same article requires *la Compagnie* to report these operations under a separate accounting record. An agreement between the French State and *la Compagnie* sets out the terms and conditions applicable for keeping these accounting records and for their audit and certification by one or more Statutory Auditors. Lastly, without prejudice to the rights of holders of receivables arising from the operations performed with the French State's guarantee, no creditor of *la Compagnie* may invoke any right whatsoever over the assets and rights emerging from this record, including on the basis of the rules of Book VI, Title II of the French Commercial Code, or of Articles L.611-1 to L.612-4 of the Commercial Code, or of Articles L.310-25 and L.326-2 to L.327-6 of the French Insurance Code.

Government control. In application of Article R.442-3 of the French Insurance Code, *la Compagnie,* as a manager of public funds, is subject, for the public procedure management activity, to the economic and financial control of the French State. In this respect, *la Compagnie* may be audited by government controllers that have powers to perform documentary and on-site investigations, and who periodically report on their activities to the French Ministries of Finance, Economic Affairs and Budget.

Furthermore, Articles R.442-4 and R.442-5 of the French Insurance Code notably provide for the appointment by the Minister of the Economy of a government commissioner to COFACE SA in charge of overseeing implementation of the government's coverage. The commissioner may review the accounting at any time, as well as documents or information needed to perform their engagement, and may exercise a veto right over any decision relating to the government's coverage that is likely to compromise performance, or negatively impact the interests of the country with respect to national defence or the secure supply of energy resources. In case of a veto, *la Compagnie* has a period of eight days to file an appeal before the Minister of the Economy, who is required to issue a decision on this opposition within ten days.

Article R.442-6 of the French Insurance Code, reiterated in Article 9 of the Articles of Association of *la Compagnie,* furthermore provides that a party, acting alone or in concert, that exceeds the 10% threshold of the share capital or voting rights of COFACE SA or Compagnie française pour le commerce extérieur be subject to a resolution by the Board of Directors, which is then submitted for the approval of the Minister of the Economy. This approval is deemed acquired, barring an objection from the minister, within 30 days following the Board's resolution when the threshold crossing appears likely to damage the interests of the country in terms of national defence or the secure supply of energy resources. When interests have been acquired in disregard of the provisions of this article, the holder(s) of the interests concerned cannot exercise their corresponding voting right, and must transfer these instruments within a period of three months. As a reminder (see paragraph 1.2.1.2 "Transfer of public procedures management"), the amended Finance Act of December 29, 2015, No. 2015-1786 contains an article stipulating that this transfer will take place no later than December 2016.

1.2.6.3 Factoring activities in Germany and Poland

Factoring is regulated by the German banking law *(Kreditwesengesetz)* as a financial service (and not as banking activity), and is defined as the ongoing disposal of receivables based on a master agreement with a third party institution, with or without recourse against the ceding company. As a financial service *(Finanzdienstleistung),* in the sense of German banking law, factoring activity is regulated and subject to oversight by the German financial regulation authority, BaFin *(Bundesanstalt für Finanzdienstleistungsaufsicht),* which notably requires an authorisation to conduct such activities.

In Poland, the factoring activities that are performed within the context of the local Civil Law scheme on disposal of receivables, are not specifically supervised, with the caveat that they are subject to the Polish anti-money laundering regulations.

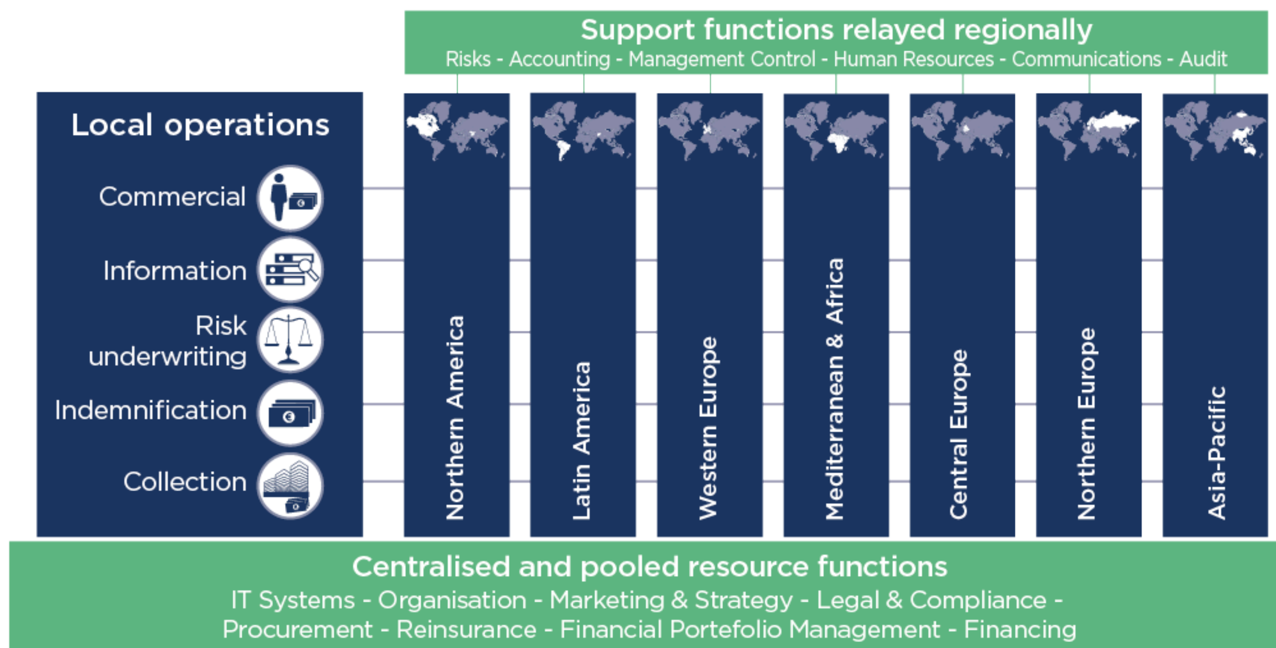
The law and regulations applicable to the Group's factoring activities in Germany and Poland do not impose any requirements in terms of regulatory capital or liquidity.

1.3 Group organisation

Thanks to a matrix organisation (illustrated in the diagram below), the Group is close to its policyholders and has a very responsible decision-making process. It can also implement new decision-making processes where necessary.

This organisation is built on seven regions (each headed by a regional director to whom the other country directors report directly) and functional departments, which include the following functions:

- centralised and pooled resources: information systems – marketing & strategy – legal & compliance – purchasing – reinsurance – financial portfolio management – financing;
- decentralised operating functions: sales – information – risk underwriting – indemnification – debt collection;
- back office functions passed on in the regions: risks – accounting – management control – human resources – communications – audit.



This organisation, built on precisely-defined responsibilities, transparent governance and a direct presence in 67 countries, aims to facilitate implementation of the Group's strategic guidelines.

In terms of governance, the Group relies:

- on management and control bodies at various levels (Board of Directors, General Management Board, Executive Committee, Audit Committee, Compensation Committee, specific operating committees);
- a matrix organisation of key functions according to a geographic cornerstone; and
- a set of Group procedures and policies.

Thus, this governance notably centres around the Group Management Board, which is the strategic and operational control body. Members of this committee include, in addition to the Chief Executive Officer (CEO), who is the Chairman and who calls a meeting once a week, Group directors in charge of risk underwriting, information and litigation, finance, human resources, marketing and strategy, risks, organisation and IT systems in addition to legal, compliance and facility management.

Governance also includes an Executive Committee which is the coordinating body for the operational application of the Group's strategy and discussion on all Group-wide issues that concern all regions. It can likewise address specifically regional aspects. Members of the Executive Committee, which meets every month, are those of the Group Management Committee and the seven regional managers. Furthermore, the Group's regional governance relies on regional Boards, which focus on operational and financial aspects of each region. These committees, which meet quarterly under the direction of the Chief Executive Officer (CEO), bring together Group and regional directors from the financial and operational departments.

Processes linked to the Group's activities are globally coordinated by ten departments placed under the responsibility of the Company's Chief Executive Officer (CEO), which have the respective roles described below (see paragraphs 1.3.1 to 1.3.10 below).

The Group's Board of Directors includes several independent directors, two of whom preside over the Audit and Compensation Committees.

Management of the Group audit is directly associated with the Chief Executive Officer (CEO), and its director does not participate in operational management bodies.

1.3.1 GROUP RISK UNDERWRITING, INFORMATION AND LITIGATION DEPARTMENT

This department includes:

- the Risk Underwriting Department, which defines and controls the policy on underwriting credit risks, and monitors its application. It notably oversees the largest outstanding amounts, as well as the most fragile ones, and analyses the monthly reports on credit risk activity for the Group as a whole. In addition, it underwrites risks greater than €20 million, and plays a role in the coordination of risk underwriting centres. It oversees the risk underwriting centres present in 45 countries and combined within seven regions, and specifically, factoring, surety bonds and Single Risk activities;
- the department information and litigation revolves around an information hub (primarily in charge of coordinating the enhanced information and shared services centres located in India, Morocco and Peru, in order to provide

information that is useful for risk underwriting, and in particular the DRAs on buyers), and a litigation hub, which is in charge of the processes of indemnification, and recovery of receivables. The latter validates any payment of an indemnity that exceeds €1 million.

1.3.2 GROUP HUMAN RESOURCES DEPARTMENT

The purpose of this department is to support the Group's strategy by steering human resource procedures and policies, particularly compensation and benefits programmes, the consolidation and validation of corporate reporting and the organisation of the European Works Council. It also organises the development of the Group's skills and relies for this purpose on a robust network made up of regional and local Human Resource Directors.

1.3.3 GROUP STRATEGY AND MARKETING DEPARTMENT

This department is in charge of managing the innovation, differentiation and market conquest policies and is divided into:

- a "products" department, which oversees the international convergence of offers and manages the Group's various product development projects;
- a "clients" department, notably in charge of identifying client expectations in terms of their daily relations with the Group's subsidiaries, and monitoring and improving their satisfaction;
- a "markets and partnerships" department that monitors competition, conducts market studies, canvasses these markets and handles the technical management of the Group's network and partners;
- a manager in charge of coordinating marketing actions in the seven regions of the Group.

1.3.4 ORGANISATION DEPARTMENT

The Group Organisation Department leads all transformation programmes needed to implement the Group's strategy. It is notably in charge of defining the needs and assisting in the implementation of various Group projects, handling the maintenance and configuration of the tools, user assistance and impact studies on the IT system.

1.3.5 INFORMATION SYSTEMS DEPARTMENT

The Group Information Systems Department develops, rolls out and manages all of the Group's shared IT resources *i.e.* networks, servers, programs, applications rolled out, hardware or software platforms, packages, IT equipment, the acquisition and renewal of hardware and software, and maintenance contracts.

1.3.6 GROUP FINANCIAL DEPARTMENT

The Group's Financial Department works in conjunction with all of the Coface Group's operational departments and entities to control and track Coface's financial performance in all countries in which it is present, according to the division into geographical zones adopted by the Group.

Its tasks therefore consist in ensuring the Group's accounting and controlling management of activities, managing the Group's interests, publishing regulatory and tax statements, ensuring relations with investors and rating agencies and establishing protective measures for the balance sheet (in particular in the reinsurance sector). The Group's Investments, Financing and Treasury Department reports to the Group Financial Department and combines the Group's asset management, cash management and financing duties. It is likewise in charge of the Group's front, back and middle offices.

1.3.7 RISK DEPARTMENT

Since November 2015, the Group Risk Department reports to Carine Pichon, Group Chief Financial Officer appointed effective Managing Director of the Company in the context of the Solvency II Directive as of November 2, 2015 (see paragraph 3.2.5).

This department is in charge of supporting the actions of the general management teams to ensure the Group's long-term solvency and profitability, and monitor compliance with the requirements laid down by the Solvency II Directive. It covers the risk management, internal control and actuarial functions as described in the Solvency Directive.

1.3.8 GROUP LEGAL, COMPLIANCE AND FACILITY MANAGEMENT DEPARTMENT

This department is headed up by the Group corporate Secretary and includes the Group Legal and Compliance Department, as well as the Group corporate Management Department. Since July 2015, the General Secretary is also responsible for Group Corporate and Social Responsibility (CSR).

The Group's Legal and Compliance Department plays an advisory role for all of the Group's entities, and is in particular in charge of the proper functioning of the Group's corporate bodies and committees, along with important litigation. Furthermore, in terms of its compliance function, this department monitors the Group's compliance with all of the rules governing its activities (see paragraph 1.2.6 "Regulatory Environment").

1.3.9 GROUP COMMERCIAL DEPARTMENT

This department is divided into:

- sales department which tracks sales and pricing;
- Single Risk department which, due to its specific nature, is subject to a different underwriting from a dedicated team;
- Coface Global Solutions department that manages, in particular, the commercial development of the CGS Offer, and oversees the relationship with the policyholders of this market segment;
- Project and Tools Department;
- "commercial underwriting" team that reviews commercial decisions requiring the approval of head office.

1.3.10 GROUP COMMUNICATIONS DEPARTMENT

This department defines and implements the Group's internal and external communication strategy, both in France and abroad. It carries out this task in liaison with general management.

1.3.11 GROUP AUDIT DEPARTMENT

In charge of the internal audit function (see paragraph 1.4.8 "Group Audit Department"), this department notably performs periodic level 3 controls, in conformity with the requirements of the Solvency II Directive .

1.3.12 GROUP ECONOMIC RESEARCH DEPARTMENT

This department consists of 16 economists, 12 of whom are based in the Western Europe region (Paris) and 4 of whom are in regions where the Group is present, in an effort to provide local coverage. It is in charge of producing macroeconomic analyses for the sectors and regions, for the Group's different businesses, policyholders, and the public, in particular through "panoramas" which are published on the Group's website.

1.4 Information systems

1.4.1 GENERAL PRESENTATION

The use of efficient, reliable and secure information systems is a major issue for the Group in the context of its commercial offers (see paragraph 1.2.1.1. "Credit insurance and related services – Information on debtor solvency at the core of the Coface Group's business"). It is also equally important for its management, reporting and internal control procedures, allowing it to have a global perspective on its activities, the completion of its strategic plans and its development, the management of its risks, and the follow up given to internal and external audit reports (ACPR, BPCE Group internal audit) (see paragraph 5.2.1 "Organisation of risk oversight").

In recent years, in the context of the medium-term Strong Commitment I and II strategic plans, the Group has emphasised alignment of information systems with its strategic objectives, aiming to unify information systems, in particular in an effort to centralise and secure business data. Accordingly, since year end 2012, its organisation is based on a new IT structure. In accordance with its business continuity plan (“**BCP**”), all servers worldwide are hosted in two external data processing centres (data centres) located in France in the Paris region and the data is backed up in a private cloud. These two sites combine the Group’s information system equipment (servers, storage, backups, network and telecommunications equipment, etc.). In the event of a failure at one of these two sites, the other takes over in a completely transparent manner for all users. User backup sites are also planned in the event of a crisis for significant entities, in particular for staff of the head office. The “Information Systems” portion of the BCP is tested at least once a year (see paragraph 5.2.7 “Management of operational risks”).

Overall, thanks to this new architecture, maintenance costs have fallen and security and assurance of business continuity have been improved. Furthermore, the IT Department is currently implementing the STAR project, which consists of creating a centralised database using information collected worldwide in each credit insurance operating sector. After the reliability of the information is confirmed, it is used notably, to populate the Group’s production tools. STAR is also used to produce reports for the Group’s operational steering. The first phase of STAR, relating to the scope of claims data, was completed in late 2013, and continues through a component on premiums (the first part of which was set up in 2015) and contracts.

For nearly 20 years, the Group has chosen Oracle to guarantee a high level of expertise and quality in data management, and has been leaning towards open information systems, which allow it to keep abreast of the technological developments needed for its activities, through a range of applications consisting of internally developed applications and software packages.

Furthermore, the Group’s information systems follow a quality and active certification process. As of the date of this document, the Group’s information systems had been ISO 9001 certified since 2000 (1).

It is committed to investing in its information systems, particularly to support its commercial and innovation strategy while containing related expenses and investments, which totalled €55 million, *i.e.* 3.8% of consolidated turnover, for the year ended December 31, 2015.

1.4.2 MAIN APPLICATIONS OF THE COFACE GROUP AND TOOLS PROVIDED TO ITS POLICYHOLDERS

The main applications used by the Group and the main operational tools (directly related to services delivered by the Group to its clients) are described below:

- **ATLAS**

  ATLAS is the IT underwriting tool for the credit insurance business, and for the risk underwriting management of all of the Group’s businesses, for all of its entities and partners of the Coface Partner network. The tool contains access to information on more than 80 million businesses worldwide, thereby allowing a quick answer to an initial request for a credit limit (see paragraph 2.4.3.2).

- **ATLAS-INFO**

  Closely associated with ATLAS, ATLAS-INFO is the information management tool used by the 47 enhanced information centres of the Group, which allows management of the two million tasks processed annually by the shared services centres. Thanks to this tool, the enhanced information centres generate their lists of tasks in view of maintaining the Group’s databases and in particular:

  - deduplication of debtors and data standardisation;
  - requests for financial statements from information vending partners;
  - integration of reports and documents in the Group’s Electronic Document Management System (“EDMS”);
  - processing and updating of debtors ownership structure links.

- **DRIVE**

  In 2015, a new portal was rolled out to address the needs of the Group’s risk Underwriting and Information Departments. It offers a concise overview of information contained in the Group’s main risk analysis tools (ATLAS, EASY, ATLAS INFO, WORKLIST, CUBE) in a single space. Accessible from business applications, DRIVE is also an entry portal to these applications. It also allows the integration of data supplied by external information sources.

- **DCON** *(Debt Collection Online)*

  The Group uses this tool in the context of its debt management and collection activities, and for managing outstanding invoices linked to its business line. A centralised tool, DCON is used in 48 countries where the Coface Group directly performs its debt management and collection activities. This application allows all outstanding payments flagged by the Group’s policyholders to be entered and validated, and then for each file to be tracked in the attempt at amicable settlement phase, moving through a potential legal phase, until its resolution (regardless of whether the outcome is positive or negative). It combines all tasks and reminders relating to a file, and likewise facilitates the communication and sharing of information among the Group’s entities, within the context of international files.

(1) *ISO: Founded in 1947, the ISO (International Standards Organisation) is the leading producer worldwide of international standards of voluntary application in nearly all technological and economic sectors. These standards establish quality specifications which are applicable to the products, services and best practices, in order to increase effectiveness in all sectors of the economy.*

- **EASY**

  EASY is a centralised database and software of the Group which allows companies to be identified, regardless of their location in the world. It is linked to all applications of the Group which require access to such data, notably enabling:

  - search and identification of debtors;
  - ongoing management of the content and quality of information in this database (history of modifications made);
  - file duplication and data standardization;
  - cross-checking with lists of debtors that appear on the anti-money laundering lists of international institutions.

- **CUBE**

  Cube is the commercial management application. It compiles information on the Group's prospects and clients. Its scope also extends to the Group's partners and brokers. It integrates KYC (Know Your Customer) data, the management of contractual programs, financial data (IBAN) as well as profitability and segmentation indicators.

- **PEPS**

  The PEPS software (Past and Expected Profitability System) is the Group's internal pricing system (see paragraph 1.2.1 "Credit insurance and management of public procedures – Pricing of credit insurance offers").

- **SMART**

  Smart is the Group's CRM (customer relationship management) tool. This software package combines and supports pre-sales and customer relations processes, as concerns the bulk of their components. Rolled out over an increasing scope of entities, it has been improved under a functional enhancement plan to be continued in 2016. It is connected since mid-2015 to a lead management system based on a so-called "Marketing Automation" tool.

- **COFANET**

  CofaNet is a secure web platform for managing the flow of information dedicated to the Group's policyholders. Thanks to this platform, each policyholder may, in a few seconds, identify its debtors, know its receivables with covered risks, declare its claims, or even track payment of its outstanding receivables.

  The platform offers key services for the Group's various business lines:

  - credit insurance: online management of coverage, consultation of portfolio of debtors/prospects/providers, application for coverage and declaration of outstanding invoices online;
  - information on companies: ordering of a detailed informational report on a company (identification, key figures, balance sheet, income statement, financial ratios, activities, etc.), access to the assessment made by the Coface Group of such company, access to analysis of portfolio of debtors made by the Group;
  - receivables management: sending of new files online, daily tracking of the balance of the receivable following actions taken by the Group for each file for recovery, direct communication with the Group, consultation of the history and statistics of a file.

    Since 2014, credit managers and brokers can access CofaNet on their smartphones and/or tablets using the *CofaMove* application, and can therefore become more responsive in their risk portfolio management.

    Alongside CofaNet, the Group offers data exchange solutions for policyholders that manage portfolios of important debtors, and who are concerned about decreasing the management expense of their credit insurance contract. A new generation of data exchange solutions, powered by the Webservices technology and known as *CofaServe,* was launched by the Group in 2014 and upgraded in 2015. This exchange protocol offers policyholders a real-time response on the essential operations of the credit insurance contract and can be directly integrated into their own IT system. New offers such as Cofanet Policy Master and Cofanet Cash Master, launched in 2014/2015, provide policy holders the possibility to easily manage and finance their invoices through a coverage certificate supplied by the Group.

- **Other tools**

The Group also provides other IT tools used for its various businesses, such as NAVIGA for surety bond management and SONATA for Single Risk management.

In March 2014, it also finalised a partnership with Vialink in an effort to offer an e-bond service in France.

CORPORATE GOVERNANCE

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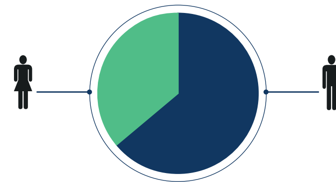
2.1 Composition and operations of the Board of Directors and management bodies

2.1.1 COMPOSITION**

Independence of the Board of Directors

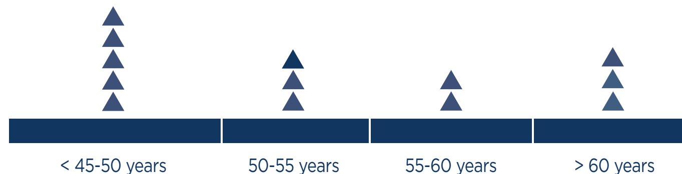
5 members of the Board of Administration are independent

Breakdown by gender



4 out of 11 members are women, i.e. 36.36%

Age of members of the Board of Directors



8 out of 11 members are under the age of 60

* *Chairman of the Board of Directors.*
** *See paragraph 2.4.1.1.*

◆ 2.1.1.1 Board of Directors

On December 31, 2015, the Board of Directors is composed of 11 members.

The table below presents the composition of the Board of Directors as of the date of this registration document, and the terms of the members of the Board of Directors of the Company over the last five years:

Laurent MIGNON

Chairman of the Board of Directors

DATE OF FIRST APPOINTMENT

November 21, 2012

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

French

ATTENDANCE RATE

100%

NUMBER OF COFACE SHARES HELD

500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms of office and duties performed at the date of this registration document:

- Chief Executive Officer (CEO) of Natixis (1)
- Member of the Management Board of BPCE
- Chairman of the Board of Directors of Natixis Global Asset Management
- Director of: Arkema (1), Lazard Ltd (1)

Terms and functions performed during the past five years, and which are no longer held:

- Director of Sequana (1)
- Permanent representative of Natixis, non-voting member of BPCE
- Chairman of the Board of Directors of Compagnie française d'assurance pour le commerce extérieur

(1) Listed company.

BPCE represented by Marguerite BÉRARD-ANDRIEU

Director

DATE OF FIRST APPOINTMENT

November 21, 2012

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

French

ATTENDANCE RATE

60%

NUMBER OF COFACE SHARES HELD

500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed as at the registration date of this registration document:

- Deputy Chief Executive Officer – Strategy, legal affairs, group company secretary and compliance officer for the BPCE group
- Chairman of the Board of Directors and Chairman of S-Money
- Chairman of the Board of Directors and Chairman of Issoria
- Permanent representative of the BPCE group on the Supervisory Board of Banque Palatine
- Director of BPCE International et Outre-Mer
- Director of Natixis Coficiné
- Director of Maisons France Confort
- Director of SCOR [(1)]

Terms and functions performed during the past five years, and which are no longer held:

- Permanent representative of the BPCE group, Chairman of the Board of Directors and Chairman of BPCE Domaines
- Permanent representative for the BPCE group, Chairman of Issoria
- Permanent representative for the BPCE group, Chairman of Issoria International Trading
- Chairman of Oterom Holding
- Permanent representative of BPCE on the FLCP Supervisory Committee
- Permanent representative for the BPCE group, Chairman of Issoria SAS
- Permanent representative for the BPCE group, Chairman of Issoria International Trading SAS
- Permanent representation of GCE
- Participations on the Board of Directors of Demain
- Permanent representative for CE Holding Promotion on the Board of Directors of Nexity [(1)]
- Chairman of the Board of Directors of Meilleur Taux

2

(1) *Listed company.*

Jean ARONDEL

Director

DATE OF FIRST APPOINTMENT

November 21, 2012

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

French

ATTENDANCE RATE

60%

NUMBER OF COFACE SHARES HELD

1,000 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre
- Chairman of the Board of Directors of Société Locale d'Épargne Pays Chartrain et Drouais
- Director of CE Holding Promotion of the BPCE Group
- Director of NATIXIS LEASE (SA) for Caisse d'Epargne Loire-Centre
- Non-voting member of the BPCE Supervisory Board
- Chairman of the Fédération Nationale des Caisses d'Epargne
- Chairman of the Fondation Caisse d'Epargne Loire-Centre
- Chairman of the Compensation Committee of Caisse d'Epargne Loire-Centre
- Chairman of the Appointments Committee of Caisse d'Epargne Loire-Centre
- Member of the Audit Committee of Caisse d'Epargne Loire-Centre
- Member of the Risks Committee of Caisse d'Epargne Loire-Centre

Terms and functions performed during the past five years, and which are no longer held:

- None

Jean-Paul DUMORTIER

Director

DATE OF FIRST APPOINTMENT

July 26, 2013

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

French

ATTENDANCE RATE

80%

NUMBER OF COFACE SHARES HELD

550 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of Holding Wilson 250 SAS
- Chairman of the Board of Directors of SCM Habitat Rives de Paris
- Chairman of the Board of Directors of Banque Populaire Rives de Paris
- Chairman of the Board of Directors of Imocominvest
- Chairman of the Board of Directors of Imocominvest 2
- Director of SOVAFIM
- Director of Crédit Foncier de France

Terms and functions performed during the past five years, and which are no longer held:

- None

Éric HÉMAR

Director (independent)

DATE OF FIRST APPOINTMENT

July 1, 2014

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2017

NATIONALITY

French

ATTENDANCE RATE

80%

NUMBER OF COFACE SHARES HELD

892 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman and Chief Executive Officer (CEO) of ID Logistics [(1)]
- Chief Executive Officer (CEO): IDL Logistics (Mauritius), IDL Supply Chain South Africa, IDL Fresh South Africa
- Chairman: ID Logistics, ID Logistics France, ID Logistics France 3, ID Logistics Mayotte, ID Logistics Océan Indien, Ficopar, Timler, ID Logistics La Réunion, Les Parcs du Lubéron Holding
- Chairman of the Board of Directors: France Paquets, ID Logistics (Nanjing) Business Consultation, ID Logistics Nanjing, ID Logistics Taiwan, ID Logistics (Mauritius),
- Director: ID Logistics China Holding Hong Kong, ID Logistics Switzerland SA, ID Logistics Nanjing, ID Logistics Taiwan, ID Logistics (Nanjing) Business Consultation, France Paquets, ID Logistics Group,
- Member of the Supervisory Board: Dislogic, ID Logistics Polska
- Permanent representative of Les Parcs du Luberon Holding, Chairman of SAS Les Parcs du Luberon 1
- Permanent representative of ID Logistics, Chairman of SAS IDLF10 and SAS IDLF11
- Permanent representative of ID Projets to the Board of Directors of Froid Combi
- Manager: FC Logistique R&D, ID Logistics Maroc, ID Logistics Training

Terms and functions performed during the past five years, and which are no longer held:

- Chairman: Immod, Financière ID, ID Logistics group, La Flèche
- Chairman of the Board of Directors: ID Logistics Polska
- Director: ID Logistics

Linda JACKSON

Director (independent)

DATE OF FIRST APPOINTMENT

May 5, 2015

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

British

ATTENDANCE RATE

66.66%

NUMBER OF COFACE SHARES HELD

550 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of the Board of Directors and Chief Executive Officer (CEO) of Automobiles Citroën
- Chief Executive Officer (CEO) and Director of Citroën UK Limited
- Director of Citroën Benelux
- Director of Dongfeng Peugeot Citroën Automobiles Company LTD
- Director of Peugeot Citroën Automobiles UK Limited
- Director of Peugeot Citroën Retail UK Limited
- Director of Peugeot Citroën Ukraine

Terms and functions performed during the past five years, and which are no longer held:

- Director of Citroën Motors Ireland Limited

(1) Listed company.

Sharon MACBEATH

Director (independent)

DATE OF FIRST APPOINTMENT

July 1, 2014

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2017

NATIONALITY

British

ATTENDANCE RATE

80%

NUMBER OF COFACE SHARES HELD

500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Group Human Resources Director, member of the Executive Committee of Rexel (1)

Terms and functions performed during the past five years, and which are no longer held:

- Director of Human Resources and communication, member of the Executive Committee of Redcats

Pascal MARCHETTI

Director

DATE OF FIRST APPOINTMENT

November 21, 2012

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY

French

ATTENDANCE RATE

100%

NUMBER OF COFACE SHARES HELD

500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chief Executive Officer (CEO) of Banque Populaire des Alpes
- Permanent representative of Banque Populaire des Alpes as Vice-President of Banque de Savoie
- Permanent representative of Banque Populaire des Alpes on the IBP Board of Directors
- Permanent representative of Banque Populaire des Alpes on the Compagnie des Alpes (1)
- Permanent representative of Banque Populaire des Alpes as the Executive Vice-President of the economic interest group (GIE) PRIAM Banque Populaire
- Permanent representative of Banque Populaire des Alpes as Director of Pramex
- Permanent representative of Banque Populaire des Alpes on the Advisory and Supervisory Board of InnovaFonds
- Permanent representative of Banque Populaire des Alpes as member of the Banque de Savoie Audit Committee
- Permanent representative of Banque Populaire des Alpes as Chairman of SAS Sociétariat Banque Populaire des Alpes
- Permanent representative of Banque Populaire des Alpes as Chairman of SAS BPA Atout Participations
- Non-voting member of the BPCE Supervisory Board
- Director of Banque Palatine (1)
- Member of the Banque Palatine Audit Committee
- Member of the Supervisory Board of Naxicap Partners

Terms and functions performed during the past five years, and which are no longer held:

- Permanent representative of Banque Populaire des Alpes as a member of the IBP Audit and Risks Committee

(1) *Listed company.*

Martine ODILLARD

Director (independent)

DATE OF FIRST APPOINTMENT
May 5, 2015

EXPIRATION DATE OF THE TERM
Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY
Belgian

ATTENDANCE RATE
100%

NUMBER OF COFACE SHARES HELD
500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of Cinémas Gaumont Pathé
- Chairman and Chief Executive Officer (CEO) of Chargeurs Entoilage SA
- Chairman of Chargeurs Textiles SAS
- Chairman of Fitexin SAS
- Director of Union des Industries Textiles (UIT)
- Director of Lanas Trinidad SA (Uruguay)
- Director of Zhangjiagang Yangtse Wool Combing Co. Ltd (China)

Terms and functions performed during the past five years, and which are no longer held:

- Chief Executive Officer and director of Chargeurs SA [1]
- Chairman and director of CMI (Chargeurs Management International)
- Chairman of Lainière de Picardie BC SAS
- Chairman of Chargeurs Wool (Eurasia) SAS
- General Manager of Chargeurs Boissy SARL
- General Manager of Soparic SNC
- Permanent representative of Chargeurs SA on the Board of Directors of Chargeurs Entoilage SA
- Permanent representative of Chargeurs SA on the Management Committee of Lanière Picardie BC SAS

Laurent ROUBIN

Director

DATE OF FIRST APPOINTMENT
July 26, 2013

EXPIRATION DATE OF THE TERM
Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016

NATIONALITY
French

ATTENDANCE RATE
80%

NUMBER OF COFACE SHARES HELD
500 shares

PRINCIPAL TERMS OF OFFICE AND DUTIES OUTSIDE THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of the Management Bord of Caisse d'épargne Picardie
- Chairman and member of the Management Board of Picardie Foncière
- Chairman of Triton SAS
- Chairman and member of the Management Board of Nsavade
- Chairman of the Supervisory Board of CE Capital
- Chairman of the Supervisory Board of Caisse d'épargne développement
- Chairman of the Audit Committee and member of the Supervisory Board of SIA Habitat
- Director of Banque Privée 1818
- Director of the Fédération Nationale des Caisses d'Epargne association
- Director of Alliance Entreprendre
- Representative of BPCE Director (advisory capacity) of Procilia
- Member of the Supervisory Board of Palatine Asset Management
- Member of the Supervisory Board of Seventure Partners
- Member of the Supervisory Board of the economic interest group (GIE) on IT and Technology – Caisses d'Epargne

Terms and functions performed during the past five years, and which are no longer held:

- Chairman of the Supervisory Board of Alliance Entreprendre

(1) *Listed company.*

Olivier ZARROUATI

Director (independent)

DATE OF FIRST APPOINTMENT

July 1, 2014

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2017

NATIONALITY

French

ATTENDANCE RATE

80%

NUMBER OF COFACE SHARES HELD

500 shares

PRIMARY TERMS AND FUNCTIONS PERFORMED OUTSIDE OF THE COFACE GROUP OVER THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of the Management Board and member of the Executive Committee of Zodiac Aerospace [1]
- Chairman: Zodiac Aerotechnics, Zodiac Engineering, Sicma Aero Seat Services (United States), Zodiac US Corporation (United States)
- Director: Air Cruisers Company LLC (United States), Avox Systems Inc. (United States), C&D Aerospace Canada Co. (Canada), C&D Zodiac inc. (United States), Engineering Arresting Systems (United States), Heath Tecna (United States), Zodiac Interconnect UK Ltd (formerly Icore) (United Kingdom), Mag Aerospace Industries Inc. (United States), Parachutes Industries of Southern Africa Pty (South Africa), Zodiac Aerospace UK Ltd (United Kingdom), Zodiac Seats France, GIFAS

Terms and functions performed during the past five years, and which are no longer held:

- Director: Icore GmbH (Germany), GIFAS
- Chairman/member: GEAD

For the purposes of their corporate terms, the members of the Board of Directors are domiciled at the head office of the Company.

Personal information concerning the members of the Board of Directors

Laurent MIGNON, 52 years old, is Chief Executive Officer (CEO) of Natixis and a member of the BPCE Management Board. A graduate of HEC and the Standford Executive Program, Laurent Mignon worked for more than 10 years in various positions at Banque Indosuez, from the trading floor to corporate banking. In 1996, he joined Schroeders Bank in London, then AGF in 1997 as Chief Financial Officer. He was appointed to the Executive Committee in 1998, then became Deputy CEO in charge of Banque AGF, AGF Asset Management and AGF Immobilier in 2002. He became Chief Executive Officer (CEO) in charge of the Life and Financial Services and Credit Insurance Departments in 2003 and Chairman of the Executive Committee in 2006. From September 2007 to May 2009, he was associate Manager at Oddo et Cie alongside Philippe Oddo.

Marguerite BÉRARD-ANDRIEU (representative of BPCE), 38 years old, is Deputy Chief Executive Officer – Strategy, legal affairs and compliance, group company secretary for the BPCE group, and is a member of its General Management Committee. A graduate of the Institut d'études politiques de Paris and of Princeton University, and an alumna of ENA, she began her career in 2004 at the French Tax Inspectorate. From 2007 to 2010, she was a technical adviser and then an adviser to the French presidency, in charge of employment and social protection issues. She then directed the office of the Ministry of Labour, Employment and Health from November 2010 to May 2012.

Jean ARONDEL, 65 years old, an engineer and HEC graduate, is the Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre. He has performed executive functions within various companies of the industrial sector, the cosmetics sector and the financial sector, and is now also a director at Natixis Lease and Compagnie française d'assurance pour le commerce extérieur.

Jean-Paul DUMORTIER, 67 years old, a graduate of the Institut d'études politiques de Paris and a former student of ENA, has been Chairman of the Board of Directors of Banque Populaire Rives de Paris since 2013. After having begun his career in the financial sector, he was Chairman and Chief Executive Officer (CEO) of Foncière Paris France from 2005 to 2012, and has been director of Banque Populaire Rives de Paris since 2004.

Éric HÉMAR, 52 years old, a former ENA student, began his career at the "Cour des comptes" before joining the Ministry of Equipment, Transportation and Tourism in 1993, where he served as technical adviser to minister Bernard Bosson. In 1995, he joined the Sceta group, and then Geodis as Company Secretary. He left Geodis Logistics in March 2001 to create the ID Logistics group. Éric Hémar has been Chairman and Chief Executive Officer (CEO) of the ID Logistics group since 2010.

Linda JACKSON, 57 years old, holds an MBA from the University of Warwick in the UK. She began her career in the automobile industry in 1977 with MG Rover Europe and has held several positions including that of Chief Executive Officer France (2000-2003). In 2005, she joined Citroën as Chief Financial Officer for Citroën UK, and later for Citroën France (2009-2010). She then became Chief Executive Officer of Citroën UK and Ireland in July 2010. Linda Jackson has been Chief Executive Officer of the Citroën brand since June 1, 2014.

(1) *Listed company.*

Sharon MACBEATH, 46 years old, has a degree in psychology and management from the University of Glasgow, and holds a Master's Degree in Human Resources from the Sorbonne, and an EMBA from INSEAD. After creating the EMDS consulting company, which specialises in the recruitment, selection and development of highly promising young people with international profiles, she has worked in France since 1991 in the field of human resources. She held the position of Director of Human Resources for the pharmacy and beauty line of the Rexam group, before becoming the Director of Human Resources and communications for Redcats, a company in the Kering group (formerly PPR) in 2005. Sharon MacBeath has been Head of Human Resources and member of the Executive Committee of the Rexel group since November 2013.

Pascal MARCHETTI, 51 years old, a graduate of the École des cadres and the Institut de technique bancaire, is Chief Executive Officer (CEO) of Banque Populaire des Alpes. Mr Marchetti began his career in 1988 in the Banques Populaires group, where he was Director of Development in 2007 and 2008.

Martine ODILLARD, 61 years old, holds a degree in classical literature and a Master's in management from ECCIP. She began her career with Arjomari Prioux. In 1979, she joined the staff of the Chairman of the Pricel Group, subsequently known as Chargeurs. In 1990, she was appointed Human Resources Director of Chargeurs. She became Head of the Communications Department of Chargeurs in 1996. In 2000, she was appointed Director of Human Resources and Communications at Pathé. In September 2010, she was appointed Chief Executive Officer of Chargeurs. She has been Chairman of Cinémas Gaumont Pathé since January 2016.

Laurent ROUBIN, 46 years old, a graduate of the École centrale Paris and holder of a post-graduate degree in strategy and management control, is Chairman of the Management Board of Caisse d'Epargne et de Prévoyance de Picardie. He began his career with the Compagnie Bancaire group and was Director of Development of Caisses d'Epargne within the BPCE group until 2011.

Olivier ZARROUATI, 57 years old, is a former student at the École polytechnique and an engineering graduate of the École nationale supérieure de l'aéronautique (SUPAERO) and of the Harvard Kennedy School of Cambridge. After having begun his career as an engineer in the armaments sector, he held the positions of engineer and Head of Major Projects at the CNES (Centre national d'études spatiales) from 1982 to 1988, and then at Matra Marconi Space from 1989 to 1994. He joined Intertechnique, which was purchased by Zodiac in 1999, as Head of External Development and Subsidiary Control. He subsequently performed various functions within the Zodiac Aerospace group, in particular as Chief Executive Officer (CEO) of the "Aerosafety Systems" segment and as Chief Executive Officer (CEO) of aeronautical activities. Since 2007, he has been Chairman of the Management Board and Director of the Executive Committee of the Zodiac Aerospace group. He has also been Chairman of the Fondation Institut Supérieur de l'Aéronautique and of Espace SUPAERO since 2011.

The Board of Directors met five times in 2015. The average attendance rate was 80.77%.

During its session on November 2, 2015, the Board of Directors examined the status of non-BPCE directors with regard to the independence criteria recommended in the AFEP-MEDEF Code. Upon examination, the Board concluded that these criteria had indeed been met.

The following table relates only to independent directors present at the date of this registration document.

CRITERIA TO BE ASSESSED	ERIC HÈMAR	LINDA JACKSON	SHARON MACBEATH	MARTINE ODILLARD	OLIVIER ZARROUATI
Not to have held an employee position or a corporate mandate within the past five years in Natixis, Coface, or one of its subsidiaries.	OK	OK	OK	OK	OK
Not to be the corporate officer of a company in which Coface directly or indirectly holds a director's mandate or in which an employee or corporate officer of Coface holds or has held a director's mandate within the past five years.	OK	OK	OK	OK	OK
Not to be a client, supplier, corporate banker, significant investment banker of the Company or its group, or for which the Company or its group represents a significant portion of the business.	OK	OK	OK	OK	OK
Not to have a close family tie to a corporate officer.	OK	OK	OK	OK	OK
Not to have been an auditor of Coface over the past five years.	OK	OK	OK	OK	OK
Not to have been a director of Coface during the last 12 years.	OK	OK	OK	OK	OK
Not to be a director representing a significant shareholder of Coface or Natixis.	OK	OK	OK	OK	OK
Not to receive or have received significant supplementary compensation from Coface or from the Group outside of directors' fees, including for participation in any form of options on shares, or any other form of performance-linked compensation.	OK	OK	OK	OK	OK

2.1.1.2 Executives/Top Managers

At its meeting on 22 November 2012, the Board of Directors decided to separate the roles of Chairman of the Board of Directors and Chief Executive Officer. This decision is connected to the Company's wish to conform to best practices in the area of corporate governance and to clearly distinguish between the strategic, decision-making and supervisory duties of the Board of Directors, and the operational and executive duties of the Chief Executive Officer.

Mr Laurent Mignon is the Chairman of the Board of Directors. Mr Jean-Marc Pillu was Chief Executive Officer (CEO) of the Company until February 9, 2016. Since that date, Mr Xavier Durand has been the Chief Executive Officer (CEO).

The tables below present the terms of Mr. Jean-Marc Pillu, the Company's Chief Executive Officer (CEO) until February 9, 2016 and Mr. Xavier Durand, the Company's Chief Executive Officer since that date, in the last five years:

Jean-Marc PILLU

Chief Executive Officer (CEO)

DATE OF FIRST APPOINTMENT

January 3, 2011

EXPIRATION DATE OF THE TERM

February 9, 2016

PRINCIPAL TERMS OF OFFICE AND DUTIES OVER THE LAST FIVE YEARS

Terms and functions performed until February 9, 2016:

- Chairman of the Board of Directors and Chief Executive Officer (CEO) of Compagnie française d'assurance pour le commerce extérieur
- Chairman of the Board of Directors of Coface North America Holding Company
- Chairman of the Board of Directors of Coface Re

Terms and functions performed during the past five years, and which are no longer held:

- Chairman of the Board of Directors of Kompass International Neuenschwander
- Chairman of Natixis HCP
- Director of Coface Services (now Ellisphere)

Xavier DURAND

Chief Executive Officer (CEO)

DATE OF FIRST APPOINTMENT

February 9, 2016

EXPIRATION DATE OF THE TERM

Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019

PRINCIPAL TERMS AND FUNCTIONS PERFORMED IN THE LAST FIVE YEARS

Terms and functions performed at the date of this registration document:

- Chairman of the Board of Directors and Chief Executive Officer (CEO) of Compagnie française d'assurance pour le commerce extérieur
- Chairman of the Board of Directors of Coface North America Holding Company
- Independent director, BancoPopular-e in Madrid

Terms and functions performed during the past five years, and which are no longer held:

- Chief Executive Officer of GE Capital Asia Pacific
- Director of the Strategy and Growth Department of GE Capital International in London
- Director of Krungsri Group, Thailand, Chairman of the Compliance Committee
- Director of Hyundai Capital Cards
- Director of GE Japan Coroporation
- Director of Krungsri Group, Thailand, Chairman of the Compliance Committee
- Director of Hyundai Capital Cards
- Director of GE Japan Coroporation

For the purposes of the table above, the Chief Executive Officer (CEO) is domiciled at the Company's head office.

On the publication date of this registration document, the Company's top managing executives were as follows:

Laurent MIGNON: see paragraph 2.1.1.1 "Board of Directors" above.

Xavier DURAND, 52 years old, is a graduate of École polytechnique and École nationale des ponts et chaussées. He began his career in 1987 at The Mac Group (Gemini

Consulting) consulting firm before joining Banque Sovac Immobilier in 1994 as Deputy Chief Executive Officer.

In 1996, Xavier Durand joined GE Capital group where he had an international career, first in Chicago as Director of Strategy and Development for the financial division of Auto Monde, then in France, first as Sales and Development Managing Director for GE Money Bank France, then CEO for France and later Europe for the banking activities of GE Capital. In 2011, he became CEO of GE Capital Asia-Pacific and was based in Japan. At the end of 2013 he was appointed Director of Strategy and Development for GE Capital, based in London. He has been Chief Executive Officer of Coface SA since February 9, 2016.

The Chief Executive Officer (CEO) of the Company created a General Management Board whose strategic and operational mission is described in paragraph 1.3. In addition to Mr Xavier Durand, the General Management Board is currently composed of the following people:

Nicolas de BUTTET, 42 years old, a graduate of EDHEC. After having begun his career as a credit analyst within the Crédit Lyonnais group, he joined the Euler Hermes group as a risk underwriter. He joined the Coface Group in 2012 as Manager of Underwriting for Western Europe and France, and has held the position of Group Risk Underwriting, Information and Claims Manager since 2013.

Cécile FOURMANN, 50 years old, is holder of a post-graduate degree in human resources and social communications management from CELSA, and a Master's Degree in Economics. She began her career at Snecma, and then worked at SFR, Broadnet France, Printemps and Areva T&D. She joined the Coface Group in 2012 and since that date has held the position of Chief Human Resources Officer for the Coface Group.

Nicolas GARCIA, 42 years old, holds a degree from the University of Bordeaux in Economics and International Finance, as well as an MBA in International Banking & Finance from Birmingham Business School. He has held various positions within the Euler Hermes group including that of Head of Commercial Underwriting since 2011 . He has held the position of Group Commercial Director since July 2, 2014.

Patrice LUSCAN, 43 years old, is a graduate of École supérieure de commerce de Reims. After having begun his career within Atradius group, he worked in Euler-Hermes Group, where he became regional director – France for Euler-Hermes World Agency. He joined the Group in 2012 as Deputy Head of Organisation and has fulfilled the role of Marketing and Strategy Director of the Group since 2013.

Carole LYTTON, 59 years old, is a graduate of Institut d'études politiques de Paris and holder of a post-graduate degree in International Law. She joined the Group in 1983 and has been the Chief Legal and Compliance Officer since 2008. Since 2013, her duties also include Facility Management for France, which reports to her. She was appointed Corporate Secretary on July 3, 2015.

Carine PICHON, 43 years old, is a graduate of École supérieure de commerce de Rouen (majoring in corporate finance) and of University of Regensburg (Germany). After having worked at PricewaterhouseCoopers, where she held the title of Chief of Mission of Insurance, she joined the Group in 2001 as Consolidation supervisor in 2001. After holding the position of Chief Financial Officer for Coface in France, she became Chief Financial Officer for the entire Group in 2013. The Group Risk Department reports to her since November 30, 2015. On November 2, 2015, the Board of Directors decided to appoint her as the Company's effective manager under the Solvency II Regulation.

◆ 2.1.1.3 Statements relating to the members of the Board of Directors

To the Company's knowledge, there is no familial link between the members of the Board of Directors and the other executive corporate officers of the Company.

To the Company's knowledge, none of the members of the Board of Directors, nor any of these people have been convicted of fraud during the last five years. None of these people have participated as a manager in a bankruptcy, receivership or liquidation during the past five years, and none of these people were the subject of an incrimination and/or official public sanction pronounced by a statutory or regulatory authority (including designated professional bodies). None of these people were prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer, nor from taking part in the management or performance of business of an issuer during the past five years.

2.1.2 OPERATIONS OF ADMINISTRATIVE AND MANAGEMENT BODIES

◆ 2.1.2.1 Terms of administrative and management bodies

Information concerning the expiration date of the terms of office of members of the Board of Directors appears in paragraph 2.1.1.1, "Board of Directors".

◆ 2.1.2.2 Information on the service contracts linking members of the Board of Directors to the Company or to any one of its subsidiaries

To the Company's knowledge, there is no service contract linking the members of the Board of Directors to the Company or to one of its subsidiaries, and providing for the award of benefits.

◆ 2.1.2.3 Committees of the Board of Directors

Pursuant to Article 18 of the Company's Articles of Association, the Board of Directors may decide to form, with or without the participation of individuals who are not directors, committees or commissions to examine issues that it or its Chairman refers for their assessment. These committees or commissions perform their duties under its responsibility.

Within this context, the Board of Directors has established an Audit Committee and an Appointments and Compensation Committee, whose composition, powers and rules of operation are described below in paragraph 2.4 "Report from the Chairman on the internal control and risk management procedures".

2.1.2.4 Informing the Board of Directors

Pursuant to the terms of Article 21 of the Company's Articles of Association, and pursuant to Article 3.4 of the Board of Director's Articles of Association, said Board carries out the inspections and verifications which it judges necessary. The Chairman or the Chief Executive Officer (CEO) must send to each director all the documents and information needed for the accomplishment of his duties.

The directors must, prior to the meeting of the Board of Directors, and within a sufficient period of time, have access to the information that will allow them to make an informed decision. However, in the event of an emergency, or when respecting confidentiality so requires, and in particular when sensitive strategic, commercial or financial information is at issue, this information may be provided during the meeting. Directors shall likewise receive, if they so request, a copy of the minutes from the Board of Directors' deliberations.

Furthermore, the directors receive all useful information on the events or operations which are significant for the Company in between meetings.

The Company has set up a Group-level governance system based on a clear separation of responsibilities with an information transmission mechanism. This governance system includes the key functions below: risk management, verification of compliance, internal audit and actuarial functions. Each key function operates under the ultimate responsibility of the Board of Directors, to which it reports.

a) Information at the initiative of the Board of Directors.

The Board of Directors organises an audition, at its own initiative, each time it deems necessary and at least once a year, of key function managers. This audition can take place in the absence of the Chief Executive Officer (CEO) if the Board members consider it necessary.

The Board of Directors may refer this audition to a specialised Board committee.

b) Information at the initiative of a key function manager.

Key function managers may inform the Board of Directors, directly and at their own initiative, when justified by the occurrence of certain events. They must do so immediately as soon as they encounter a major problem that falls within their purview.

The key function manager must send a written report of the problem to the Chairman. The report must include a detailed explanation of the problem as well as all the elements required to understand it. The report must include recommendations for resolving the problem.

The Chairman then communicates this report to the Board members.

2.1.2.5 Internal Control

The Company's internal control system is described in paragraph 2.4.2 "Internal control procedures".

2.2 Compensation and benefits paid to managers and corporate officers

The Company refers to the AFEP-MEDEF Code to prepare the report required by Article L.225-37 of the French Commercial Code.

The tables inserted in the sections below present a summary of compensation and benefits of any kind that are paid to managing corporate officers of the Company, and to members of the Company's Board of Directors by (i) the Company, (ii) controlled companies, pursuant to Article L.233-16 of the Commercial Code, by the Company in which the mandate is performed, (iii) controlled companies, pursuant to Article L.233-16 of the Commercial Code, by the company(ies) which control(s) the company in which the mandate is performed and (iv) the company(ies) which, pursuant to the same article, control(s) the company in which the mandate is exercised. Since the Company belongs to a group at the date of this registration document, the information concerns the amounts owed by all companies in the chain of control.

The Company is a corporation *(société anonyme)* with a Board of Directors. The duties of Board Chairman, performed by Mr Laurent Mignon, and Chief Executive Officer (CEO), performed by Mr Jean-Marc Pillu, until February 9, 2016, then by Mr Xavier Durand, are separated.

Compensation and benefits paid to Mr Laurent Mignon

No form of compensation or benefit has been paid to Mr Laurent Mignon by the Company. The compensation paid by Natixis to Mr Laurent Mignon for his term as Chief Executive Officer (CEO) of Natixis is described below (Section 2.2.1 and 2.2.2).

Compensation and benefits paid to Mr Jean-Marc Pillu

Mr Jean-Marc Pillu is paid by the Company for performing the duties of Chief Executive Officer (CEO) in 2015. This compensation is described in paragraphs 2.2.1 and 2.2.2 below.

Fixed and variable compensation, depending on financial, strategic and managerial goals, was subject to review by the Appointments and Compensation Committee (February 12, 2015) then approved by the Board of Directors (February 17, 2015). The Board of Directors awards shares under the Long Term Incentive Plan 2015 using the authority granted by the Combined Shareholders' Meeting of June 2, 2014.

Compensation and benefits paid to Mr Xavier Durand

At the meeting of January 15, 2016, the Board of Directors, in accordance with the recommendations of the Appointments and Compensation Committee and the AFEP-MEDEF Code, decided that the compensation of Mr Xavier Durand shall be composed of the following elements as from February 9, 2016:

- Gross fixed annual compensation: €575,000.
- Variable compensation: the target variable compensation is set at 100% of the fixed annual compensation. It is comprised of 60% of financial objectives and 40% of strategic and managerial objectives and is capped at 200% of the fixed annual compensation in the event that said objectives are exceeded. The methods of payment should reflect the implementation of the Solvency II regulation.
- Benefit linked to new appointment: the variable compensation for 2016 is guaranteed for up to 80% of the target variable compensation, provided that Mr Xavier Durand continues to be the Chief Executive Officer of the Company on the date of the Board meeting held to approve the financial statements for the 2016 financial year.
- Long-term variable compensation (Long Term Incentive Plan) consisting of a planned allocation for a minimum of 50,000 performance shares by annual allocation until 2019 included, subject to authorisation by the Company's Annual Shareholders' Meeting and provided Mr Xavier Durand continues to be Chief Executive Officer of the Company on the annual allocation dates.
- Other benefits:
  - payment of 62.5% of contributions to the business managers and corporate officers social guarantee scheme (GSC),
  - provision of a company car,
  - benefit of the collective pension and healthcare schemes in force within Coface.

2.2.1 SUMMARY OF COMPENSATION OF MANAGING CORPORATE OFFICERS FOR 2014 AND 2015

In order to comply with the regulations, the tables below present a breakdown of the fixed and variable compensation, along with the other benefits granted to Mr Laurent Mignon, Chairman of the Board of Directors, and Mr Jean-Marc Pillu, Chief Executive Officer (CEO), during the financial years ended December 31, 2014 and 2015:

No form of compensation or benefit has been paid to Mr Laurent Mignon by the Company. The compensation presented below was paid by Natixis for his term as the Natixis Chief Executive Officer (CEO).

TABLE 1 – TABLE SUMMARIZING THE COMPENSATION, AND OPTIONS AND SHARES ALLOTTED TO EACH MANAGING CORPORATE OFFICER (AMF NOMENCLATURE)*

TABLE SUMMARIZING THE COMPENSATION, AND OPTIONS ALLOTTED TO EACH MANAGING CORPORATE OFFICER		
(amount in euros)	FISCAL YEAR 2014	FISCAL YEAR 2015
Laurent Mignon, Chairman of the COFACE SA Board and Natixis Chief Executive Officer (CEO)		
Compensation due for the year (1)	1,821,512	1,899,372
Value of the multi-year variable compensation allotted during the financial year	-	-
Value of options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (2)	160,000	160,000
TOTAL	**1,981,512**	**2,059,372**

(1) Including:
€1,176 car allowance+ €2,962 family allowance for 2014; and
€126 car allowance+ €2,967 family allowance for 2015.
(2) Valuation of the shares at the allotment price
** The details of the compensation for Mr Laurent Mignon, Chairman of the COFACE SA Board of Directors and Chief Executive Officer (CEO) of Natixis, is available in the 2015 Natixis registration document registered with the Autorité des marchés financiers (French securities regulator) on March 10, 2016 on pages 81 to 84 and is disponible on the website: www.natixis.com.*

TABLE SUMMARIZING THE COMPENSATION, AND OPTIONS ALLOTTED TO EACH MANAGING CORPORATE OFFICER		
(amount in euros)	FISCAL YEAR 2014	FISCAL YEAR 2015
Jean-Marc PILLU, Chief Executive Officer (CEO)		
Compensation due for the year (1) (detailed in paragraph 2.2.2 below)	1,133,395	878,840
Value of the multi-year variable compensation allotted during the financial year	-	-
Value of options allotted during the financial year	-	-
Value of performance shares allotted during the financial year (detailed in paragraph 2.2.6 below)	610,097	305,977
TOTAL	**1,743,492**	**1,184,817**

(1) On a gross basis before social contributions and income tax.

2.2.2 COMPENSATION OF MANAGING CORPORATE OFFICERS FOR FINANCIAL YEARS 2014 AND 2015

In order to comply with the regulations, the tables below present a breakdown of the fixed and variable compensation, along with the other benefits, granted to Mr Laurent Mignon, Chairman of the Board of Directors, and to Mr Jean-Marc Pillu, Chief Executive Officer (CEO) of the Company, during the years ended December 31, 2014 and 2015.

No form of compensation or benefit has been paid to Mr Laurent Mignon by the Company. The compensation presented below was paid by Natixis for his term as the Natixis Chief Executive Officer (CEO).

2.2.2.1 Compensation due or allotted for the year ended December 31, 2015, to Mr Laurent Mignon, Chairman of the COFACE SA Board of Directors

TABLE 2 – SUMMARY OF COMPENSATION OF EACH MANAGING CORPORATE OFFICER (AMF NOMENCLATURE)*

TABLE SUMMARIZING THE COMPENSATION OF EACH MANAGING CORPORATE OFFICER				
	2014		2015	
(in euros)	AMOUNTS DUE	AMOUNTS PAID	AMOUNTS DUE (3)	AMOUNTS PAID
Laurent Mignon, Chairman of the COFACE SA Board and Natixis CEO				
Fixed compensation for corporate office	800,000	800,000	800,000	800,000
Annual variable compensation	1,017,374	1,233,624 (1)	1,096,279	1,083,450 (1)
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	4,138 (2)	4,138 (2)	3,093 (2)	3,093 (2)
TOTAL	**1,821,512**	**2,037,762**	**1,899,372**	**1,886,542**

(1) This amount includes payment relating to the variable remuneration deferred from previous years.
(2) Including:
€1,176 car allowance+ €2,962 of family allowance for 2014; and
€126 car allowance+ €2,967 family allowance for 2015.
(3) The Board meetings of July 31, 2014 and February 18, 2015 allotted Mr Laurent Mignon 31,955 bonus performance shares valued at €160,000 and 27,321 bonus performance shares valued at €160,000.
** The details of the compensation for Mr Laurent Mignon, Chairman of the COFACE SA Board of Directors and Chief Executive Officer (CEO) of Natixis, is available in the 2015 Natixis registration document registered with the Autorité des marchés financiers (French securities regulator) on March 10, 2016 on pages 81 to 84 and is disponible on the website: www.natixis.com.*

2.2.2.2 Compensation due or allotted and elements of compensation for the year ended December 31, 2015, to Mr Jean-Marc Pillu, Chief Executive Officer (CEO) of COFACE SA

TABLE SUMMARIZING THE COMPENSATION OF EACH MANAGING CORPORATE OFFICER (7)				
	2014		2015	
(in euros)	AMOUNTS DUE (2)	AMOUNTS PAID (3)	AMOUNTS DUE (2)	AMOUNTS PAID (3)
Jean-Marc PILLU, Chief Executive Officer (CEO)				
Fixed compensation (1)	544,509 (5)	544,509 (5)	500,000	500,000
Variable annual compensation (1) (6)	680,400	417,285	370,521	680,400
Multi-year variable compensation	-	-		
Exceptional compensation (1)	-	-		
Directors' fees	-	-		
Benefits in kind (4)	2,995	2,995	8,319	8,319
TOTAL *	**1,227,904**	**964,789**	**878,840**	**1,188,719**

(1) On a gross basis before taxes.
(2) Compensation allotted for duties performed during the previous financial year, regardless of the date of payment.
(3) Compensation paid for duties performed during the previous financial year. On a gross basis (before social contributions and income tax). This compensation, paid by Natixis until July 16, 2014, was re-invoiced annually to the Company, with the exception of the benefits in kind detailed in paragraph 2.2.2 below. As of July 16, 2014, this compensation was paid directly by the Company.
(4) Mr Jean-Marc Pillu benefited from a company vehicle.
(5) Added to the fixed compensation of €450,000 are the amounts paid by Natixis as part of the employment contract that ended on July 15, 2014 (full settlement).
(6) Variable compensation for performance year N paid in N+1.
(7) For the history of allotments of bonus shares, see paragraph 2.2.10.
** Furthermore, Mr Jean-Marc Pillu benefited, as an employee of Natixis, from equity interest, profit-sharing, employee matching contribution and the family supplement schemes in effect within Natixis in the amount of €11,113.16 in 2014 and €6,991.11 in 2015, as well as from the collective pension and health insurance schemes in effect within Natixis.*

BREAKDOWN OF THE COMPONENTS OF THE COMPENSATION OF MR JEAN-MARC PILLU, CHIEF EXECUTIVE OFFICER (CEO) OF COFACE SA FOR THE YEAR ENDED DECEMBER 31, 2015

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Fixed compensation	€500,000	Gross fixed compensation for 2015. The fixed compensation was increased by 11.1% at January 1, 2015, to take account of the new responsibilities linked to the change of the Company's status and to guarantee a compensation level more commensurate with market practices. It is set at this level until December 31, 2016
Variable compensation	€370,521	Variable compensation is set at €500,000. 60% of this amount is contingent on achieving financial objectives, with the achievement rate capped at 200%, and 40% on achieving strategic and managerial objectives, with the achievement rate capped at 100%. The maximum achievement rate for variable compensation is therefore 160% (120% for the financial objectives and 40% for managerial objectives). If the performance rate of one of the financial objectives is lower than the lowest of the fluctuation margin of the said objective, no compensation will be paid in this respect. If the performance level for one of the strategic and managerial objectives is equal to zero, no compensation will be paid in this respect.

FINANCIAL OBJECTIVES	ALLOCATION KEY	PERFORMANCE RATE	AMOUNT OF CORRESPONDING VARIABLE COMPENSATION
Insurance revenue	10%	115.3%	57,657
Management expenses excluding external acquisition costs	10%	152.9%	76,456
Net loss ratio	20%	0%	0
Net income	20%	42.4%	42,408
TOTAL (A)			**176,521**

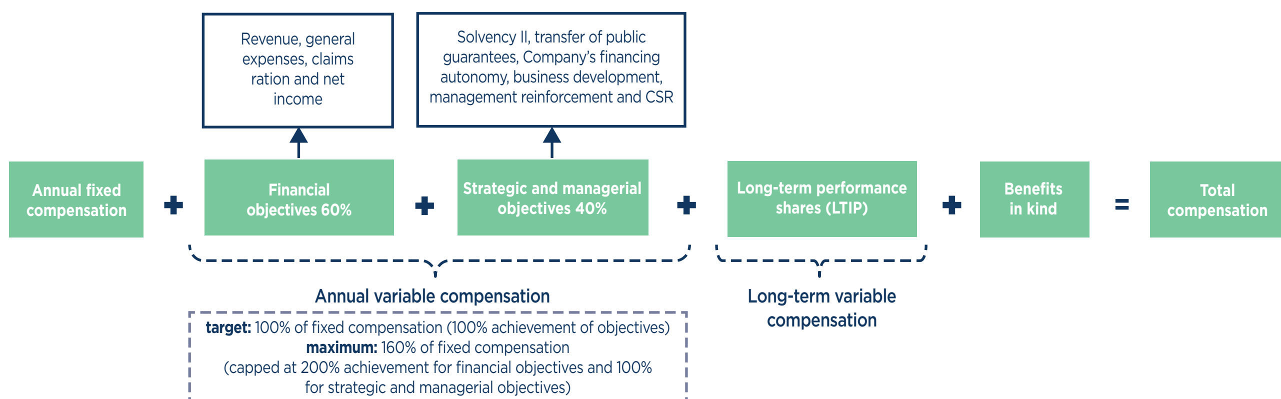
MANAGERIAL OBJECTIVES	ALLOCATION KEY	PERFORMANCE RATE	AMOUNT OF CORRESPONDING VARIABLE COMPENSATION
Preparing for the entry into force of Solvency II	7%	100%	35,000
Empowerment of the Company's financing	5%	100%	25,000
Managing the transfer of public procedures management	6%	100%	30,000
Business development of credit insurance	6%	80%	24,000
Reinforcement of senior management	12%	100%	60,000
Achievement of the Company's CSR objectives	4%	100%	20,000
TOTAL (B)			**194,000**
TOTAL A+B			**370,521**

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Multi-year variable compensation		N/A
Exceptional compensation		N/A

COMPENSATION COMPONENTS	AMOUNT	COMMENTS
Allotment of stock options/performance shares and any other long-term compensation component	(see Section 2.2.6)	The 31,544 shares are allotted under the Long Term Incentive Plan 2015 (LTIP 2015). The total package allotted to the CEO amounted to €350,000, representing 31,544 shares based on the average opening price of 20 trading days preceding the date of the Board meeting. The final vesting of bonus shares allotted under the LTIP 2015 Plan is contingent on the performance criterion linked to the Coface Group's Return on Tangible Equity (RoTE) for the year ending December 31, 2017 and subject to a dividend payout of at least 60% of net income (Group share), based on the three assumptions below: **(i)** if the RoTE exceeds or equals 12%, 100% of the allotted shares will be vested; **(ii)** if the RoTE ranges between 10% and 12%, the vesting procedure shall be as follows: ■ if the RoTE is 10%, 80% of the shares are vested, ■ between 10% and 12%, the percentage of vested shares is calculated on a straight line to reach 100% at 12%; **(iii)** if the RoTE is lower than 10%, 0% of the shares are vested, unless the RoTE difference with Euler Hermes exceeds or is equal to -2.5%, in which case 50% of the shares are vested. The vesting period for shares allotted in this plan is fixed at three years as from February 17, 2015, and the retention period is two years as from their final vesting. The Board decided that 30% of the CEO's shares vested under the LTIP 2015 Plan should be retained until the end of his corporate term or of any other function that he might hold within Coface.
No hedging		To the Company's knowledge, no hedge instrument has been set up.
Supplementary pension scheme		In 2015, Mr Jean-Marc Pillu was not covered by any supplementary pension scheme.
Directors' fees		In 2015, Mr Jean-Marc Pillu did not receive any directors' fee for 2015 in connection with his duties inside the Company.
All other benefits	€8,319	Mr Jean-Marc Pillu benefited from a company vehicle.
TOTAL AMOUNTS DUE *	**€878,840**	

* *Compensation allotted for duties performed during the previous financial year, regardless of the date of payment.*

The CEO's compensation for 2015 can be summarised as follows:



2.2.3 DIRECTORS' FEES AND OTHER COMPENSATION COLLECTED BY THE MEMBERS OF THE BOARD OF DIRECTORS DURING 2014 AND 2015

The table below shows the directors' fees and other types of compensation collected by members of the Company's Board of Directors in 2014 and 2015.

TABLE 3 – SUMMARY OF COMPENSATION OF EACH MEMBER OF THE BOARD OF DIRECTORS (AMF NOMENCLATURE) [(2)]

TABLE REGARDING THE DIRECTORS' FEES AND OTHER COMPENSATION COLLECTED BY NON-MANAGING CORPORATE OFFICERS				
NON-MANAGING CORPORATE OFFICERS	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF TERM	AMOUNTS PAID IN 2014 [(1)]	AMOUNTS PAID IN 2015 [(1)]
BPCE				
Directors' fees COFACE SA	Nov. 21, 2012	GM Dec. 31, 2016 [(3)]	15,000	14,000
Other compensation			-	-
Marguerite BÉRARD-ANDRIEU, permanent representative of BPCE				
Other compensation				
BPCE fixed compensation			300,000	330,000.06
BPCE annual variable compensation			129,599	170,153
Multi-year variable compensation	N/A	N/A	-	-
BPCE exceptional compensation			-	-
Benefits in kind from BPCE			1,324.38	2,002.21
Jean ARONDEL				
Directors' fees COFACE SA	Nov. 21, 2012	GM Dec. 31, 2016 [(3)]	16,500	14,000
Other compensation			-	-
Jean-Paul DUMORTIER				
Directors' fees COFACE SA	Jul. 26, 2013	GM Dec. 31, 2016 [(3)]	17,500	16,000
Other compensation			-	-
Éric HÉMAR				
Directors' fees COFACE SA	Jul. 1, 2014	GM Dec. 31, 2017 [(3)]	22,500	41,000
Other compensation			-	-
Linda JACKSON				
Directors' fees COFACE SA	May 5, 2015	GM Dec. 31, 2016 [(3)]	-	9,333
Other compensation			-	-
Sharon MACBEATH				
Directors' fees COFACE SA	Jul. 1, 2014	GM Dec. 31, 2017 [(3)]	13,500	22,000
Other compensation			-	-
Pascal MARCHETTI				
Directors' fees COFACE SA	Nov. 21, 2012	GM Dec. 31, 2016 [(3)]	24,500	27,000
Other compensation			-	-
Martine ODILLARD				
Directors' fees COFACE SA	May 5, 2015	GM Dec. 31, 2016 [(3)]	-	16,667
Other compensation			-	-

Laurent ROUBIN				
Directors' fees COFACE SA	Jul. 26, 2013	GM Dec. 31, 2016 (3)	24,000	16,000
Other compensation			-	-
Clara-Christina STREIT				
Directors' fees COFACE SA	Jul. 1, 2014	May 1, 2015 (4)	14,500	6,333
Other compensation			-	-
Olivier ZARROUATI				
Directors' fees COFACE SA	Jul. 1, 2014	GM Dec. 31, 2017 (3)	14,000	30,000
Other compensation			-	-

(1) On a gross basis (before social contributions and income tax).
(2) The dates of appointments and expiration of term for the Board of Directors are available in paragraph 2.1.1.1.
(3) Shareholders' Meeting held to approve the financial statements for the previous fiscal year.
(4) Effective expiration date of term.

2.2.4 STOCK OPTIONS OR WARRANTS ALLOTTED IN 2015 TO EACH MANAGING CORPORATE OFFICER OR BY ANY COMPANY IN THE GROUP

No stock options or warrants were allotted to managing corporate officers during the year ended December 31, 2015.

2.2.5 STOCK OPTIONS OR WARRANTS EXERCISED IN 2015 BY EACH MANAGING CORPORATE OFFICER

No stock options or warrants were exercised by a managing corporate officer during the year ended December 31, 2015.

2.2.6 BONUS SHARES ALLOTTED DURING 2015 TO CORPORATE OFFICERS

The conditions for bonus allocation are given in Section 2.2.2. The table below shows the free shares allocated to Mr Jean-Marc Pillu under the Long Term Incentive Plan 2015.

TABLE 6 – SHARES ALLOTTED TO EACH CORPORATE OFFICER (AMF NOMENCLATURE)

SHARES ALLOTTED TO EACH CORPORATE OFFICER	PLAN DATE	NUMBER OF SHARES ALLOTTED DURING THE YEAR	VALUATION OF SHARES IN EUROS ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Jean-Marc PILLU	Long Term Incentive Plan 2015 Feb. 17, 2015	31,544	€305,977	Feb. 18, 2015	Feb. 18, 2018	See table in Section 2.2.2.2
TOTAL		**31,544**	**€305,977**			

2.2.7 PERFORMANCE SHARES WHICH BECAME AVAILABLE IN 2015 FOR EACH CORPORATE OFFICER

No performance shares became available for managing corporate officers during the year ended December 31, 2015.

2.2.8 HISTORY OF ALLOTMENTS OF STOCK OPTIONS OR WARRANTS

No stock options or warrants were allotted during the years ended December 31, 2015, 2014 and 2013.

No plan to allocate stock options or warrants is pending at the date of this registration document.

2.2.9 STOCK OPTIONS OR WARRANTS GRANTED TO THE TOP TEN EMPLOYEES WHO ARE NOT CORPORATE OFFICERS

No stock options or warrants were allotted during the years ended December 31, 2015, 2014 and 2013 to the top ten non-corporate officer employees.

No plan to allocate stock options or warrants is pending at the date of this registration document.

2.2.10 HISTORY OF ALLOTMENTS OF BONUS SHARES

No performance shares were allotted during the year ended December 31, 2013.

78,842 (2) performance shares were allotted under LTIP 2014, representing the entire package allocated by the Board of Directors. 21,635 performance shares were allotted to the corporate officer for a value on the allotment date of €225,000 during the financial year ended December 31, 2014. The remaining performance shares, *i.e.* 57,207, were allotted to members of the Executive Committee.

106,800 performance shares were allotted under LTIP 2015, out of the 113,109 shares representing the total package allocated by the Board of Directors. 31,544 performance shares were allotted to the corporate officer for a value on the allotment date of €350,000 during the financial year ended December 31, 2015. The remainder of the 106,800 performance shares, *i.e.* 75,256 shares, were allotted to members of the Executive Committee.

For financial year 2014, an exceptional compensation linked to the IPO was implemented, in the form of bonus share allotments. In this respect, 43,269 shares were allotted to the corporate officer for a value on the allotment date of €450,000 during the financial year ended December 31, 2015.

No exceptional bonus share allotment plan was implemented in 2015.

TABLE 10 – HISTORY OF ALLOTMENTS OF BONUS SHARES

	LONG TERM INCENTIVE PLAN (1)		ALLOTMENT OF EXCEPTIONAL BONUS SHARES	
	2014	2015	2014	2015
Meeting date	June 2, 2014	May 18, 2015	June 2, 2014	-
Date of the Board of Directors' meeting	June 26, 2014	Feb. 17, 2015	June 26, 2014	-
Total number of bonus shares allotted	78,842 (2)	106,800	43,269	-
■ of which allotted to Jean-Marc Pillu	21,635	31,544	43,269	-
Share acquisition date	Jul. 1, 2017	Feb. 18, 2018	Jul. 1, 2016	-
End-date of the retention period	Jul. 1, 2019	Feb. 18, 2020	Jul. 1, 2018	-
Number of stock options	-	-		-
Cumulative number of cancelled or lapsed shares	-	-		-
Remaining bonus shares allotted at year-end	21,635 (3)	106,800	43,269	-

(1) The performance conditions are described in paragraph 2.2.2.2 above.
(2) At the publication of the 2014 Registration Document, the reported figure of 78,342 was a typographical error.
(3) In addition to the 57,207 performance shares allotted to members of the Executive Committee.

2.2.11 EMPLOYMENT CONTRACTS, RETIREMENT INDEMNITIES AND INDEMNITIES IN THE EVENT OF TERMINATION OF THE DUTIES OF THE MANAGING CORPORATE OFFICERS

TABLE 11 – EMPLOYMENT CONTRACTS, RETIREMENT INDEMNITIES AND INDEMNITIES IN THE EVENT OF TERMINATION OF THE DUTIES OF THE MANAGING CORPORATE OFFICERS (AMF NOMENCLATURE)

	EMPLOYMENT CONTRACT		SUPPLEMENTARY RETIREMENT SCHEME		COMPENSATION OR BENEFITS DUE OR WHICH COULD BE DUE AS A RESULT OF A TERMINATION OR CHANGE OF DUTIES***		COMPENSATION RELATED TO A NON-COMPETE CLAUSE***	
MANAGING CORPORATE OFFICERS	YES	NO	YES	NO	YES	NO	YES	NO
Jean-Marc PILLU Chief Executive Officer (CEO) Start of term: January 3, 2011 End of term: February 9, 2016		X		X *	X			X
Laurent Mignon Chairman of the Board of Directors Start of term: November 21, 2012 End of term: Ordinary Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2016		X		X **	X		X	

* *Mr Jean-Marc Pillu, Chief Executive Officer (CEO) of the Company, benefits from all health, pension and providence plans under the prevailing conditions of the Company.*

** *Mr Mignon benefits from the coverage of the pension plan as all Natixis personnel do.*

*** *.Paid by Natixis.*

◆ Severance pay granted to Mr Jean-Marc Pillu

Mr Jean-Marc Pillu shall benefit, in the event his corporate term ends, from severance pay in an amount equal to two years' (fixed and variable) salary. The reference salary used for the fixed portion shall be the salary for the current financial year at the date he stops his duties. The reference salary for the variable portion corresponds to the average of the variable portions collected for the three years preceding the date his duties end.

This severance pay is due if the following performance criteria have been met:

- achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
- provided that the combined ratio after reinsurance of the Company is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above is met, 50% of the compensation shall be due. If neither of the conditions above is met, no compensation shall be due.

No compensation is paid by the Company if the corporate term is ended at Mr Jean-Marc Pillu's initiative or in the event of termination for serious misconduct or gross negligence.

At its meeting of January 15, 2016, the Company's Board of Directors decided, in accordance with the provisions of Article L.225-42-1 of the French Commercial Code and on the recommendations of the Appointments and Compensation Committee, on the following conditions for terminating on February 9, 2016, Mr Jean-Marc Pillu's duties as Chief Executive Officer (CEO):

- fixed annual compensation due for 2016: Mr Jean-Marc Pillu will receive his fixed compensation calculated in proportion to his presence until February 9, 2016;
- 2015 and 2016 variable compensation: Mr Jean-Marc Pillu will not receive any variable compensation for 2016. The amount of the variable compensation for Mr Jean-Marc Pillu for 2015, in the light of the achievement levels for the financial, strategic and managerial performance conditions, is €370,521 gross;
- severance pay: Mr Jean-Marc Pillu benefits from severance pay owed in the event of forced departure (except for wilful misconduct or gross negligence). No severance pay can be paid to Mr Jean-Marc Pillu unless the two performance criteria below are met:
  - achievement of at least 75% of the average annual objectives during the three years preceding the departure date, and

- provided that the combined ratio after reinsurance of the Company is at most 95% on average for the three financial years preceding the departure date.

On January 15, 2016, the Board of Directors ascertained that (i) the first condition had been met, the average performance rate by Mr Jean-Marc Pillu of the objectives during financial years 2013, 2014 and 2015 was 106%, *i.e.*, above the 75% target and (ii) the second condition had been met, the Company's average combined ratio after reinsurance for 2013, 2014 and 2015 was lower than 95%.

Consequently, the Board decided to pay Mr Jean-Marc Pillu severance pay in the amount of €1,978,804 gross corresponding to two years of compensation (fixed and variable). The reference salary for the fixed portion is the salary of the current year at the date he stops his duties (€500,000) and the reference salary for the variable portion is the average of the variable portions of his compensation for the preceding three financial years.

Mr Jean-Marc Pillu is not bound by a non-compete undertaking and does not benefit from non-compete compensation.

- Maintenance of the bonus share allotments of the 43,269 Coface shares that will be delivered to Mr Jean-Marc Pillu on July 1, 2016, in accordance with the provisions of the exceptional allotment plan that he received in 2014 in connection with the COFACE SA IPO. Mr Jean-Marc Pillu is required to hold these shares for two years in accordance with the plan stipulations, i.e., until June 30, 2018.
- Maintenance of the performance share rights allotted under the Long Term Incentive Plan in 2014 and in 2015, regarding a maximum total number of 53,179 Coface shares, on the understanding that the final vesting of the shares at the end of the vesting period is contingent on the performance conditions and on the dates set out in the plans. Mr Jean-Marc Pillu is required to hold any vested shares for a period of two years, in accordance with the plan stipulations.

◆ Severance pay granted to Mr Xavier Durand

Mr Xavier Durand shall benefit, in the event his corporate term ends, from severance pay in an amount equal to two years' (fixed and variable) salary. The reference salary used for the fixed portion shall be the salary for the current financial year at the date he stops his duties. The reference salary for the variable portion will be the average of the variable portions received for the three years preceding the termination date of his duties (or of one of the two years concerned since he came into office in the event of departure before December 31, 2018).

This severance pay shall be due if the following performance criteria have been met:

- achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
- provided that the combined ratio after reinsurance of the Company is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the compensation shall be due. If none of the conditions above has been met, no indemnity shall be due. No compensation shall be paid by the Company if the corporate term is ended at Mr Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence. The compensation components and corporate benefits governed by the regulated agreements procedure in accordance with the provisions of the French Commercial Code shall be subject to the approval of the Company's Shareholders' Meeting.

2.2.12 AMOUNTS PUT IN RESERVE OR OTHERWISE RECORDED BY THE COMPANY OR ITS SUBSIDIARIES FOR THE PURPOSES OF PAYING PENSIONS, RETIREMENT, OR OTHER BENEFITS

Since Mr Jean-Marc Pillu benefits from the joint scheme within the Company, no particular amount was put in reserve or recorded by the Company or its subsidiaries for the purposes of paying pensions, retirement or other benefits to its managing corporate officers.

2.3 Potential conflicts of interest

To the best of the Company's knowledge there are not, as at the date of this registration document, any potential conflicts of interest between the duties of the members of the Board of Directors and the executive officers of the Company, as regards the Company and their private interests.

To the best of the Company's knowledge, no pact or agreement has been entered into with any shareholders, customers, suppliers or other parties by virtue of which any member of the Board of Directors or executive officers of the Company has been appointed in such capacity.

As at the date of this registration document, no restrictions have been accepted by the members of the Board of Directors or the managing corporate officers of the Company as concerns the disposal of their interests in the Company's share capital, with the exception of the rules relating to the prevention of illegal insider trading and the recommendations of the AFEP-MEDEF Code imposing a share retention obligation.

2.4 Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures

This report from the Chairman of the Board of Directors, established in conformity with Article L.225-37 of the French Commercial Code, must be approved by the Board of Directors. It is attached to the Board of Directors' report and presented at the Annual Shareholders' Meeting.

The subject of this report is to report on the composition and functioning of the Board of Directors and its committees, any limitation in powers of general management, the application of a Corporate Governance Code prepared by the organizations representing the companies and the rules for determining compensation of corporate officers. It also takes into account the internal control and risk management procedures implemented by the Company, particularly those relating to preparation and processing of the accounting and financial information within the Company. This report is established in close collaboration with the Group Risk Department and the Group Financial Department, with the support of the Group Legal and Compliance Department.

This report was approved by the Board of Directors on February 9, 2016.

2.4.1 CORPORATE GOVERNANCE

2.4.1.1 Composition and operations of the Board of Directors

Composition (see paragraph 2.1.1.1)

At the date of this report, the Board of Directors is composed of eleven members:

- Mr Laurent Mignon, Chairman;
- Mr Jean Arondel;
- BPCE represented by Ms Marguerite Bérard-Andrieu;
- Mr Jean-Paul Dumortier;
- Mr Éric Hémar;
- Ms Linda Jackson;
- Ms Sharon MacBeath;
- Mr Pascal Marchetti;
- Ms Martine Odillard;
- Mr Laurent Roubin;
- Mr Olivier Zarrouati.

Of the 11 members of the Board of Directors, four are women, or approximately 36.36%.

In financial year 2015, the Company's Board of Directors co-opted Ms Linda Jackson and Ms Martine Odillard.

Ms Clara-Christina Streit resigned from her directorship on May 1, 2015.

Operations

The Board of Directors has Articles of Association, which may be consulted via the www.coface.com website.

Convening notice of the Board of Directors

The Board of Directors meets as often as is required by the interests of the Company, and at least once per quarter.

Board meetings are convened by the Chairman. Furthermore, the directors representing at least one third of the Board members, may convene a meeting of the Board, detailing the agenda, if there has been no meeting for more than two months. In case the duties of the Chief Executive Officer (CEO) are not performed by the Chairman, the Chief Executive Officer (CEO) may also ask the Chairman to convene a Board meeting to consider a fixed agenda.

Board meetings are held either at the registered office or any other location indicated in the convening notice. The convening notice is completed by simple letter or e-mail, sent to the Board members within a reasonable period of time before the date of the meeting scheduled. It is issued by the Board Secretary.

In case of an urgency, as defined below ("Urgency"), the following accelerated procedure may be applied.

An Urgency is defined as an exceptional situation (i) marked by the existence of a brief period of time, imposed by a third party on penalty of being time-barred, and for which a failure to comply could result in damage for the Company or one of its subsidiaries or (ii) which requires a quick response from the Company which is incompatible with the application of the Board of Directors' usual time frame for a convening notice.

In case of Urgency, the convening notice may be made using all appropriate methods, even verbally, and the time frames for the convening notice and for holding the meeting of the Board of Directors shall not be subject to the provisions described above, insofar as the Chairman of the Board of Directors of the Company has:

(i) first sent notice to the directors providing the basis for the Urgency per the definition above; and

(ii) sent all directors, with the convening notice for said Board, all elements needed for their analysis.

Holding of the Board of Directors' meetings

Meetings of the Board of Directors are presided over by the Chairman of the Board of Directors or, in his absence, by the eldest director, or by one of the Vice-Chairmen if necessary.

In accordance with the legal and regulatory provisions, and except when adopting decisions relating to the review and closing of the annual corporate and consolidated financial statements, the directors participating in the Board meeting by video conference or telecommunication are deemed to be present for the purpose of calculating the quorum and majority, thereby satisfying the technical criteria set by the current legislative and regulatory provisions.

Each meeting of the Board of Directors must be of a sufficient duration to have a useful and in-depth debate on the agenda. Decisions are made by a majority of the votes of the directors who are present or represented. In the event of a tie, the vote of the Chairman of the Board of Directors shall prevail.

In the event of a malfunction in the video conference or telecommunications system, as noted by the Chairman of the Board of Directors, the Board may validly deliberate and/or move forward with just the members who are physically present, provided that the quorum conditions have been met.

Activity

The Board of Directors met five times in 2015.

The average participation rate was 80.77%.

Les principaux sujets examinés par le conseil d'administration en 2015 sont notamment les suivants :

Financial position, cash and commitment of Coface	■ Review of quarterly and half-yearly financial statements and closing of the (parent company and consolidated) annual financial statements ■ Review and approval of the 2016 budget ■ Recognition of the financing autonomy of Coface ■ Coface guarantee for Coface Finanz GmbH and Coface Factoring Poland bonds issued to banks in connection with the arrangement of bilateral financing lines. ■ Coface guarantee for Coface Factoring Poland bonds issued to Coface Finanz GmbH
Internal Control	■ Approval of the audit plan
Corporate governance	■ Implementation of CSR ■ Implementation of Solvency II ■ Self-assessment of the Board of Directors' work ■ Review of the independent member status of directors ■ Appointment of a second effective manager as required by the Solvency II regulation ■ Amendment of the internal regulations of the Board of Directors as required by the Solvency II regulation ■ Cooptation of two directors
Commercial activity	■ Presentation of the commercial activity in France and Germany
Compensation	■ Renewal of the directors' fees allotment principles ■ Compensation for the Chief Executive Officer (CEO) ■ Long-Term Incentive Plan ("LTIP2015")

Financial operations	■ Contingent capital line
	■ Renewal of the liquidity agreement
	■ Authorisation to sign certain regulated agreements
	  ■ Authorisation to issue two surety bonds for Natixis
	  ■ Authorisation to sign an agreement to arrange a backup line by Natixis, which has a 20% stake in the commercial paper programme
	  ■ Authorisation to sign a tax consolidation agreement
	■ Review of the agreements authorised by the Board in previous years and which were still effective in 2015

Miscellaneous	■ Transfer of public procedures management ■ Information on the various regulatory reports of the Compagnie française d'assurance pour le commerce extérieur ■ Information on the disposal by Coface Italy of the "Construction all risks" segment ■ Creation of a tax consolidation group ■ Presentation of the Coface shareholding

Self-assessment of the Board's work

For the first time, COFACE SA conducted an assessment of the work of its Board of Directors and its specialised committees, in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies.

The assessment was carried out through a questionnaire, accompanied by meetings on a number of specific points.

The assessment mainly concerned:

- organisation and composition of the Board;
- relevance of the agenda;
- directors' relations with general management;
- assessment of the procedures of specialised committees.

Overall, the Board's performance was considered to be very good or satisfactory by all directors. The positive opinions mainly concerned the organisation and composition of the Board, the quality of relations with the Board Chairman and general management, the operation of the Board (attendance of directors, quality of presentations, and quality of answers received to questions asked).

The main ideas for improvement adopted for 2016 were as follows:

- improving document transmission times;
- deeper analysis of information reported by geographic regions and/or by country in the light of economic developments;
- supply of more detailed information of the Company's medium-term strategy, the human resources policy, and the analysis of risks inherent to the Company's business.

With respect to the Audit Committee, more time will be devoted to aspects relating to risk management and internal control. Furthermore, to guarantee as best as possible the autonomy of Board discussions, the head of the Company will not sit on this committee.

Training of directors

Coface has set up a training programme for new directors joining the Company. This training is provided over a half-day, with the main objectives of presenting Coface, its products strategy, its organisation and its commercial objectives, the main components of its balance sheet as well as key business indicators.

To prepare for the entry into force of Solvency II on January 1, 2016, several presentations were made about the directive, together with a half-day in-depth training attended by Board members.

2.4.1.2 Composition and operations of the Board of Directors' specialised committees

The Board of Directors has established an Audit Committee and an Appointments and Compensation Committee.

(i) Composition and operations of the Audit Committee

On the date of this report, the Audit Committee was composed of Mr Éric Hémar (Chairman), Mr Pascal Marchetti, and Ms Martine Odillard since May 5, 2015 (to replace Ms Clara Christina Streit).

Two thirds of the members of the Audit Committee are independent members of the Board of Directors. The recommendation of the AFEP-MEDEF Code, according to which this committee must have a majority of independent members, has thus been respected.

Composition (Article 1 of the Audit Committee by-laws)

a. Members

The Audit Committee will be composed of three members having the necessary qualifications sufficient to exercise their functions effectively, in particular with competence in financial or accounting matters, appointed amongst the directors of the Company for the duration of their term as directors.

Two thirds of the Audit Committee will consist of independent members.

b. Chairmanship

The Chairman of the Audit Committee will be one of the members nominated by the Board of Directors amongst the independent members and for the duration of his/her term as a director.

The Chairman of the Audit Committee will exercise his/her functions in accordance with the rules of procedure of the Audit Committee.

The Chairman of the Audit Committee will set the dates, times and places of the meetings of the Audit Committee, establish the agenda and preside at its meetings. The convening notices for the meetings will be sent by the Audit Committee Secretary.

The Chairman of the Audit Committee will report to the Board of Directors on the opinions and recommendations expressed by the Audit Committee for the Board of Directors to consider.

The Chairman of the Audit Committee will ensure the monitoring of the preparation and due process of the work of the Audit Committee, between each of its meetings.

Duties (Article 3 of the Audit Committee by-laws)

The role of the Audit Committee is to ensure the monitoring of matters concerning the development and verification of accounting and financial information and to ensure the effectiveness of the monitoring of risks and internal operational control in order to facilitate the Board of Director's duties of control and verification.

In this connection, the Audit Committee will in particular exercise the following principal functions:

a. Monitoring of the preparation of financial information

The Audit Committee, must examine, prior to their presentation to the Board of Directors, the annual or half-year parent company and consolidated financial statements, to ensure the relevance and the consistency of the accounting methods used to prepare these financial statements. The Audit Committee will examine, where necessary, major transactions where a conflict of interest could exist.

The Audit Committee reviews in particular provisions and their adjustments and all situations that could create a significant risk for Coface, as well as all financial information or quarterly, half-year or annual reports on the Company's business, or produced as a result of a specific transaction (such as asset contribution, merger, or market transaction).

The examination of the financial statements should be accompanied by a presentation by the Statutory Auditors indicating the key points not only of the results of the Statutory audit, but in particular the audit adjustments and significant weaknesses in the internal control identified during the conduct of the audit, but also the accounting methods used, as well as a presentation by the Chief Financial Officer describing the Company's risk exposure and its material off-balance sheet commitments.

b. Monitoring the effectiveness of the internal control systems, internal audit and risk management relating to financial and accounting information

The Audit Committee must ensure the relevance, reliability and implementation of the internal control procedures, identification, hedging and management of the Company's risks in relation to its activities and the accounting and financial information.

The Audit Committee should also examine the material risks and off-balance sheet commitments of the Company and its subsidiaries. The Audit Committee should in particular listen to the internal audit managers and regularly review business risk mapping. The Audit Committee should in addition give its opinion on the organization of the service and be informed of its working schedule. It should receive the internal audit reports or a summary of such reports.

The Audit Committee will oversee the existence, effectiveness, deployment and implementation of corrective action, in the case of material weaknesses or anomalies in the internal control and risk management systems.

c. Monitoring of the legal control of the individual and consolidated financial statements by the Company's Statutory Auditors

The Audit Committee should keep itself informed of, and monitor, the Company's Statutory Auditors (including with and without the presence of the executives), in particular, their working schedule, potential difficulties encountered in the exercise of their duties, modifications which they believe should be made to the Company's financial statements or other accounting documents, irregularities, anomalies or accounting irregularities which they may have discovered, uncertainties and material risks relating to the preparation and treatment of accounting and financial information, and material weaknesses in internal control that they may have discovered.

The Audit Committee should have regular discussions with the Statutory Auditors, including with and without the presence of the executives. The Audit Committee should in particular have such discussions with the Statutory Auditors during the Audit Committee meetings dealing with the review of the procedures for preparing financial information and the review of the financial statements in order to report of their performance and the conclusions of their work.

d. Monitoring the independence of the Statutory Auditors

The Audit Committee must oversee the selection and renewal of the Statutory Auditors, and must submit the result of this selection to the Board of Directors. Upon expiration of the term of the Statutory Auditors, the selection or the renewal of the Statutory Auditors may be preceded, upon proposal of the Audit Committee and decision of the Board of Directors, by a call for tenders supervised by the Audit Committee that will approve the specifications and choice of firms consulted, and ensure the selection of the "best bidder" and not the "lowest bidder".

To enable the Audit Committee to monitor the rules for independence of the Statutory Auditors and guarantee their objectivity, throughout the duration of their term, the Audit Committee should receive each year:

- the Statutory Auditors' statement of independence;
- the amount of the fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling the Company in respect of services that are not directly related to the Statutory Auditors' mission; and
- information concerning the benefits received for services directly related to the Statutory Auditors' mission.

The Audit Committee should also review, with the Statutory Auditors, the risks affecting their independence and the preventive measures taken to mitigate such risks. It must in particular ensure that the amount of the fees paid by the Company and the Group, or the share of such fees in the revenues of the firms and networks, would not impair the independence of the Statutory Auditors.

The assignment of the Statutory Auditors should be exclusive of any other tasks not related to this mission in terms of the professional code of conduct of the Statutory Auditors and of professional auditing standards. The Statutory selected Auditors should refrain, on their behalf and on behalf of the network to which they belong, from any consulting activity (legal, tax, IT, etc.) provided directly or indirectly for the benefit of the Company. With regard to companies controlled by the Company or the controlling company, the Statutory Auditors should refer more specifically to the professional code of conduct for Statutory Auditors. However, upon prior approval from the Audit Committee, services that are accessory or directly complementary to auditing may be performed, such as acquisition or post-acquisition audits, but to the exclusion of valuation or advisory services.

The Audit Committee reports regularly on the exercise of their duties to the Board of Directors and informs it without delay of any difficulties encountered.

Operation (Article 2 of the Audit Committee by-laws)

a. Frequency of meetings and procedures for convening notice

The Audit Committee will be convened whenever necessary and at least four times a year. The Audit Committee will in particular meet prior to each Board meeting if the agenda consists of the examination of a matter related to their assignment and sufficiently in advance prior to any Board meeting for which it prepares the resolutions.

- Ordinary convening notice:

  The Audit Committee meets upon a written convening notice issued by its Secretary under the conditions provided for in 1 b) clause 3 of these Articles of Association, which is sent to each of the members. The Chairman of the Company's Board of Directors may, as necessary, refer a matter to the Chairman of the Audit Committee and ask him to meet with said committee to discuss a specific agenda.

- Extraordinary convening notice:

  Two members of the Audit Committee may ask its Chairman to convene a meeting of the Committee to discuss a certain agenda or to add one or more points to the agenda in accordance with the limits and powers of said committee. In the event that the Chairman of the Audit Committee does not grant this request within a period of 15 days, the two members may convene the Audit Committee and set the agenda thereof.

  The Company's Statutory Auditors may, if they consider there is an event which exposes the Company or its subsidiaries to a significant risk, ask the Chairman of the Audit Committee to convene a meeting of said committee.

- Form and timing of the convening notice:

  The convening notice of the Audit Committee is sent to the members of the Audit Committee with reasonable prior notice, and contains the detailed agenda for the meeting. The information allowing the members of the Audit Committee to issue informed advice during this meeting is sent to the members of said committee, to the extent possible, within a sufficient period prior to the meeting.

  In the event of urgency, the Audit Committee may be convened at any time by its Chairman, acting within the context of an exceptional procedure. In this case, the Audit Committee meeting does not need to comply with the time limits for the above convening notice insofar as the urgency declared in the convening notice and the information allowing the members of the Audit Committee to issue informed advice has been sent prior to the meeting.

b. Attendance at Audit Committee meetings

If any member is prevented from attending an Audit Committee meeting, such member may participate by telephone or teleconference.

Only the members of the Audit Committee, as well as the secretary of the Audit Committee, have the right to attend the Audit Committee meetings.

At the Chairman's proposal, the Audit Committee may, if it is considered appropriate and after having informed the Chairman of the Board of Directors thereof, invite any executive of the Company (including an executive of any of the principal subsidiaries), as well as the Statutory Auditors of the Company to attend any of its meetings, capable of having a bearing upon the work of the Audit Committee.

c. Quorum and Majority rule

The Audit Committee may not validly express its opinions and recommendations unless at least half of its members (including the Chairman) are present.

No member of the Audit Committee may represent another member.

The opinions and recommendations of the Audit Committee will be adopted if the Chairman and the majority of members present at the meeting vote in favour of such opinions and recommendations.

d. Secretariat and Minutes of meetings

The Secretary of the Company's Board of Directors will be responsible for the secretariat of the Audit Committee.

The opinions and recommendations of the Audit Committee will be written in a report, one copy of which will be addressed to all members of the Audit Committee and another, if required, by the Chairman to the executives of the Company.

Activity of the Audit Committee

The Audit Committee met four times in 2015. The average attendance rate was 100%.

The main work completed:

- examination of the 2014 financial statements;
- examination and approval of the audit plan;
- examination of the consolidated financial statements of the first half of 2015;
- examination of the financial statements as of September 30, 2015;
- examination of the investment policy.

(ii) Composition and functioning of the Appointments and Compensation Committee

The principle of an Appointments and Compensation Committee was decided by the Board of Directors at its meeting of July 15, 2014. Since that date, and at the date of this report, the Appointments and Compensation Committee consists of Mr Olivier Zarrouati (Chairman), Ms Sharon MacBeath and Mr Laurent Mignon.

The Appointments and Compensation Committee is chaired by an independent director and two thirds of it consists of independent members of the Board of Directors. The recommendation of the AFEP-MEDEF Code, according to which this committee must have a majority of independent members, has thus been respected.

Composition (Article 1 of the Nominations and Compensation Committee by-laws)

a. Members

The Nominations and Compensation Committee will be composed of three members appointed from among the members of the Company's Board of Directors for the duration of their term as director.

The Nominations and Compensation Committee shall have a majority of independent members of the Board of Directors who are competent to analyse compensation-related policies and practices.

b. Chairman

The Chairman of the Nominations and Compensation Committee will be one of the members of the Nominations and Compensation Committee nominated by the Company's Board of Directors from among the independent members for the duration of his/her term of appointment as director.

The Chairman of the Nominations and Compensation Committee will convene the meetings of the Nominations and Compensation Committee, determine the agenda and chair the meetings.

The Chairman will (i) report to the Board of Directors on the proposals and recommendations put forward by the Nominations and Compensation Committee in order for the Board of Directors to consider and (ii) ensure the continuity of the preparation and due process of the work of the Nominations and Compensation Committee, between each of its meetings.

Duties (Article 3 of the Nominations and Compensation Committee by-laws)

a. Duties of the Nominations and Compensation Committee

In all matters relating to the appointment of executives (and separate from any difficulty related to their compensation), the Chief Executive Officer (CEO) will be involved in the work of the Nominations and Compensation Committee.

The Nominations and Compensation Committee shall prepare the resolutions of the Company's Board of Directors on the following topics:

(i) Compensation Conditions

The Nominations and Compensation Committee is responsible for formulating proposals for the Company's Board of Directors concerning:

- the level and terms of the compensation of the Chairman of the Company's Board of Directors, including benefits in kind, retirement plans and pension contributions, when these benefits are to be provided, as well as potential grants of stock options, if applicable;
- the level and terms of compensation of the Chief Executive Officer (CEO), and, as the case may be, the Deputy CEO, including benefits in kind, retirement plans and pension contributions, as well as the potential grants of stock options;
- the rules for the distribution of directors' attendance fees to be allocated to the Company's directors and the total amount to be submitted to the approval of the Company's shareholders; and
- an annual review of the compensation policy of the main non-executive directors

(ii) Conditions for Appointment

The Nominations and Compensation Committee:

- makes proposals to the Board of Directors regarding the appointment of members of the Board of Directors and of the members of the General Management;
- establishes and maintains an up-to-date succession plan of members of the Board of Directors as well as of the principle executives of the Company and of the Group, in order to be able to rapidly propose succession solutions to the Board of Directors in case of an unforeseen vacancy.

In its specific function of appointing members of the Board of Directors, the Nominations and Compensation Committee shall take the following criteria into account: (i) the desired balance in the composition of the Board of Directors with regard to the composition and evolutions of the Company's ownership; (ii) the desired number of independent Board members; (iii) the proportion of men and women required by current regulations; (iv) the opportunity for to renew terms; and (v) the integrity, competence, experience and independence of each candidate. The Nominations and Compensation Committee must establish a procedure for selecting future independent members and undertake its own evaluation of potential candidates before the latter are approached in any way.

The qualification of an independent member of the Board of Directors is discussed by the Appointments and Compensation Committee, which drafts a report on this subject for the Board. Each year, the Board of Directors will review, in the light of this report, prior to the publication of the annual report of directors, the situation of each of the directors with regard to the criteria of independence as defined by the rules of procedure of the Board of Directors.

b. Resources and Prerogatives of the Nominations and Compensation Committee

The Nominations and Compensation Committee will, at the behest of the Chief Executive Officer (CEO) have at their disposal all documents and information required for the completion of their tasks. It may, moreover, upon request of the Company's Board of Directors, order any study or analysis by experts outside of the Company relating to the compensation conditions of corporate officers from comparable companies in the banking sector.

Operations (Article 2 of the Nominations and Compensation Committee by-laws)

a. Frequency of meetings and procedures for convening notice

The Nominations and Compensation Committee will be convened whenever necessary and at least once a year. The Nominations and Compensation Committee will in particular meet prior to each Board meeting if the agenda consists of the examination of a matter related to their assignment and sufficiently in advance prior to any Board meeting for which it prepares the resolutions.

- Ordinary convening of meeting:

  The Nominations and Compensation Committee meets upon a written convening notice issued by its Secretary and sent to each of the members. The convening notice for the meetings will be sent by the Nominations and Compensation Committee Secretary. The Chairman of the Company's Board of Directors may, as necessary, refer a matter to the Chairman of the Nominations and Compensation Committee and ask him to meet with said committee to discuss a specific agenda.

- Extraordinary convening of meeting:

  Two members of the Nominations and Compensation Committee may ask its Chairman to convene a

meeting of the committee to discuss a certain agenda or to add one or more points to the agenda in accordance with the limits and powers of said committee. In the event that the Chairman of the Nominations and Compensation Committee does not grant this request within a period of 15 days, the two members may convene the Nominations and Compensation Committee and set the agenda thereof.

- Form and timing of the convening of meeting:

  The convening notice of the Nominations and Compensation Committee is sent to the members of the Nominations and Compensation Committee with reasonable prior notice, and contains the detailed agenda for the meeting. The information allowing the members of the Nominations and Compensation Committee to issue informed advice during this meeting is sent to the members of said committee, to the extent possible, within a sufficient period prior to the meeting.

  In the event of urgency, the Nominations and Compensation Committee may be convened at any time by its Chairman, acting within the context of an exceptional procedure. In this case, the Nominations and Compensation Committee meeting does not need to comply with the time limits for the above convening notice insofar as the urgency declared in the convening notice and the information allowing the members of the Nominations and Compensation Committee to issue informed advice has been sent prior to the meeting.

b. Attendance at meetings of the Appointments and Compensation Committee

Only members of the Appointments and Compensation Committee may as a matter of right attend said Committee's meetings. The Secretary of the Appointments and Compensation Committee also participates in these meetings.

If any member is unable to attend a meeting of the Appointments and Compensation Committee, he may participate in it by phone or video conference.

c. Quorum and Majority rule

The Nominations and Compensation Committee cannot validly express its opinions and proposals unless half of its members (including the Chairman) are present.

No member of the Nominations and Compensation Committee may represent another member.

The opinions and proposals of the Nominations and Compensation Committee will be adopted if the majority of the members present including the Chairman vote in favour of adopting them.

d. Secretariat and Minutes of meetings

The Secretary of the Company's Board of Directors is responsible for the secretariat of the Nominations and Compensation Committee.

The opinions and proposals of the Nominations and Compensation Committee will be noted in a minute, a copy of which will be addressed to all the members of the Nominations and Compensation Committee and, if necessary, to the directors of the Company.

e. Activity

The committee met twice in 2015.

It examined and/or set:

- the compensation components for the Chief Executive Officer (CEO), in particular the achievement rate for financial and qualitative objectives set for 2014, and the components of his compensation for 2015;
- the components of a Long Term Incentive Plan established for the Chief Executive Officer and certain employees, and in particular the share vesting and retention periods, as well as the performance conditions underlying the vesting of shares;
- the processes implemented to identify potential talent and allow the preparation of succession plans for the Group's key functions.

2.4.1.3 Limitations to the powers of the general management

The Board of Directors has established specific procedures in its Articles of Association which are aimed at guiding the powers of the Company's general management.

Pursuant to the terms of Article 1.2 of the Board of Directors' Articles of Association, the following are subject to the prior authorisation from said Board, ruling by a simple majority of the members present or represented:

- extension of the activities of the Company to significant business not performed by the Company; and
- any interest, investment, disposal or any establishment of a joint venture carried out by the Company or one of its significant subsidiaries, for a total amount that is greater than €100 million.

2.4.1.4 Key functions

Solvency II requires the establishment of an effective system of governance that guarantees sound and prudent management of the business. The functions included in the system of governance are considered as key functions.

Key functions include risk management, verification of compliance, internal audit and actuarial functions. Persons in charge of these functions should be free of influences that may compromise their ability to carry out the tasks assigned to them in an objective, loyal and independent manner.

Each function is under the authority of the Chief Executive Officer or the effective manager and operates under the ultimate responsibility of the Board of Directors. They have direct access to the Board for reporting any major problem in their area of responsibility in accordance with the Board of Directors' rules of procedure.

The professional qualifications, knowledge and experience of persons with key functions should be adequate to enable sound and prudent management (fit), and they must be of good repute and integrity (proper).

The persons with key functions are:

- risk management function: the Group Risk Director;
- verification and compliance function: the Group compliance officer;
- internal audit function: the Group Director of Audit;
- actuarial function: the Head of the Group's Actuarial Department.

2.4.1.5 Code of corporate governance

The Company voluntarily refers to all recommendations of the Corporate Governance Code for listed companies of the AFEP and MEDEF (the "AFEP-MEDEF Code [(1)]").

Within the context of the rule to "apply or explain" provided for by Article L.225-37 of the Commercial Code, and by Article 25.1 of the AFEP-MEDEF Code, the Company believes that its practices conform to the recommendations of the AFEP-MEDEF Code. However, certain recommendations are not applied, for the reasons presented in the following table:

The Board of Directors' rules must specify that any significant operation not covered by the Company's announced strategy must receive the prior approval of the Board (Article 4 of the AFEP-MEDEF Code).	The principle of the recommendation is observed even if the Board's internal rules are slightly different, to the extent that they state that such operations shall be subject to the prior approval of the Board of Directors deciding by a simple majority of the members present or represented: ■ extension of the activities of the Company to significant business not performed by the Company; and ■ any interest, investment, disposal or any establishment of a joint venture carried out by the Company or one of its significant subsidiaries, for a total amount that is greater than €100 million.
The Compensation Committee must not contain any managing corporate officer (Article 18.1).	The Chairman of the Board of Directors is a member of the Compensation Committee. The Chairman of the Board of Directors has no executive role. Furthermore, there is no risk of a conflict of interest, to the extent that the role of Chairman is not compensated, and that Mr Laurent Mignon does not collect directors' fees either as Chairman or as a member of the Compensation Committee.
The Board of Directors must periodically set a significant number of shares that must be retained by the Chairman of the Board and the Chief Executive Officer nominatively until the end of their duties (Article 23.2.1).	■ The Articles of Association fix the number of shares that must be held by any director ■ The LTIP plans fix the number of shares that must be held by the Chief Executive Officer until the end of his duties.
Each Board must consider the balance it wishes to achieve in its composition and that of its committees, notably with respect to gender, nationality and skills diversity, and implement measures to assure shareholders and the market that its work is accomplished with the necessary independence and objectivity. It publishes the objectives, procedures and results of its policy in such matters in the registration document (Article 6.3 of the AFEP-MEDEF Code).	The Board is aware of these issues and takes into account the need for a diversity of experience and skills when appointing new directors, as illustrated by the choices it made in 2015. It will address the specific issue of gender balance over the course of 2016. Information compliant with the principles of the AFEP MEDEF Code may therefore be inserted into the 2016 registration document.

The Company has ongoing access to copies of this code for the members of its corporate bodies.

2.4.1.6 Terms of participation at the Shareholders' Meeting

The conditions for shareholder participation at the Annual Shareholders' Meetings are governed by Article 23 of the Company's Articles of Association, and by the current regulations (see paragraph 7.1.5.5).

2.4.1.7 Factors that may have an impact in the event of a public offer

These factors are published in paragraph 7.4 "Elements likely to have an impact in the event of a public offering".

2.4.1.8 Rules for determining the compensation of corporate officers

The compensation policy for the Company's corporate officers was adapted to the standard practices of listed companies.

a. Members of the Board of Directors

The amount allocated to the Board of Directors is €350,000 for 2015.

The rules on distribution of directors' fees are as follows:

- for members of the Board of Directors:
  - fixed portion: €8,000 per year (*prorata temporis* of the term of mandate),
  - variable portion: €2,000 per meeting, capped at six meetings;
- for members of the Audit Committee:
  - Chairman
    - fixed portion: €17,000 per year (*prorata temporis* of the term of mandate),
    - variable portion: €2,000 per meeting, capped at six meetings,

(1) This code may be consulted on the website www.medef.com.

- Members of the Audit Committee
  - fixed portion: €5,000 per year (*prorata temporis* of the term of mandate),
  - variable portion: €1,000 per meeting, capped at six meetings;
- for members of the Appointments and Compensation Committee
  - Chairman
    - fixed portion: €8,000 per year (*prorata temporis* of the term of mandate),
    - variable portion: €2,000 per meeting, capped at five meetings,
  - Members of the Appointments and Compensation Committee
    - fixed portion: €3,000 per year (*prorata temporis* of the term of mandate),
    - variable portion: €1,000 per meeting, capped at five meetings.

2015 – MAXIMUM GROSS AMOUNT OF DIRECTORS' FEES			
ON AN ANNUAL BASIS OF 5 BOARD MEETINGS; 4 AUDIT COMMITTEES; 3 APPOINTMENTS AND COMPENSATION COMMITTEES	AMOUNT OF DIRECTORS' FEES	FIXED PORTION IN %	VARIABLE PORTION IN %
Member of the Board of Directors	€18,000	44.44	55.56
Member of the Board of Directors + Chairman of the Audit Committee	€43,000	58.14	41.86
Member of the Board of Directors + member of the Audit Committee	€27,000	48.15	51.85
Member of the Board of Directors + Chairman of the Appointments and Compensation Committee	€32,000	50	50
Member of the Board of Directors + member of the Appointments and Compensation Committee	€24,000	44	56

b. Chief Executive Officer (CEO)

At the start of each year, the Board of Directors, at the proposal of the Appointments and Compensation Committee, sets the various components of the Chief Executive Officer's (CEO) compensation. This includes a fixed and a variable portion, based on a certain number of objectives which are determined on an annual basis. Pursuant to the principles established in the Solvency II Directive, the variable compensation includes a deferred compensation component, according to the terms fixed by the Board of Directors.

2.4.2 INTERNAL CONTROL PROCEDURES

◆ 2.4.2.1 Internal control

The Group defines the internal control system as a set of mechanisms intended to ensure control of its development, profitability, risks and business operations.

These mechanisms generally aim to ensure that:

- risks of any kind are identified, assessed and controlled;
- operations and behaviour are in accordance with the decisions made by the corporate bodies, and comply with the laws, regulations, values and internal rules of the Group; as concerns more specifically financial information and management, they aim to ensure that they accurately reflect the Group's position and business;
- these operations are conducted to ensure efficacy and the efficient use of resources.

The internal control system relies on the same functions as the risk management system; it allows the application of the rules and principles defined within the context of the risk management system to be verified (see paragraph 2.4.3.1 "Organization of risk oversight"). This system includes, at a minimum, administrative and accounting procedures, an internal control framework, appropriate provisions in terms of information at all levels of the business, and a compliance verification function.

◆ 2.4.2.2 Processing of accounting and financial information

Organisation and field of action

The organisational principles allow the responsibilities and accounting control system to be structured. The local *Chief Financial Officers* (CFO) are responsible for the following, in their scope:

- their local accounting system (compliance with local regulations and Group rules);
- financial risks, in particular compliance with the asset and liability matching principle, in an effort to limit the financial risks on their balance sheet.

The Group's Finance Department is responsible for:

- the quality of the Group's financial information, and in particular:
  - for writing and providing access to the Group's accounting standards,
  - producing the Group's regulatory and financial statements,
  - implementing the accounting control system,
  - complying with the French accounting standards and IFRS, and the French regulations;

- managing the financial and solvency risks at the Group level:
  - defining and tracking the investment policy,
  - defining and implementing the rules for controlling other financial risks,
  - controlling Group solvency, in particular relating to Solvency II,
  - managing equity interests: entity solvency, dividend policy, impairment testing, strategic projects;
- financial control: budget/reforecasting, medium-term planning, oversight and reporting of performance in relation to the budget, etc.;
- reinsurance: external and internal reinsurance, partner reinsurance;
- coordinating various flows between the shared platforms and local accounting, in particular in terms of tools and production process;
- Group taxation. centralisation of calculations of entities' taxes, control of calculations of deferred taxes.

For *la Compagnie,* the Group's Finance Department acts as a subcontractor for the following accounting duties:

- production of statutory financial and regulatory statements (in particular calculating the Solvency I margin) for *la Compagnie* (parent company);
- management of relations with the French tax authorities and dispute management at the Group and corporate level.

To that end, it has the responsibilities of CFO for the France entity for this scope.

The Group's Finance Department combines accounting, Group management control, taxation, investment and financing operations, and reinsurance.

The Group's Accounting and Taxation Department is in charge of producing and checking the accounting information for the entire Group:

- consolidated financial statements;
- individual financial statements of the parent company, COFACE SA and its subsidiary "Compagnie française du commerce extérieur";
- declarations and controls in the tax domain; and
- management of equity interests.

It guarantees the quality of the financial information. Its detailed tasks are broken down into:

- maintaining the Group's general and ancillary accounting:
  - recording operations, control and justification of operations,
  - closing the quarterly accounts,
  - producing consolidated financial statements (accounting treatment of interests, reciprocal operations, etc.);
- producing regulatory and presentation of accounts reports:
  - producing internal and external reports (financial analysts, shareholders),
  - producing periodic regulatory statements in compliance with scheduling constraints (declarations to the supervisory, tax and corporate administrations),
  - relations with the supervisory authorities and Statutory Auditors;
- preparing Group's rules, regulatory oversight and strategic projects:
  - defining rules and drafting Group accounting procedures,
  - writing and following up accounting procedures in conjunction with Natixis' Finance Department,
  - overseeing the development of the Accounting and Tax Regulations,
  - assisting, training and providing technical support to subsidiaries and branches,
  - analyses and impact studies on modifications in scope for the consolidated financial statements;
- accounting control system: monitoring of the correct application of the Group's standards and procedures;
- Group taxation.

The structure with the various entities of the Group relies on the Group's functional matrix principles, delegating certain responsibilities to entities of the various countries with regard to their scope. To that end, the consolidated entities are responsible for producing, according to their local standards:

- accounting information;
- tax information;
- regulatory information; and
- corporate information.

Accounting control system

The accounting control system assigns a portion of the responsibility for controls to the CFOs of each region. The Group's Accounting Department provides regions with a control and reporting tool which allows oversight of proper reconciliations between management applications and the accounting tool.

Each entity sends at each closing date the controls and reconciliations performed, which allow the quality and integrity of the consolidated data to be validated. A reporting Excel file, identifying the controls to be performed as well as the instructions on the details and supporting documentation requested is sent to them each quarter.

This file, along with the supporting documentation, is sent to the regional administrative and financial director (or to the person put in charge of collecting this data by the regional financial and administrative director), who oversees the proper completion of all of these comparisons. A summary of these controls must then be sent to the Group's Technical Accounting Department.

This process allows a complete audit trail to be obtained, and produces data quality that is standardised and reliable within the Group.

Common tool for general accounting, consolidation and management control

The monthly reporting on management control and data according to French GAAPS and IFRS are entered in a common tool since January 2014.

This tool is used to develop quarterly comparative statements between the data from management control reporting and data from the IFRS-compliant consolidated financial statements.

The process for preparing the consolidated financial statements provides for the following controls and analyses:

- changes in equity at Group level and for all consolidated entities;
- analytical review of the balance sheet and income statement for a comprehensive consistency check;
- analysis of the aggregates of the balance sheet and the earnings of the most material entities; specific checks on reinsurance earnings;
- specific checks on the breakdown of charges by destination.
- Review of commitments given and received subject to an inventory and periodic evaluation. Each entity takes and inventory and monitors its off-balance sheet commitments. This information forms part of the quarterly reporting process. Off-balance sheet commitments vis-à-vis Group companies are subject to reconciliation. Off-balance sheet commitments vis-à-vis companies outside the Group are analysed jointly by the Finance and Legal Departments. These analyses make it possible to ensure the completeness of the data and the consistency of variations.

The reinsurance operations accepted between the Group's entities are subject to a particular accounting process, which consists of verifying the exhaustiveness and conformity of the detailed accounts entered in the Reinsurance Department, from the source data until they are integrated into the accounting.

2.4.3 RISK MANAGEMENT

The Group draws your attention to the risks described in Chapter 5.

Within the framework of its activity, the risk undertaken by the Group translates the search for business opportunities and the will to develop the Company in an environment intrinsically submitted to possible unexpected events.

In order to address these risk factors, which are both endogenous and exogenous, the Group has established a risk control structure which aims to ensure the proper functioning of all of its internal processes, compliance with the laws and regulations in all of the countries where it is present, control of compliance by all operating entities with the Group rules enacted in view of managing the risks related to operations and optimising their effectiveness.

The internal and external contexts in which the Group operates being naturally changeable, the communication gives inevitably a vision of the risks at the closest date of the release. The Group took into account, within the framework of the display of this information, the legitimate interests of the Group with regard to the possible consequences of the disclosure of certain information, and in accordance with the correct information of the market and of the investors.

◆ 2.4.3.1 Organisation of risk oversight

Type of risks

The risks of the Group are distributed among four major categories: credit risks, financial risks, operational risks and other risks.

CREDIT RISKS

The so-called credit risks cover all of the risks related to the underwriting of insurance contracts, as well as the risks that are inherent to the factoring business, in other words, the risk incurred in the event of a counterparty's default.

FINANCIAL RISKS

Financial risks cover the risks related to the management of the balance sheet (in particular exchange rate, technical provisions, credit risks not related to factoring), the management of investments (in particular valuation, exposure, etc.), liquidity and concentration risks, but also reinsurance (default, treaties) and other risk mitigation techniques.

OPERATIONAL RISKS

The **operational risk** is a risk of losses due to an inadequacy or to a default that is attributable to procedures and people in all areas of business, to the internal systems or to outside events, including the risks of internal and external fraud. The operational risk includes the **legal risks** (excluding risks arising from strategic decisions and reputational risks), in other words the risk of any dispute with a counterparty as a result of any inaccuracy, deficiency or insufficiency that could be attributable to the Company as concerns its operations.

OTHER RISKS

The other risks include the risks of **non-compliance** as well as the **reputational risk** and **strategic risks.**

Governance

The Board of Directors examines and approves the annual report of the Chairman and ensures compliance with the rules relating to the Insurance Regulations and internal risk control procedures.

The Audit Committee ensures the quality of the management and risk control mechanisms implemented.

The Group's Risk Committee is presided over by the Chief Executive Officer (CEO); the members of the Group Management Committee, Strategic and Operational Control Body of the Group, the Director of Group Risks, and the Director of Group Legal Affairs and Compliance meet every quarter, as do, where applicable, the representatives of the

operational or functional departments concerned, who are likewise in attendance according to the matters at hand. The Group Risk Committee is responsible for:

- setting the risk policies;
- monitoring the Company's risk exposure;
- measuring the efficacy of the risk management mechanisms;
- validating and defining the audit and control plans;
- verifying the Company's capacity to confront crises (business continuity plan, solvency); and
- ensuring compliance of processes and organisation.

General risk control mechanism

The Group has implemented a risk control system according to the provisions of the French Insurance Code and of the European Commission's Solvency II delegated acts.

RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM PLAYERS AND SCOPE OF RESPONSIBILITY

Group Risk Committee
Presided over by the Group's Managing Director, comprised of the General Management Committee, representatives of the key functions

Country Country

Western Europe | Northern Europe | Eastern Europe | Mediterranean & Africa | Latin America | North America | Asia

Audit	Group Audit Department	
Risk Management System	Group Risk Department	
Internal Controls	Group Legal and Compliance Department	Group Risk Department

Function to be covered / Geographic line / Type of risks

Risk of non compliance	Operational Risk	Risk to reputation	Credit risks		Financial risks				Strategic risk
*Risk of non compliance**	*Operational risk**	*Risk to reputation**	*Underwriting risk**	*Credit Risk**	*Market risk**	*Concentration risk**	*Liquidity risk**		*Strategic risk*

* Regulatory terms

The Group has implemented a general risk control mechanism which centres around the following organisation:

- level one operating controls handled by businesses, and based on operating procedures;
- level two controls managed by the Group's Risk Department and Legal and Compliance Department (*direction juridique et de la conformité Groupe* (the **"DJCG"**));
- periodic level three controls by the Group Audit Department.

It relies on various key functions:

- internal audit function;
- risk management function;
- actuarial function; and
- internal control and compliance function.

(i) Internal audit function

The internal audit function, under the responsibility of the Group's Audit Director, has the priority objectives of evaluating and reporting for each audited unit:

- the quality of the financial position;
- the level of risks effectively incurred;
- the quality of organisation and management;
- the consistency, adequacy and proper functioning of the risk assessment and control mechanisms;
- the reliability and integrity of accounting and management information;
- compliance with laws regulations and Group's rules;
- the effective implementation of recommendations coming from prior missions and regulators.

This control is performed through periodic missions which allow the Group's entire scope to be covered for a limited number of fiscal years. A report is then issued and recommendations made.

Under the Solvency II Directive, the internal audit function must assess the adequacy and effectiveness of the internal control system and the other elements of the governance system.

(ii) Risk management function

The risk management function consists of defining the risk policies and monitoring their application, assessing the pertinence and efficacy of the internal control system, tracking the business continuity plan, collecting the incidents and losses and updating the risk mapping.

This function is assumed by the Group Risk Director.

The Group Risk Department was created within the context of adapting the Group's risk management system to the new Solvency II Regulation. It is in charge of rolling out and coordinating Solvency II at the Group level in a project mode.

The Group Risk Department reports on its activity to the Group Risk Committee, which meets quarterly. This committee decides upon or ratifies action plans, monitors their implementation and may be convened upon to consider any issue relating to risk management.

The Group's Risk Management Department leads a network of seven correspondents for each region. The latter are in charge of leading a network of "control and compliance" correspondents in the countries within their geographic scope.

These correspondents are in charge of performing the centrally established level two controls at the local level, verifying compliance with Group rules and monitoring the progress of the action plans decided upon.

The organisational principles are reiterated in the risk function's charter, which defines the role and responsibilities, as well as the expertise required for performing these duties.

The Group Risk Director meets the fill and proper requirements set out in the Article 42 of Directive 2009/138/EC.

(iii) Actuarial function

The actuarial function is performed by the head of the Actuarial Department, and is attached to the Group Risk Department. Its mission is to advise the executive management or the supervisory body and to support its efforts to ensure the solvency and profitability of the Group over the long term and to ensure compliance with the requirements of Solvency II including on reserving.

The actuarial function is the contact of numerous Group departments (Finance, Information, Commercial or Debt Collection), entities of the Group on actuarial subjects, and informs the Board of Directors on the adequacy of the calculation of technical provisions.

The main tasks of the actuarial function are to:

- ensure the sufficiency of technical reserves to cover future claims, to establish and verify the correct implementation of the actuarial principles that the calculations of estimated reserves must follow;
- control the model and the parameters of the Group's pricing tool and usually get involved in the underwriting and pricing policies;
- review the reinsurance policy annually to ensure proper risk coverage by the reinsurance scheme of the Group and its relevance to the capital requirements. To fulfill its mission, the actuarial function has direct access to Board meetings.

The actuarial function is represented in the following committees: Group Risk Committee, DRA Committee, Reserving Committee, New Products Committee, Economical Anticipation Committee and Pricing Committee.

The head of the actuarial function meets the fit and proper requirements set out in in the Article 42 of Directive 2009/138/EC.

(iv) Internal control and compliance functions

The internal control and compliance functions consist of verifying compliance of the operations with the rules and of ensuring the control of operational activities.

The Group Risk Department is in charge of the internal control function, and the DJCG is in charge of the compliance function.

They perform their respective tasks through level two controls and reporting.

a. Internal control function

The organisation of the internal control function falls within the logic of the Group's matrix organisation, which is established along geographical and functional lines. The Group's Risk Department relies on seven regional correspondents, who are in charge of leading a network of correspondents in the countries.

In addition to the existing controls in levels one (business) and three (audit), level two control programs, applicable in all countries, were created.

The Group Risk Department has established a minimum Group control program. This annual program is communicated to (regional and local) correspondents, as well as to regional managers. These programs may be supplemented at the regional or country level according to local regulatory needs (additional mandatory controls), local priorities or other. The frequency of the controls varies according to their nature (from monthly to annually). These correspondents are in charge of performing the centrally established level two control programs at the local level, verifying compliance with Group rules and monitoring the progress of the action plans decided upon.

These controls are performed based on procedures which define who the controllers are, the frequency of the controls, the methodology (preparation of samples, documents used, terminology, control items), as well as the procedures for reporting detected anomalies and following up on the resulting action plans. Following the controls, action plans are established to remedy any dysfunctions identified. The corrective actions immediately decided upon locally are implemented in cooperation with the operational managers, under the responsibility of the country and regional managers.

Quarterly reporting allows the various levels (Group, region, country) to track achievement: results of control plans, progress of remediation plans. A summary of the results of the controls is communicated quarterly by each correspondent to the Group Risk Department, which reports to the Group Risk Committee.

b. Compliance function

The compliance function, in accordance with the principles established by the Solvency II Directive, is responsible for supervising the risks of non-compliance through the preparation of rules which apply in all of the Group's entities, training actions designed to promote proper comprehension and the correct implementation of these rules, as well as the establishment of a pertinent and effective system for controlling the risk of non-compliance.

The risk of non-compliance is defined as the risk of judicial, administrative or disciplinary sanction, a significant financial loss or impact on reputation, which arises out of a failure to comply with the specific provisions on banking and financial activities, particularly insurance activity, whether they are legislatives or regulatory in nature, or concern professional and ethical standards, or instructions from the executive body.

The risks of non-compliance are controlled by the DJCG, within which the compliance function is more specifically in charge of:

- rolling out Group rules on compliance at the various entities of the Group;
- establishing level two controls which allow the proper application of the local and group rules to be ensured;
- reporting to the Group Risk Committee on the results of the level two controls and on incidents of non-compliance that have been detected during these controls or outside of them.

To perform its commitment, the DJCG's work is passed along regionally by the regional compliance correspondents, and at the country level by the local compliance correspondents, according to the functional matrix established within the Group.

The DJCG regularly informs the Group's management bodies of the status of the risk of non-compliance; quarterly, within the context of the Group Risk Committee, and occasionally directly to the Group's general management in case of major incidents.

2.4.3.2 Credit risk management

In direct relation to the economic environment, the debtor credit risk, which is the risk of losses generated by the insurance policy portfolio, could significantly affect the evolution of the Group's activity and results.

Classically, there is a distinction between the frequency risk and peak risk:

- the frequency risk represents the risk of a sudden and significant increase in outstanding payments for a multitude of debtors;
- the peak risk represents the risk of abnormally high losses being recorded for a single debtor or group of debtors, or of an accumulation of losses for a given country.

The Group manages the credit risk through numerous procedures described below, which cover the validation of the terms of the policy relating to the products, pricing, following of credit risk coverage and portfolio diversification.

Control and follow-up of products

- *Approval of new products:* the Group relies on a Group Product Committee to ensure that the product offer is consistent with the business strategy. It validates the introduction of new products into the portfolio and oversees the product offer in each region. It combines the marketing, sales, organisation, compliance, risk, and any other function according to the projects.
- *Validation of product developments:* any product development, whether in terms of the policy, pricing method, retail method, target (insured, country), must be conveyed to the Group's Marketing Department and to the DJCG.
- *Sales delegations:* in order to ensure the profitability of the policies, the contractual parameters thereof that have a strong influence on the policy's performance or on risk management are covered by a delegation system with eight levels of responsibility.
- *Pricing:* The Group uses a common pricing tool (PEPS), allowing its users to create pricing projects with the help of simulation tools and to formulate pricing proposals that are consistent with the Group's profitability objectives.

Centralised credit risk management

The frequency and peak risks are tracked locally and regionally, and are likewise centralised and analysed by the head office.

The frequency risk is covered by technical provisions which are established using a statistical loss experience, which simulates the loss ratios using the developments observed and current loss experience data. This risk is measured for each region and country by tracking the instantaneous loss ratio [(1)] and the monthly indicator which determines changes in domestic/export credit by DRA (Debtor Risk Assessment) (see paragraph 1.2 "Presentation of the Group's Activities") and business sectors, by acceptance rate in the DRA scale, or by product line (bond, Single Risk). Therefore, outstanding payments are analysed weekly by the Group Committee, and monthly by the Group Risk Underwriting. The loss ratios of the various underwriting regions are likewise tracked at the consolidated level of the underwriting.

Coverage of the peak risk is the primary purpose of the reinsurance of Coface Re (see paragraph "Sharing of intra-group and reinsurance risks" page 89). In addition to the weekly and monthly monitoring by each region and country, a mechanism is established at the Group level, which relies on:

- a centralisation of the provisions for claims exceeding a certain amount per debtor (currently, €0.5 million for all underwriting centres of the Group) which is then included in a *post mortem* analysis which enables the performance of the information, risk underwriting and recovery activity to be improved;
- at the risk underwriting level, monitoring beyond an amount outstanding as a function of the DRA causes a budget to be set and validated by the Group Underwriting Department; and
- a system to assess risks by the DRA, which covers all debtors.

(1) The instantaneous loss ratio is a weekly indicator which allows the evolution of the loss ratio to be reconstituted. It is tracked for each region and each country, and is included in weekly reports within the Coface Group, notably allowing the risk underwriters to track the evolution of their portfolio and detect any worsening, in order to establish remedial actions at an early stage.

Diversification of the credit risk portfolio

The Group maintains a diversified credit risk portfolio, to minimize the risks that debtor default, the slowdown of a specific business sector, or an unfavourable event in a given country, such that the impact is not disproportionate for the Group's total loss experience. The insurance policies furthermore include clauses to modify the contractual limits on outstanding amounts.

DEBTOR RISK EXPOSURE

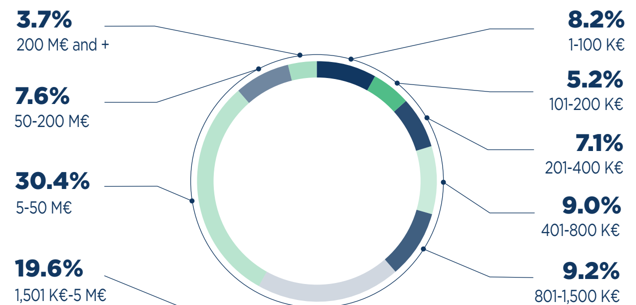
The Group insures the risk of payment defaults for nearly 2.44 million debtors worldwide. As of December 31, 2015, the average debtor risk was nearly €194.5 thousand. 81.7% of the debtors covered by credit insurance policies are located in OECD countries, primarily in Europe, notably in Germany, France, Italy and the United Kingdom, and the United States.

The great majority of debtors, considered individually, constitute an insignificant risk with regard to the Group's total portfolio, since no debtor represents more than 1% of the Group's outstandings.

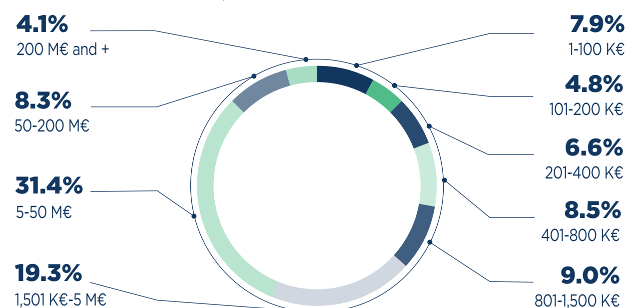
The total outstanding covered by the Group was €475.4 billion, decreasing by about €33 billion compared to December 31, 2014. It is explained by the anticipation of the degradation of the debtors' solvency in a number of emerging countries, as well as in certain business sectors (construction, metal industry…). Furthermore, some policyholders have revised downwards their coverage needs.

The charts below analyse the debtor distribution [(1)] as of December 31, 2013, 2014 and 2015 as a function of the outstanding amounts of cumulative credit risk [(2)] carried by the Group for them. The analysis of the number of debtors by segment of outstandings demonstrates a weak risk concentration profile.

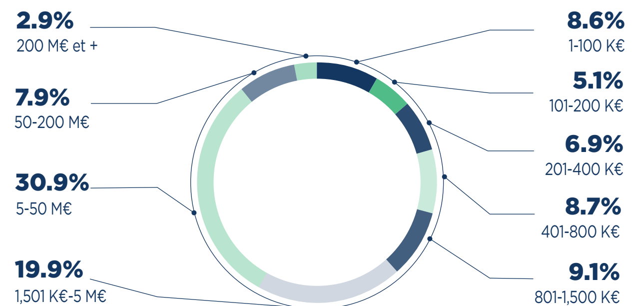
AS OF DECEMBER 31, 2015



AS OF DECEMBER 31, 2014



AS OF DECEMBER 31, 2013



(1) The debtors mentioned above are the clients of the Group's insureds.

(2) The outstandings presented below are gross of reinsurance (direct business and accepted business) and correspond to the maximum covered amounts authorised by the Group for its insureds. They do not correspond to the effective use thereof by the insureds.

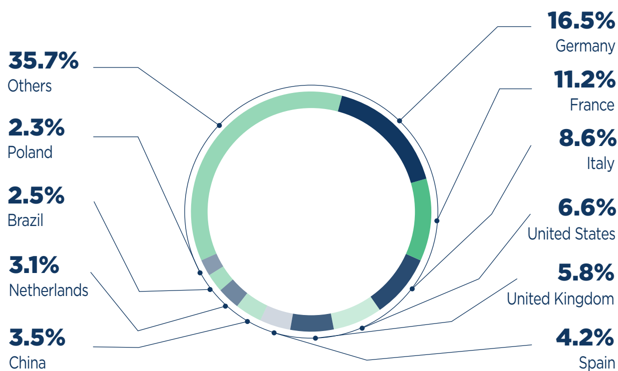
GEOGRAPHICAL DISTRIBUTION OF RISKS

The debtors covered by the Group's credit insurance policies are essentially located in Western Europe. As of December 31, 2013, 2014 and 2015, the 10 most important countries represented respectively 64.1%, 63% and 64.2% of the Group's total exposure, arising from its credit insurance activities:

AS OF DECEMBER 31, 2015 (2)

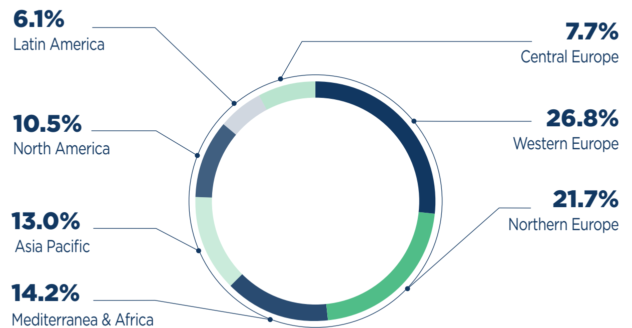
AS OF DECEMBER 31, 2014

AS OF DECEMBER 31, 2013

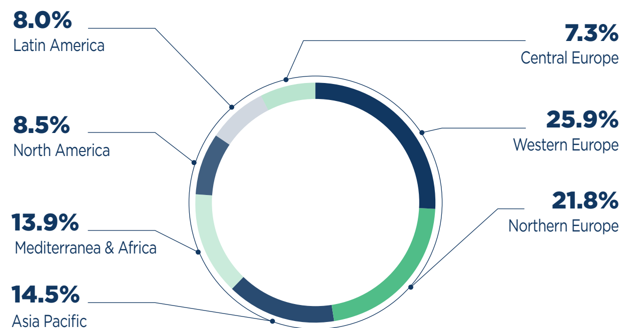


The charts (1) below shows the distribution as of December 31, 2013, 2014 and 2015 of the Group's debtor outstandings, grouped by geographical region:

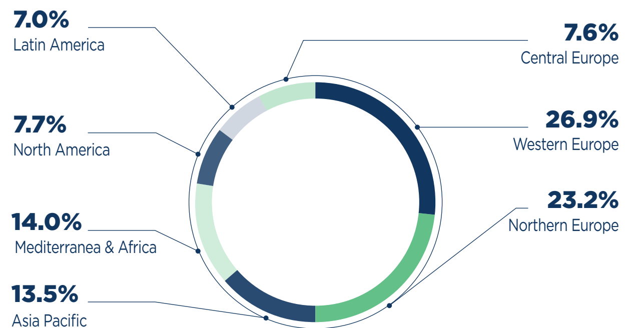
AS OF DECEMBER 31, 2015



AS OF DECEMBER 31, 2014



AS OF DECEMBER 31, 2013

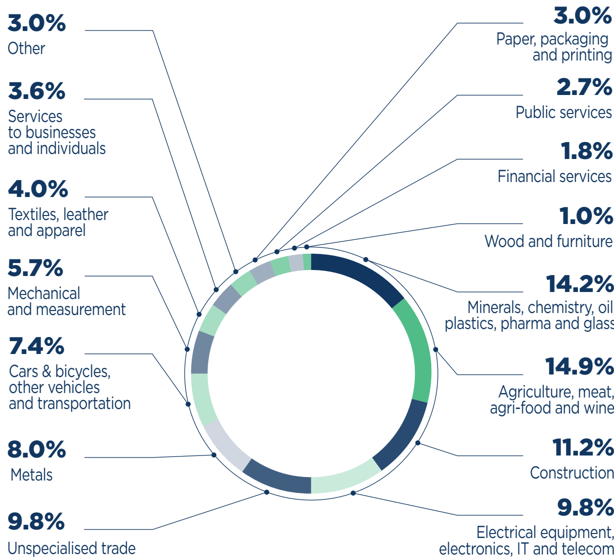


(1) *The distribution has been modified with regard to the previous exercise: the Netherlands is attached with the Northern Europe region instead of Western Europe.*

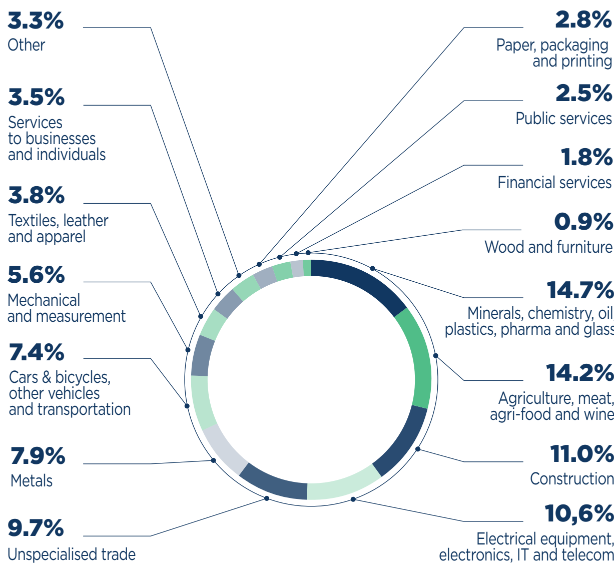
(2) *Brazil (1.3%) and China (1.7%) no longer form part of the 10 countries in terms of exposure. The decline in the macroeconomic environment in these countries led the Group to apply a strict arbitrage policy, resulting in a significant reduction in exposure.*

EXPOSURE BY SECTOR OF BUSINESS OF THE DEBTOR

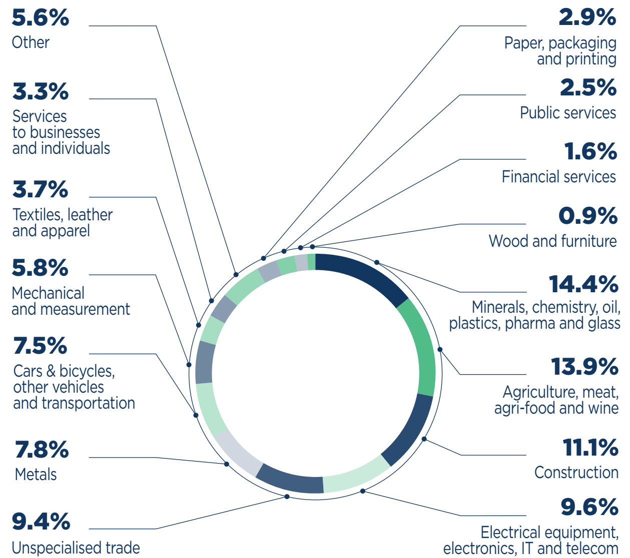
AS OF DECEMBER 31, 2015



AS OF DECEMBER 31, 2014



AS OF DECEMBER 31, 2013



Duration of risks

95% of the Group's outstandings consist of short-term risks. The maximum credit term mentioned in its policies rarely exceed 180 days.

Level two controls ensure that the Group's rules on credit risk are well-respected.

Common interests with insureds

The purpose of credit insurance is to prevent losses as much as possible, in the common interests of insureds and the insurer. The service offered to the insured, before any indemnification of the losses suffered, is claims prevention and assistance in developing a profitable clientele. These common interests contribute to maintaining prudent management of credit risks, and are found in various aspects of the Group's management policy, as described below.

DECISION-MAKING

The principle for the insurer is to approve, for each new debtor that is presented by the insured, the maximum amount of risks that the insurer is ready to accept for that debtor. The insurer likewise determines the maximum amount that it is ready to accept for a given debtor, for all of its insureds.

The credit risks are primarily underwritten based on global policies under which the insureds entrust all of their revenue to the insurer in order to avoid the risks of adverse selection. The credit insurer may reduce or cancel its credit insurance coverage for new sales to the debtor concerned at any time. As an exception to this rule, and according to the insured's expertise, the Group may grant certain insureds a degree of autonomy in setting the credit limits for receivables not exceeding an amount as established in the contract.

CONSIDERATION OF RISK QUALITY FOR ESTABLISHING THE PREMIUM

The amount of premiums is set according to, on the one hand, the loss experience that is statistically noted for a population of insureds which have similar characteristics and, on the other hand, the actual loss experience of the insured in question. The amount of the premium is revised when the policy is renewed, generally annually. It is calculated according to its effective loss experience and the quality of the risk associated with this policy at the time of renewal. Furthermore, certain policies are providing mechanisms to share benefits, in order to encourage insured companies to monitor the quality of their clients.

SHARING OF RISK BETWEEN THE GROUP AND THE INSURED

In general, 10% to 15% of the risk is the responsibility of the insured. Policies can provide for deductibles per claim, and sometimes for an overall annual deductible. An overall principle is likewise applied: most often the total revenue for a given business is covered, and it is not possible for the insured to choose the individual risks to be covered.

RECOVERY MANAGEMENT BY THE GROUP

The Group also asks the majority of its insureds to put it in charge of recovering outstanding payments. As soon as the insured declares an outstanding payment, the Group starts recovery actions in an effort to limit the loss and allow the insured, to the extent possible, to maintain its commercial relationship with the debtor. Negotiations and, if necessary, litigation, are conducted by the world recovery network, which relies on the Group's internal resources and those of its partners in the Coface Partners network, along with collection agencies and a network of attorneys.

A fine-tuned risk underwriting system: ATLAS (Advanced Technology for Limits Assessment System)

The underwriting decisions are made by groups of underwriters in various underwriting centres, who work in real time and in network thanks to ATLAS, an IT tool for underwriting and managing risks for all entities of the Group, which contains information on more than 80 million companies established worldwide.

These risk underwriting decisions address the risk underwriting rules that are defined for the Group as a whole.

The Group Risk Underwriting Department is responsible for establishing a global risk underwriting policy. Moreover, the Group Risk Underwriting Committee has the goal of defining the risk policy by country, setting budgets and following the global risk underwriting activity within the context of the objectives set.

The accepted reinsurance (in other words the reinsurance of policies sold by the Coface Partners network which have been accepted for reinsurance) is underwritten according to the same procedures as those used for direct insurance. The Group provides reinsurance which is contingent upon the prior approval in ATLAS for each type of risk ceded.

EVALUATION OF PROVISIONS

The Group establishes claims provisions which are designed to cover probable losses for its credit insurance operations. The claims that have arisen but not yet been declared/settled at the close of the year are included in specific provisions.

The claims provisions recorded at a given moment are comprised of:

- provisions for claims declared, which rely on a file-by-file analysis, which is performed according to the characteristics of the policy and claim considered. These provisions are assessed on the amount of claims declared, which has been noted in an application for indemnification;
- so-called **"IBNR"** (Incurred But Not Reported) provisions, which simultaneously cover the estimated hazards for provisions of declared and undeclared claims (in other words, claims that have occurred but have which have not been declared at the closing date); and
- forecasts of recoveries to take place on completed indemnifications.

The technical provisions for credit insurance are not discounted.

The estimated IBNR provisions are based on an estimate of a most recent loss experience through periodic actuarial analyses which are performed by the entities and controlled by the Actuarial Division of the Group Risk Department.

The Group's actuarial service also has the role of ensuring that the overall level of provisions of the Group is sufficient to cover future indemnifications, to establish and verify the correct implementation of actuarial principles, for which the calculations on estimated reserve must respect.

To date, the actuarial methods used by the Group and its entities are methods based on claims triangles (actuarial methods Chain Ladder and Bornhuetter-Fergusson). These methods are completed by an estimation of the variability of the technical reserves at one year by the method Merz and Wuthrich which aims to determine a reasonable estimate range in which the Group Risk Department recommends choosing an ultimate loss ratio.

Based on this range calculated by the actuaries, their recommendations and other actuarial or non-actuarial analyses, management decides, through a committee (Loss Reserving Committee) on the level of reserves to be withheld for each quarter's closing. This committee is formed for each entity, and at the Group level. It meets at least quarterly, but may be convened in case of a major event which requires a significant revision of the reserves level (in particular in case of an important claim). The estimates are likewise refined based on economic information, risk underwriting information, and information on the recovery of receivables, evaluated during a quarterly Committee meeting on "economic expectations".

LOSS RATIO

The Group measures the loss experience, notably as a function of the loss ratio (total of claims charges compared to the total gross premiums earned). This ratio, which was determined using figures from the consolidated financial statements, totaled 51% in 2015.

The table below shows the evolution of the average loss ratio recorded for a given year between 2010 and 2015:

YEAR	2010	2011	2012	2013	2014	2015
Loss Ratio	53.6%	51.7%	51.5%	51.1%	47.6%	51.0%

The loss ratios were directly impacted by defaults of companies which were related to the consequences of the economic and financial crisis of 2008-2010. In an economic environment which was still difficult, the Group strengthened its policy on anticipating and preventing risks. Thanks to its capacity to reduce or cancel its credit insurance coverage at any time, the Group conducts its risk management policy by implementing certain necessary corrective measures aimed at reducing its exposure in certain countries in response to the worsening of the economic situation observed in the previous years.

As of December 31, 2015, the variation of +/- one percentage point [(1)] of the gross accounting loss ratio would have had an impact of +/-€12 million on the claims expenses, +/- €9 million on the claims expenses net of reinsurance, of +/- €6 million on the net income and of +/-€6 million on equity. The Group believes that a variation of one percentage point in the gross accounting loss ratio is reasonable as compared to the loss ratio recorded in previous years.

CLAIMS EXPENSES RECORDED AT THE GROUP LEVEL (NOTE 26, CHAPTER 4)

In the table below, the gross operations represent the claims expenses recorded in the Group's financial statements for direct business and inward. The cessions and retrocessions represent the portion ceded for external reinsurance.

	AS OF DECEMBER 31,								
	2015			2014			2013		
(in millions of euros)	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET	GROSS	OUTWARD REINSURANCE AND RETROCESSIONS	NET
Claims expenses - current year	-815	165	-650	-787	164	-623	-812	203	-609
Claim expenses - prior years	210	-44	166	248	-61	188	236	-62	175
CLAIM EXPENSES	**-605**	**121**	**-484**	**-539**	**104**	**-435**	**-576**	**142**	**-435**

STATUS OF TECHNICAL PROVISIONS ESTABLISHED AT THE GROUP LEVEL (NOTE 20, CHAPTER 4)

In the table below, the provisions for unearned premiums correspond to the portion of written premiums relating to the period between the year-end and the next premium payment date. They are calculated *prorata temporis* for each insurance contract. The provisions for no claims bonus correspond to an estimate of the cost of the no claims bonus not paid at the closing date. The no claims bonus is a contractual stipulation which consists of refunding a portion of the benefit, which the savings on the contract could generate, to the insured at the end of a defined period.

	AS OF DECEMBER 31,		
(in millions of euros)	2015	2014	2013
Provisions for unearned premiums	286	286	267
Claims provisions	1,122	1,092	1,121
Provisions for no claims bonus	107	94	63
Liabilities relating to insurance contracts	**1,515**	**1,472**	**1,45**
Provisions for unearned premiums	-58	-57	-42
Claims provisions	-247	-249	-289
Provisions for no claims bonus	-23	-23	-16
Reinsurers' share of technical insurance liabilities	**-328**	**-329**	**-347**
NET TECHNICAL PROVISIONS	**1,187**	**1,143**	**1,103**

(1) *In other words the variation of n% to (n+1)%.*

ROLL-OUT OF CLAIMS PROVISIONS

The roll-out of claims provisions indicates the evolution of claims provisions for the last decade.

The following triangle presents the development of the ultimate loss ratios, detail, for a given line N, the vision for each of the subsequent year-ends (N+1, N+2, etc.).

The estimated final loss ratio varies as a function of the increasing reliability of information relating to claims still pending.

The discrepancy between the initial loss ratio and the final loss ratio measures the excess or insufficiency of the provisions recorded at the source.

TRIANGLE OF DEVELOPMENT OF ULTIMATE LOSS RATIOS (GROSS OF REINSURANCE AND EXCLUDING CLAIMS MANAGEMENT EXPENSES)

OCCURRENCE YEAR/ DEVELOPMENT YEAR *(in %)*	1	2	3	4	5	6	7	8	9
2006	57.9	48.1	49.1	47.5	46.2	47.1	46.3	45.9	46.4
2007	61.5	60.7	66.2	66.4	66.4	63.3	63.8	63.2	63.4
2008	93.5	112.9	113.9	112	107.4	104.9	103.8	103.9	
2009	76.6	65.3	59.6	61.1	57.2	55.8	55.2		
2010	57.7	43.9	37.5	35.2	34.6	34.5			
2011	73.6	61.1	54.9	54.3	53.2				
2012	77.2	67.5	60.9	58.7					
2013	72.8	56.9	51.1						
2014	72.7	61.8							
2015	70.2								

The model on estimated claims provisions used by the Group is based on a history of data which notably includes 2008, which is characterised by a 10-point insufficiency of provisions (between 93% estimated in 2008, compared to 103.9% revaluated in 2015). Consequently, this provision model has historically led the Group to estimate, out of prudence, higher loss ratios that the loss ratios actually recorded. Given the Group's proper control of loss experience, it has systematically recorded profits since 2009 (excess of claims provisions compared to the loss ratio actually recorded).

The table below illustrates the evolution of these profits over the 2012-2015 period:

PERIOD	LATEST LOSS RATIO GROSS OF REINSURANCE AND EXCLUDING CLAIMS MANAGEMENT EXPENSES OF EACH YEAR FOLLOWING THE FIRST YEAR OF DEVELOPMENT	ACCOUNTING LOSS RATIO GROSS OF REINSURANCE AND EXCLUDING CLAIMS MANAGEMENT EXPENSES	PROFIT *(in %)*
2012	77.4	49.2	-28.2
2013	72.6	48.4	-24.1
2014	72.5	45.3	-27.2
2015	70.2	48.8	-21.4

The following second table, entitled "Triangle on development of cumulative claims paid, net of recourse (gross of reinsurance)", details, for each year of occurrence, the cumulative amount of payments relating to years of occurrence N and prior which have occurred since N, December 31. The process of declaring claims, indemnifying them and any recourse is extended over several years, which requires tracking the claims per attaching year insurance period.

TRIANGLE ON DEVELOPMENT OF CUMULATIVE CLAIMS PAID, NET OF RECOURSE (GROSS OF REINSURANCE)

OCCURRENCE YEAR/ DEVELOPMENT YEAR *(in millions euros)*	1	2	3	4	5	6	7	8	9	10
2006	69	312	372	394	396	399	400	406	407	407
2007	74	378	510	546	556	578	585	588	589	
2008	120	793	967	1,007	1,028	1,029	1,033	1,037		
2009	160	447	510	527	532	538	538			
2010	56	270	342	355	362	366				
2011	67	458	566	597	626					
2012	118	447	564	577						
2013	83	400	492							
2014	73	417								
2015	62									

Sharing of intra-group and reinsurance risks

In order to optimise its coverage against an abnormal deviation of the loss experience, the Group centralises the purchase of its reinsurance according to a sophisticated risk sharing mechanism.

The managing company, which centralises this purchase function, negotiates on behalf of the Group's insurance entities a coverage against the frequency and peak risks that would best suit, their operational needs. Compagnie française d'assurance pour le commerce extérieur had this role until the end of 2014, and was then replaced by Coface Re as of January 2015.

This company, located in Lausanne, Switzerland, was formed in late September 2014. In late December 2014, it obtained a license from the Swiss regulator to conduct business as a reinsurer, subject to compliance with various conditions indicated by the regulator.

The purpose of establishing Coface Re SA was to isolate the Group's flows of reinsurance within a dedicated entity, to pursue the streamlining of the coverage schemes of the Group's entities and partners, and to increase the range of services available to its international clients.

The external reinsurance programs for the 2014, 2015 and 2016 underwriting years are comprised as follows:

- a quota-share treaty for which the cession rate was 20%; and
- two excess loss treaties, one by risk, and the other by country (solely on Single Risk), protecting the Group's retained risks following cessions made under the quota-share treaty in such a way that an unitary loss would not impact after income tax more than 3% of the Group's own funds.

In addition, the 2016 reinsurance program includes also a stop loss treaty that is covering the Group retention, after quota-share and excess of loss treaties, against a serious deviation of the frequency risk.

The 2016 reinsurance treaty of the Group was entered into with a pool of 21 reinsurance companies. All of the reinsurance companies presented in the 2016 panel are rated between A- and AA by one of the main international rating agencies.

The Group continues to require systematic collateral securities from its reinsurers (cash, securities, letters of credit) on all proportional treaties, including "IBNRs". This objective was met 100% as of December 31, 2015 for all counterparties of its master treaty. The collateral requirements concern excess losses, on a case-by-case basis, according to the Group's assessment, and are updated every year. For the 2016 reinsurance treaty, the top three reinsurers of the Group represent a quota share of 41% of the reinsured risks.

The Group has never had to face a claim which surpassed an excess loss reinsurance treaty since these treaties were established in 1990.

In 2015, as concerns entities of the Group and members of the Coface Partner network, Coface Re is a reinsurer, and transmits the externally purchased coverage through the programs described below. It also ensures that the conditions offered to the concerned entities are providing them the incentive to control their loss experience as best as they possibly can.

- Global coverage of entities through the establishment of:
  - proportional protection on gross underwriting, which takes the form of a quota share treaty and aims to absorb frequency claims;
  - protection of retained risks of the Group's entities against peak claims, in the form of excess loss which is fully incorporated with the Group's non-proportional programs.
- Specific coverage of certain entities:
  - In order to meet the ad-hoc regulatory needs of certain subsidiaries and branches of the Group, *la Compagnie*, likewise underwrites "stop-loss" treaties by accounting year. This coverage aims to protect these entities against what is considered abnormal rises in their claims expenses by transferring any additional loss experience above the threshold set in the treaty to the reinsurer.
- Accepted reinsurance of the Coface Partner network:
  - There are acceptance schemes only in the countries where the Group conducts its business through fronters, in other words in countries where it has

no license to perform its credit insurance activities. Within this framework, the rules on underwriting and risk management are the same as those applied for policies underwritten directly, and the provisions are established according to the same methods as the policies that are underwritten directly.

2.4.3.3 Internal investment management control mechanism

Since May 2013, Coface has centralised management of its investments, and delegates a large portion of the management to various delegates under the aegis of a sole investment provider, the Amundi management company. Coface RE, entity created in January, 2015, captive of reinsurance of the Group, has also delegated the management of its investments to various agents being under the aegis of the management company Amundi.

An administrative management platform thus combines all investments from the Group's various insurance entities with the following services:

- advice on strategic and tactical allocation of assets;
- reporting (economic, risks, regulatory (Solvency II) and accounting); and
- back-office and middle-office functions.

This platform allows the Group's global portfolio to be managed according to a targeted distribution of various asset classes, determined by integrating (i) the constraints on risk and liquidity, (ii) the regulatory and insurance-specific constraints, (iii) the cost in capital and adequacy of investments, in terms of risk and duration, with the Group's liabilities.

This organisation allows the Group to access, to diversify asset classes and management techniques, with the objective of seeking, for its investment portfolio, stable long-term performance, while maintaining strong quality and liquidity of the underlying assets. It also ensures best monitoring of financial risks, reduces the operational risks and enables more responsive and refined management of the Group's financial income within a controlled general risk framework, and in compliance with the current and future regulatory requirements.

In terms of governance and control of the investment policy, the structure is as follows:

- the Board of Directors ensures compliance with the rules relating to Insurance Regulation: representation of regulated commitments, matching and diversification of assets, solvency;
- the Group Management Committee defines Group's strategic allocation at least once a year, based on elements presented by the asset manager at a Strategic Investment Committee. The general investment policy which defines all of the rules relating to the Group's investments and specific limits is likewise validated on this occasion;
- the Strategic Investment Committee reviews the strategic allocation of the Group twice a year, which is proposed by the asset manager in concert with the Investment, Financing and Cash Management Department of the Group. This body thus defines and reviews the recommended general guidelines in terms of investment policy and exposure to different asset classes, which are driven by: the market, the evolution of the Group's collections and liabilities, the optimisation of returns and the evolution of the enforceable regulatory constraints.

In addition to these three bodies, which govern the general organisation of the Group's investment policy, other specialised committees allow for monitoring the management of investments and their results on an ongoing basis:

- the monthly Investment Committee addresses the evolution of the financial markets and reviews the Group's investments in detail. Macroeconomic scenarios and underlying risks are presented by the asset manager, along with an analysis of the investment strategies and any tactical recommendations;
- the semi-annual Risk Committee has the purpose of monitoring the hedging and control of risks, relating to asset management services. It thus covers the investment risks (market risk, spread risk (including the counterparties and derivatives), liquidity risk) and operational risks. These risks are in particular considered in terms of the meaning ascribed to them by the Solvency II Directive.

2.4.3.4 Financial risk management

The Group has established an investment policy which considers the management of financial risks through the definition of its strategic allocation, the regulations applicable to insurance companies, and the investment constraints resulting from the management of its liabilities. The investment strategy implemented must allow for addressing the Group's commitments to its insureds, all while optimising investments and performance in a defined risk framework.

The Group's investment policy, which is reviewed twice a year, notably covers the strategic allocation of assets, asset classes and products eligible for investment, the target portfolio maturity, management of potential hedging and the income control policy of the Group. The allocation that is defined each year relies on an analysis of the liabilities, simulations and stress on performance/risk behaviours of various asset classes of the portfolio, and on compliance with the defined parameters linked to the Group's business and commitments: target sensitivity, consumption of equity, maximum loss as a function of the behaviour of financial markets, quality and liquidity of the investment portfolio.

The control of financial risks thus relies on a rigorous mechanism of standards and controls which is constantly reviewed.

Management of risks related to asset allocation

INVESTMENT ASSETS

As an insurance company, the Group's investment maintains an allocation that is heavily weighted towards fixed-income instruments, which provide it with recurring and stable revenues.

INVESTMENT PORTFOLIO (FAIR VALUE) (1)	AS OF DECEMBER 31,					
	2015		2014		2013	
	in €m	*%*	*in €m*	*%*	*in €m*	*%*
Shares	219	8.7	189	7.4	100	4.7
Bonds	1,685	66.7	1,788	69.9	1,343	63.8
Loans, deposits and other financial investments	512	20.3	550	21.5	662	31.4
Real estate investment	112	4.4	31	1.2	1	0.1
TOTAL	**2,527**	**100**	**2,558**	**100**	**2,106**	**100**

(1) Excluding unconsolidated subsidiaries.

As of December 31, 2015, bonds represented 66.7% of the total investment portfolio.

Within the framework of the defined strategic allocation, the Group increased its exposure to the sovereign debt of leading issuers of the financial markets, as well as to the assets class of European stocks and to European unlisted real estate investment.

DISTRIBUTION BY TYPE OF DEBT IN THE BOND PORTFOLIO (FAIR VALUE)	AS OF DECEMBER 31,					
	2015		2014		2013	
	in €m	*%*	*in €m*	*%*	*in €m*	*%*
Sovereign and assimilated	815	48.4	763	42.7	420	31.3
Non-sovereign	870	51.6	1,025	57.3	923	68.7
TOTAL	**1,685**	**100**	**1,788**	**100**	**1,343**	**100**

These investments are all made within a strictly defined risk framework; the quality of the issuers, the sensitivity of issues, the dispersal of issuer positions and geographical zones are subject to precise rules that have been defined in the various management mandates granted to the Group's asset dedicated asset managers.

Specific limits applying to the entire investment portfolio are moreover defined in terms of portfolio pricing, and limits by counterparty and country. Regular monitoring is likewise conducted in terms of credit portfolio liquidity, the evolution of the spreads and the Group's cumulative exposure to the main asset/liability exposures. Hedging is then ultimately completed, where applicable: it is systematic based on the exchange rate risk, and discretionary, as concerns the yield and spread risk.

As of December 31, 2013, 2014 and 2015, the main characteristics of the bond portfolio were as follows:

DISTRIBUTION BY GEOGRAPHIC ZONE OF THE BOND PORTFOLIO (FAIR VALUE)	AS OF DECEMBER 31,					
	2015		2014		2013	
	in €m	*%*	*in €m*	*%*	*in €m*	*%*
Asia	154	9.1	73	4.1	37	2.7
Emerging countries (1)	159	9.4	135	7.5	60	4.5
Eurozone	788	46.8	1,036	58.0	894	66.5
Europe outside the eurozone (2)	136	8.1	151	8.4	112	8.4
North America	448	26.6	393	22	240	17.9
TOTAL	**1,685**	**100**	**1,788**	**100**	**1,343**	**100**

(1) Country in which the Group is present, primarily Brazil, Mexico.
(2) Primarily the United Kingdom, Switzerland, Sweden and Norway.

The investment portfolio is primarily exposed to areas in developed countries, of the Euro area and North America. The risk related to sovereign issuers of the euro area was significant in 2013, and began decreasing in 2014 thanks to the various actions of the European Central Bank. The continuous improvement of the economic situations of Spain, Ireland and Italy allowed us to improve our investments in the sovereign securities of these countries in 2014 and 2015. Conversely, exposures to the sovereign debt of Portugal and Greece are still null. In 2015, the Group has increased the international diversification of its bond portfolio in order to benefit from higher rates of return and in the aim to follow interest rates rise.

The bond portfolio remains essentially invested in companies and countries that have been rated as investment grade [1].

(1) According to the Standard & Poor's rating agency scale, all bonds rated at least BBB- are considered investment grade, and bonds with a rating of less than or equal to BB+ are considered to be high yield.

DISTRIBUTION BY RATING [1] OF THE BONDS IN THE BOND PORTFOLIO (FAIR VALUE)	AS OF DECEMBER 31,					
	2015		2014		2013	
	in €m	%	in €m	%	in €m	%
AAA	329	19.5	227	12.7	109	8.1
AA - A	540	32.1	636	35.6	722	53.7
BBB	558	33.1	576	32.2	330	24.6
BB - B	256	15.2	347	19.4	181	13.5
CCC and less	2	0.1	2	0.1	0	0.0
TOTAL	**1,685**	**100**	**1,788**	**100**	**1,343**	**100**

(1) Average rating between Fitch, Moody's and Standard & Poor's.

Incidentally, the investments in company bonds represent 51.6% of the bond portfolio and are more than 74% concentrated on quality investment grade companies [1]. These investments were made within the context of a strictly defined risk policy, and a particular care was placed on the quality of the issuers, the sensitivity of the issues, the dispersal of the issuers' positions and the geographical zones in the various management mandates granted to the Group's dedicated managers.

The rate risk carried by the Group on its financial portfolio is limited, the maximum authorised sensitivity for the bond asset class being deliberately capped at 4 [2]. The sensitivity of the bond portfolio was 3.2 as of December 31, 2015.

The semi-annual Risk Committee lastly systematically reviews the spread and liquidity risks of the portfolio.

HEDGING POLICY

The Group's Investment Department, in charge of controlling investments and managing the investment portfolio, can authorise the use of hedging on the risk of a rise in rates, through liquid financial forward instruments (swaps, futures, options) on a regulated market, or by negotiation with counterparties rated A- or higher.

These operations are exclusively performed for hedging purposes, and in strict application of the regulations applicable to insurance companies. The nominal amount of the hedge is thus strictly limited to the amount of underlying assets held in the portfolio (shares or rate products) in order to cover assets actually held in the portfolio.

As of December 31, 2015, only Compagnie française d'assurance pour le commerce extérieur and Coface Re held long-term maturity put options, and out of the money for the shares listed on the eurozone market. This hedging strategy is established on the exposure of shares of the investment portfolio; its level and control are defined and reviewed according to the market circumstances and the control of the levels of unrealised gains and losses during the monthly Investment Committee between the Group and the Amundi investment platform manager.

Foreign exchange risk

As of December 31, 2015, 37.1% of the Group's consolidated revenue was earned outside of the euro area, and thus subject to exchange rate risk.

The subsidiaries or branches whose financial statements have been prepared in euros, and that underwrite in other currencies must respect the same matching principle (matching between assets and liabilities denominated in a currency other than the one used as reference for issuing accounting statements). As an exception, positions opened in other currencies may be hedged. No investment in foreign currencies has been made by the Group for speculative purposes.

The great majority of the Group's investment instruments are denominated in euros. Exposure to the exchange rate risk is limited for investment portfolios: as of December 31, 2015, 69% of investments were thus denominated in euros.

DISTRIBUTION BY CURRENCY OF THE BOND PORTFOLIO	AS OF DECEMBER 31,					
	2015		2014		2013	
	in €m	%	in €m	%	in €m	%
EUR	1,743	69.0	1,791	70.0	1,580	75.0
USD	514	20.3	504	19.7	294	14.0
Other [1]	270	10.7	263	10.3	232	11.0
TOTAL	**2,527**	**100**	**2,558**	**100**	**2,106**	**100**

(1) Primarily the Singapore dollar, the pound sterling, the Brazilian real and the Canadian dollar.

(1) According to the Standard & Poor's rating agency scale, all bonds rated at least BBB- are considered investment grade, and bonds with a rating of less than or equal to BB+ are considered to be high yield.

(2) The sensitivity of a bond measures its loss in value in the event that interest rates rise. Thus, a bond with a sensitivity of 3 will have its market value decrease by 3% if the interest rates increase by 1%.

Furthermore, as concerns the majority of the portfolio which includes the European entities of the Group, the exchange rate risk is systematically covered for investments in foreign currency which departs from the matching principle. Therefore, as of December 31, 2015, investments in bonds denominated in US dollars, pound sterling, Canadian dollars or Australian dollars in this portfolio were the subject of systematic hedges against the euro by the managers in charge of the portfolios concerned.

SENSITIVITY TO EXCHANGE RATE RISKS OF NET INCOME OF ENTITIES DENOMINATED IN FOREIGN CURRENCIES

	AVERAGE EXCHANGE RATE (DECEMBER 2015)	NET INCOME FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT IN EUROS (DECEMBER 2015)	NET INCOME FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT, IN LOCAL CURRENCY AS OF DECEMBER 31, 2015	ASSUMPTION -10% VARIATION OF THE EXCHANGE RATE	NET INCOME FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT IN EUROS, AFTER CHANGE IN EXCHANGE RATE	RATE VARIANCE BETWEEN ACTUAL EXCHANGE RATE, VARYING +10%
Brazilian real	0.2707	-3,371	-12,455	0.2977	-3,708	-337
Canadian dollar	0.7051	-2,936	-4,164	0.7756	-3,230	-294
Swiss franc	0.9365	-1,556	-1,662	1.0301	-1,712	-156
Pound sterling	1.3771	8,703	6,320	1.5148	9,574	870
Hong Kong dollar	0.1162	-40,669	-349,864	0.1279	-44,736	-4,067
Mexican peso	0.0568	-7,237	-127,360	0.0625	-7,961	-724
Romanian leu	0.2250	1,667	7,410	0.2475	1,834	167
Russian rouble	0.0147	-4,100	-278,839	0.0162	-4,510	-410
Singapore dollar	0.6556	-2,180	-3,325	0.7212	-2,398	-218
US dollar	0.9012	4,753	5,274	0.9913	5,228	475
Polish zloty	0.2391	17,591	73,582	0.2630	19,350	1,759
Other		2,869			3,156	287
Euro		152,706			152,706	
TOTAL		**126,239**			**123,593**	**-2,647**

Equity risk

The stock markets are marked by volatility which causes a significant risk for an insurer, which is moreover subject to specific rules in terms of provisioning (provision for long lasting impairment) and consumption of own funds (Solvency II Directive).

To that end, the Group has reviewed its equity exposure in 2015 through its work reviewing its strategic allocation. Its potential equity exposure is thus strictly limited to less than 10% of its portfolio and concentrated in the euro area, in line with its core business. The Group has no specific concentration of its equity risk in one or more specific economic sectors. Management is benchmarked according to the MSCI EMU [(1)] reference index. These investments are moreover the subject of discretionary coverage established to mitigate any extreme shocks. The hedging strategy is dynamic: its level, scope and size are defined by the Investment Department in line with the asset manager that is in charge of the asset management platform.

As of December 31, 2015, stocks represent 8.7% of the investment portfolio, 8.2% of which are stocks listed on a market in the euro area. These investments were the subject of a hedge on 40% of the portfolio that was invested through the purchase of put options on the Eurostoxx index maturing in December 2016, and an exercise price of approximately 20% out of the money. These hedges may be adjusted according to investments and the amount of the unrealised losses or gains on the shares held.

Risk of concentration/default of a counterparty

The Group has established an investment policy which defines an overall counterparty risk management framework. The approach consists of defining the limits on bond investments, and consolidating all exposures through all financial instruments in order to delimit the Group's total potential loss following the default or bankruptcy of the counterparty in question.

A maximum limit of exposure for a single counterparty has thus been determined as a percentage of the investment portfolio. This is set at 5% of outstandings managed with possible, temporary exceptions to be made on individual exposures which are linked to short-term investments.

As of December 31, 2015, the 10 main sovereign and non-sovereign exposures of the bond portfolio were €600 million, or 36% of the fair value of the bond portfolio.

More generally, the Group implemented rules imposing geographic and sector-specific risk diversification within its investment portfolio and for all asset classes, in an effort to protect itself or mitigate any default.

(1) Published by Morgan Stanley Capital International, the MSCI EMU index, an index which is weighted by the float adjusted market capitalisation, designed to measure the performance of stock markets in the eurozone countries.

Sensitivity testing

Monthly simulations are moreover performed on the portfolio invested, and presented during Investment Committee meetings. They cover the maximum loss anticipated in terms of economic performance over various periods, from asset class to asset class, devoting particular attention to the spread risk.

These sensitivity tests cover all asset classes in which the Group has invested, and allow the overall risk to which the portfolio is exposed in case of an adverse scenario to be assessed each month, and potential measures to be taken to reduce this risk, as applicable (reduction of exposure to certain risk factors, hedging strategies, protection of economic result for a given period, etc.).

It is hoped that the results will represent the various risks linked to investments made, and that they will also present, as with any quantitative analysis, limited related to the data and models used.

RISK ON STOCKS AND BONDS IN THE PORTFOLIO AS OF DECEMBER 31, 2013, 2014 AND 2015

The tables below show that the portfolio, excluding hedging effect on shares, is, as of December 31, 2015, more sensitive to the combined effects of a 100 basis point rise in the bond rates and to a 10% drop in the stock market than it was as of December 31, 2013. This is explained by the increase of the Group exposure to European stock markets, as well as by a lower exposure to bonds despite the slight rise of the sensitivity.

SENSITIVITY OF THE PORTFOLIO TO STOCK AND BOND MARKET VARIATIONS AS OF DECEMBER 31, 2015

(in millions of euros)	MARKET VALUE AS OF DECEMBER 31, 2015	IMPACT FROM THE 100 BASIS POINT RISE IN RATE (1)	IMPACT FROM THE 10% DROP OF FINANCIAL MARKETS (2)	IMPACT FROM THE 20% DROP OF FINANCIAL MARKETS (2)
Bonds	1,685	-54.3	-	-
Shares	219	-	-21,9	-43.8
TOTAL	**1,903**	**-54.3**	**-21,9**	**-43.8**

(1) Average bond portfolio sensitivity in late 2015 : 3.2.
(2) Excluding any hedge effect.

SENSITIVITY OF THE PORTFOLIO TO STOCK AND BOND MARKET VARIATIONS AS OF DECEMBER 31, 2014

(in millions of euros)	MARKET VALUE AS OF DECEMBER 31, 2014	IMPACT FROM THE 100 BASIS POINT RISE IN RATE (1)	IMPACT FROM THE 10% DROP OF FINANCIAL MARKETS (2)	IMPACT FROM THE 20% DROP OF FINANCIAL MARKETS (2)
Bonds	1,788	-54.4	-	-
Shares	189	-	-18.9	-37.8
TOTAL	**1,977**	**-54.4**	**-18.9**	**-37.8**

(1) Average bond portfolio sensitivity in late 2014: 3.0.
(2) Excluding any hedge effect.

SENSITIVITY OF THE PORTFOLIO TO STOCK AND BOND MARKET VARIATIONS AS OF DECEMBER 31, 2013

(in millions of euros)	MARKET VALUE AS OF DECEMBER 31, 2013	IMPACT FROM THE 100 BASIS POINT RISE IN RATE (1)	IMPACT FROM THE 10% DROP OF FINANCIAL MARKETS (2)	IMPACT FROM THE 20% DROP OF FINANCIAL MARKETS (2)
Bonds	1,343	-28.2	-	-
Shares	100	-	-10	-20
TOTAL	**1,443**	**-28.2**	**-10**	**-20**

(1) Average bond portfolio sensitivity in late 2013: 2.1.
(2) Excluding any hedge effect.

To the extent that the stocks and bonds are recorded in the available-for-sale category, sensitivity would have an effect on the “other elements of comprehensive income”, to which shareholder’s equity is sensitive. Unrealized gains and losses on these financial instruments had no effect on net income, with the exception of any depreciation recorded. In case of sale, the resulting profit or loss would have an effect on the operating income in the income statement.

Real estate risks

Within the context of the Group’s strategic allocation, property represents a limited portion of the Group’s assets, less than 7% due to the low liquidity of this asset class. The Group’s current portfolio consists of property used within the context of its operating activities, as well as underlying real estate funds.

The real estate risk materialises due to a reduction in market value, thereby impacting the unrealised profits recorded for this property, or even recording unrealised losses.

As of December 31, 2015, the Group had real estate exposure with a fair value of €184.8 million, consisting of €73.1 million in operating property and €111.7 million in non-listed real estate.

2.4.3.5 Management of risks related to factoring

The risks inherent to the factoring activity are credit risks, as defined in the banking standard or counterparty risk as defined in the Solvency II Directive, given the "pre-financing" aspect of the client receivables.

The risk can arise in various manners:

- invoice quality: risk of invoice dilution (notably resulting from disputes or falsified invoices). This risk consists of all of the causes that render invoices technically valueless, regardless of the debtor solvency: disputes, compensations, prepaid invoices, double cession, or even in the most serious cases, issuances of falsified invoices. These anomalies produce a ceding risk, which translates into amounts to be recovered on the client;
- client insolvency (ceding risk): the insolvent client cannot repay the cash advance made for unpaid invoices (in the case of a contract with recourse, *i.e.* without credit insurance);
- risk on the solvency of the buyer, for factoring contracts without recourse (*i.e.* with credit insurance);
- consideration of the credit risk when determining the financed part. The financed part is determined using two elements: the assessment of the potential technical risk of non-payment by the debtors of the invoices purchased by the factor, for different reasons than the debtor insolvency; the assessment of the ceding risk: potential expected loss on the client in case the client becomes affected by an insolvency proceeding with the aim to cover all amounts the client owes to the factor as a result of an undervaluation of the technical risk noted above and/or of invoices financed without credit insurance cover in cases of a debtor's payment default. The financed part shall be determined by subtracting from 100% the retention rates related to these evaluations.

The risks are covered by guarantee funds or reserves. These guarantees represent the retention rate noted above. An exceptional reserve rate related to elements of seasonal dilution (for example to face up to end-of-year discounts and refunds negotiated by the client with its debtors) may be specifically added to this permanent contractual retention rate.

The management of the ceding risk is based on the assessment for each client of the risk occurrence probability and of the potential loss amount. Different procedures have been established for this:

- analysis of the clients' financial position, notably through internal pricing tools;
- on-site audit to check the reliability of the data on receivables during the acquisition phase of a new client, or during the monitoring phase of an existing client;
- regular checks to ensure the existence of the receivables acquired;
- specific procedures during the recovery phase.

When negotiating the contract, the type of product, the analysis of the client solvency and/or buyer, as well as the conditions and the applied pricing determine the credit risk taken by the Group.

During the life of the contract, the acceptance of invoices through a solvency analysis of the buyers is similar to credit insurance risk underwriting. The financing of the receivables determines the credit risk and fixes the risk exposure of the Group. In cases of a factoring contract without recourse, an underwriting risk is assumed by the Group on the buyers of the assignor.

As for all of the Group's sensitive activities, the factoring business is framed by specific Group rules.

Only two companies of the Group are allowed to distribute and manage factoring products: Coface Finanz in Germany and Coface Factoring Poland in Poland.

Only certain products are authorised to be sold by these two entities:

- in-house factoring with or without recourse;
- full factoring;
- maturity factoring and reverse factoring.

The limits on buyers for factoring activities are approved and managed by the Risk Underwriting Departments according to the same rules and delegations as within the context of the credit insurance activities. These procedures allow managing the Group's total exposure for its factoring activities and providing an identical level of expertise.

A single tool (Magellan) structures the factoring activity. It is already operational in Germany and is currently being rolled-out in Poland. It contains all of the data relating to the life of the contracts: data on clients, buyers, invoices, contracts. The factoring exposure is recorded in ATLAS, which allows the Group to have a consolidated management of its exposure on a buyer or group of buyers.

Internal control procedures have been established in the main subsidiaries for following up files, late payments and claims. Regarding late payments and claims:

- late payments of the debtors are managed by the Claims Department for factoring contracts that are accompanied by this cover, including for the claims phase. In the absence of credit insurance, unpaid invoices are returned to the client (assignor) by debit from its current account;

- in the case of ceding risk (amounts to be collected from the factoring client), the recovery, including through litigation if needed, is provided by the factoring company.

In addition to a level two control to ensure compliance with the Group rules on factoring activity, there are three other monitoring components:

- limited delegations granted to entities which impose, above these limits, to get an approval from the Group Risk Underwriting Department, along with the favourable opinion of the Group Risk Department;
- a quarterly Risk Committee organised by the Group Risk Underwriting Department and the Group Risk Department, gathering together the Factoring Risk Managers of the entities: this committee examines sensitive files based on a procedure which defines the eligibility criteria for this committee examination;
- a database of risk indicators (prevention aspect) for each entity, both at global level (portfolio summary to assess its quality and evolution) and at individual level (all the clients): the risk indicators used have been chosen for their discriminating nature, in terms of their early detection of difficulties that could be encountered with certain clients early.

The factoring activities are covered by the Group's reinsurance treaty (the buyer risks by the credit insurance section and the ceding risks by a dedicated factoring section).

2.4.3.6 Liquidity and capital risks

Management of the liquidity risk related to credit insurance activities

The insurance activity operates with a reverse production cycle: premiums are cashed before payment of claims. Moreover, the liquidation term for a provision is less than three years, and the total of these provisions is covered by liquid assets. Consequently, the risk of liquidity linked to insurance activity is considered to be marginal.

For the entire consolidation scope, Group's Treasury Department monitors the liquidity risk through an analysis of the available assets and cash flow projections of the various entities. This data is consistently analysed, which allows liquid assets to be managed for monetary or financial investment needs, in cases of recurring excess liquidity.

The majority of the other fixed income instruments and all of the Group's portfolio stocks are listed on OECD markets and present a liquidity risk which has been deemed to be weak at this time.

The liquidity of the portfolio with OECD credit bonds, and sovereign bonds of emerging countries, is monitored on a regular basis *via* market indicators (evolution of flows, spreads, purchase and sale spreads) and the manager performs regular analyses on the time limits and liquidation costs of the lines in portfolios (term of partial and complete liquidation, cost of instantaneous liquidity and under market stress conditions, etc.).

The Group's bond portfolio presents short-term maturity, in line with its liabilities. The distribution of bond maturities is presented below:

	AS OF DECEMBER 31,					
	2015		2014		2013	
DISTRIBUTION BY MATURITY OF THE BOND PORTFOLIO	*in €m*	*%*	*in €m*	*%*	*in €m*	*%*
< 1 year	368	21.9	418	23.4	502	37.4
1 year < >3 years	547	32.5	646	36.1	385	28.7
3 years < >5 years	423	25.1	356	19.9	255	19.0
5 years < >10 years	312	18.5	344	19.3	190	14.2
>10 years	24	2	24	1.3	10	0.8
TOTAL	**1,685**	**100**	**1,788**	**100**	**1,342**	**100**

More than 54% of the bond portfolio instruments have a maturity of less than three years as of December 31, 2015.

The position of an insurance company, in terms of liquidity, is evaluated by standards which measure the Company's capacity to confront its financial commitments.

Management of the liquidity risk related to factoring activity

The average term for factoring receivables is very short (less than six months), which reduces the liquidity risk related to factoring activities.

In order to ensure the refinancing of the factoring activity, the Group has established several financing programs: a securitization program its factoring trade receivables, for a maximum amount of €1,195 million in bilateral credit lines with various partners, for a maximum amount of €872.8 million, as well as a commercial paper program in the maximum amount of €600 million.

Management of the interest rate risk related to factoring activities

The Group, through its factoring activity, purchases and finances the trade receivables of its clients. These essentially concern short-term credit risks of a commercial nature (less than six months). The rate risk linked to factoring receivables is limited.

In order to ensure the refinancing of this activity, the Group has established several programs: a securitization program for its factoring trade receivables, a commercial paper program and bilateral credit lines with various partners, as described above.

The cost of the sources of financing depends on the evolution of short-term rates, in particular the 1-month Euribor rate, with the exception of commercial paper issuances which are between one and six months. This cost essentially consists of the 1-month Euribor rate increased by a fixed margin. In terms of assets, the Group collects from its factoring clients compensation which consists of two parts: on the one hand, a factoring commission based on outstanding receivables throughout the term of the contract and, on the other hand, a financing cost which is indexed to the 3-month Euribor rate. Furthermore, it should be noted that, as for other activities of the Group, there is a matching principle for foreign currency between the needs and sources of financing.

Solvency margin

SOLVENCY I

In compliance with the Solvency I Regulations, the solvency margin corresponds to the required level of shareholder equity, taking into account the activity levels as measured by the premium revenue, weighted by the average loss ratio. The Group is required to maintain a solvency margin which is at a level that is higher or equal to the level required by the regulation. The Group has calculated its solvency margin in conformity with the French regulations, resulting from Decree No. 2002-360 of March 14, 2002 relating to the additional oversight of insurance companies. As of December 31, 2015, the Group's solvency margin represented approximately seven times the minimum required, upon an estimate of the payment of dividends (see paragraph 3.5.2).

SOLVENCY II

The Solvency II Directive has come into force the first January, 2016. The official regulatory texts were transposed into French law in 2015. These new regulation introduces new modalities of calculation in terms of own fund requirements. It involves being able of quantifying the risk exposures, and then of comparing the result obtained in terms of own funds with the available capital position (pillar 1). The insurers will also have to prove that the organisation allows a sound, prudent and effective management (pillar 2). Finally, there are substantive regulatory reportings which deliver at the same time quantitative and qualitative information. They will be also produced in order to give evidence of the quality of the organization and the financial soundness of the Company (pillar 3).

The Group has finalised the implementation of these new regulations. Within the framework of the standard formula, the Group covers its requirements regarding Solvency. The Group develops a partial internal model as regards the credit risk of non-life insurance, which is the subject of a preliminary authorisation procedure with the ACPR. In this context, regular discussions are held in the aim of the deposit and of the approval of this model. The Group also structured its organisation in terms of governance and risk management to conform to the requirements of the pillar 2 of the Solvency II Directive. Finally, within the framework of the pillar 3, the Group finalises an integrated process for producing regulatory statements in order to deliver all reportings expected by the regulator.

The Group participated in all the preparatory exercises asked by the ACPR, in particular through the delivery of sets of annual and quarterly statutory reportings and reports: the regular report to the regulator on one hand and a report based on the internal evaluation of the risks and of the solvency (ORSA – Own Risk and Solvency Assessment) on the other hand. The year 2016 shows a steady progression of the implementation: an official opening reporting as well as a report explaining the differences between figures calculated according to Solvency II and those calculated according to Solvency I are expected particularly for May.

◆ 2.4.3.7 **Management of operational risks**

Mapping of operational risks

In an effort to improve knowledge of its operational risks, the Group has set up a risk mapping according a qualitative methodology. This risk mapping was updated by all of the Group's entities in the fourth quarter of 2015.

For each business or support process for which the entity is responsible, a list was set up for situations that could affect such business or support process. Each risk situation is covered in a detailed sheet describing the risk, assessing the inherent risk (*i.e.* before level one controls), describing and assessing level one controls, assessing residual risk and action plans.

Risk assessment relies on assessing its frequency and the intensity of its impact. A three-level assessment scale was used (weak, average, high).

Collection of incidents and losses

An incident is the occurrence of an operational risk which could lead to or could have led to a financial loss, unjustified profit, or to other non-financial consequences.

An inventory of the operational incidents and losses is carried out. A summary is made each month and released, in particular to the members of the Group Executive Committee.

The incidents compiled are the subject of corrective measures, and are considered when updating the operational risk mapping.

Action plans and reporting

The purpose of implementing the approaches described above is to fully identify the operational risks. When approach is necessary, preventative or corrective action plans intended to reduce or control operational risks are defined and rolled out.

The Group Risk Department is in charge of reporting to the Group Risk Committee and the Group's management bodies.

Business continuity

Each entity of the Group has a business continuity plan **(BCP)** to confront a temporary or permanent unavailability of its premises, information systems or staff.

The BCP is prepared based on Group rules, and supplemented by rules on mutual assistance between entities and remote work, rolled out in October 2014 and for which three tests have been performed in 2015. These rules provide a concrete example of the Group business continuity policy. Each entity carries out its business continuity plan locally. User needs and resources are identified within a business impact analysis.

The overall process is in line with the standard principles on business continuity. The main operating elements of the BCP are the crisis management plan and the professional continuity plans. The back-up of the main data and its applications used by the Group is ensured by two remote data processing centres located in the Parisian region, which function in "active-active" mode (see paragraph 1.4 "Information systems" of this registration document).

2.4.3.8 Management of legal and compliance risks

The Group performs its activities in a strongly regulated environment in France and abroad, in particular for its insurance, factoring and bond activities.

The legal and compliance risks are managed by the Legal and Compliance Department of the Group (DJCG), as relayed at the regional and country level by the compliance correspondents. The DJCG also provides regulatory oversight. Furthermore, the DJCG prepares and coordinates the level 2 controls performed in the areas of its expertise, which notably include, in addition to the regulations applicable to the insurance business, legislation relating to anti-money laundering, corruption prevention, and more generally to fight against financial delinquency.

Legal and risk underwriting proceedings

The Group had no knowledge of governmental, judicial or risk underwriting procedures (including any procedure of which Group has knowledge or which has been suspended or threatened) which could or did have significant effects during the past twelve months on the financial position or profitability of the Company or Group.

Situation of dependency

The Group does not consider its business or profitability to be dependent on any trademarks, patents or licenses.

Indeed, within the context of its activity selling credit insurance solutions and additional services, the Group does not participate in any research and development activity, and does not hold any patent.

The name Coface is protected by a filed trademark, notably in France.

Lastly, the Group has filed a certain number of trademarks, logos and domain names worldwide within the context of its business.

2.5 Statutory Auditors' report prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors

Year ended 31 December 2015

Ladies and Gentlemen,

As Statutory Auditors of COFACE SA, and in accordance with Article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that this report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Additional information

We attest that the Chairman of the Board's report sets out the other information required by Article L.225-37 of the French Commercial Code.

The Statutory Auditors

Paris La Défense, April 11, 2016	Neuilly sur Seine, April 11, 2016
KPMG Audit	Deloitte & Associés
Department of KPMG S.A.	
Francine Morelli	*Damien Leurent*
Partner	Partner

COMMENTS ON THE FINANCIAL YEAR

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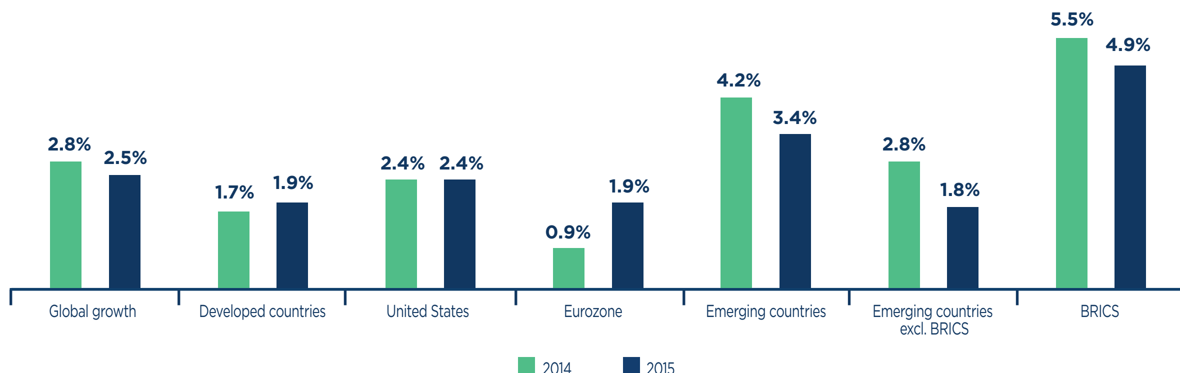
3.1 Economic environment [1]

In 2015, global growth reached 2.5%, according to Coface, representing a slight downturn over the previous year's reported (2.8%). The business downturn continued and even worsened in emerging countries, while growth stabilised in advanced countries. Therefore, once again, the contribution of emerging countries to global growth dropped, falling to the lowest level since 2009.

Economic activity rallied in the eurozone, with GDP growth reaching 1.5% in 2015 (after 0.9% in 2014). This rally can be explained by several factors: (i) the decline of oil prices, (ii) the euro's depreciation against the dollar, (iii) less budget consolidation, and (iv) the easing of monetary policies, in particular through the launch in January 2015 by the European Central Bank of an asset purchase program (quantitative easing), and low deposit rates. Activity picked up in most of the major eurozone countries, even if growth continued to follow different paths. Growth stabilised in Germany (+1.4%), in the presence of conflicting forces: the extension of the minimum wage and exogenous factors (oil and foreign exchange) had a positive impact, while on the contrary, the business slowdown in emerging countries, the Russian embargo and the Volkswagen case generally had an adverse impact on business. In France, growth was mainly driven by private consumption (+1.1% in 2015). However, investment remains the missing ingredient for growth, specifically residential investment. Furthermore, in spite of higher margins, corporate investment grew at a slower pace than usually observed in an economic upturn. Italy came out of recession in 2015 with 0.6% of GDP growth thanks to restored investor and household confidence. Spain and Portugal also benefitted fully from exogenous factors and reaped the rewards of the internal devaluation policy implemented since the crisis (growth of 3.2% and 1.5% respectively). Nevertheless, the eurozone continued to be plagued by the slow deleveraging of private agents, mounting public debt and high unemployment rates. Lastly, Greece went back into recession (-0.3%) and appealed again to international creditors for a third bailout plan. The UK reported sluggish activity (+2.2%) owing to reduced public consumption and lacklustre investment. Growth stabilised in the United States (+2.4%). Significant events in the year included the increase in the Fed's key interest rate in December 2015, which put an end to the expansionist monetary policy implemented since the crisis. Lastly, growth picked up in Japan (+0.5%), driven by public consumption and foreign trade (linked to the yen's depreciation against the dollar), against a background of an extremely accommodating monetary policy implemented by the BoJ (although not as effective as expected).

The economic downturn observed in emerging countries since 2010 worsened in 2015, with growth reaching only 3.4%. The slowdown in Chinese growth was confirmed (6.9%), while stock markets slumped in 2015 (partly correcting the bubble formed one year previously) and the yuan depreciated against the dollar. An important event was the inclusion of China's renminbi in the IMF's SDR basket of currencies, thus recognising China's important role in the global economy. Since China has become a key trading partner, its economic slowdown has impacted global trade, at varying levels according to the dependency of each economy, but has also played a key role in the collapse of commodities prices, which has destabilised commodities exporting countries. This factor therefore partly explains the diminished economic performance of major regions in 2015: Sub-Saharan Africa (3.1%), Emerging Asia (6.0%), Latin America (-0.4%) and CIS (-3.0%), except for North Africa and Middle East where growth was stable (1.6%). Among major emerging countries, Brazil (-3.8%) and Russia (-3.8%) were particularly affected by the drop in commodities prices, the sharp depreciation of their currency against the dollar and consequently, the increase in inflation (dragging down household consumption). Furthermore, the Petrobras scandal (deterioration of the business climate and weak investment) in Brazil, together with the European embargo on Russian products, combined with continued geopolitical tension further aggravated the economic situation in these countries. India, on the other hand, stood out with a robust 7.5% of growth, stable year on year, thanks in particular to the lower energy bill and the reforms implemented by the Modi government.

GDP GROWTH (as %): 2014 AND 2015 (source Coface)



(1) *Group estimates updated March 24, 2016.*

3.2 Significant events in the period

3.2.1 MODERNISATION OF THE FLAGSHIP OFFERING RENAMED TRADELINER

Coface has modernised its flagship offering and announced, on June 15, the launch of TradeLiner to address the changing needs of mid-market companies. This decision is an integral part of Coface's current strategy to upgrade and tailor its credit insurance range to specific market segments. The new product is currently being rolled out in Group countries.

3.2.2 GEOGRAPHIC EXPANSION

Continuing its expansion process into new markets, in January 2015 Coface obtained a licence to operate as an insurer in Israel A new sales representation office was also opened in Kazakhstan (January 2015).

3.2.3 MANAGEMENT OF PUBLIC EXPORT GUARANTEES

The French State announced on February 23, 2015, that it was examining the possibility of transferring the public procedures management business line, currently carried out by Coface, to the Bpifrance group.

After studying and discussing the project with Coface, the French State announced on July 29, 2015, its decision to implement the project, in line with its aim to consolidate under one establishment all the support arrangements offered to SMEs and mid-market companies.

Coface and the French State reached an agreement, signed on July 29, 2015, on the financial terms of such a transfer. The agreement entails compensation of €89.7 million before tax [(1)].

This compensation will allow Coface to cope with immediate depreciation charges (estimated at €16.3 million before tax) and help absorb the margin loss (€12.6 million) and outstanding fixed costs (€20.3 million) payable by Coface (pre-tax amounts as at December 31, 2015).

The transfer is subject to an amendment of the legislative and regulatory framework applicable to the French State public procedures management, which will subsequently be enforced by decree [(2)]. It will lead to the disposal to Bpifrance of the autonomous business segment of public credit insurance procedures management comprised of dedicated teams and resources (IT systems, contracts, etc.), as well as its corresponding assets and liabilities.

3.2.4 FINALISATION OF THE FINANCIAL AUTONOMY PROJECT AND DEVELOPMENTS OF THE REFINANCING PROGRAM

◆ Establishment of bilateral financing facilities

In line with its plan to become independent of Natixis, the Group wished to replace the historic financing facilities granted by Natixis as shareholder, in the amount of €500 million (€200 and €300 million respectively for Coface Finanz and Coface Factoring Poland). Accordingly, eight financing lines in the form a multi-currency revolving credit facility were set up for a total amount of €500 million.

These financing lines are guaranteed by COFACE SA to ensure the lenders about the borrower's compliance with its obligations.

This development enabled the Group to strengthen its goal of diversifying its banking partners and to achieve complete financial autonomy for overall refinancing while extending the average maturity of the refinancing (the new facilities mature between 15 months and three years).

◆ Extension of the commercial paper program

Furthermore, in October 2015, the Group extended its commercial paper program issued to finance the factoring business of Coface Finanz from €500 to €600 million. The term was also extended.

(1) *Compensation of €89.7 million comprised of a €77.2 million cash payment and a liability transfer estimated, at December 31, 2015, at €12.5 million.*

(2) *Article 103 of law no. 2015-1786 of December 29, 2015 of the 2015 Amending Finance Act.*

Renewal of the securization program

In December 2015, the securization program for the factoring receivables of Coface Finanz was renewed early for a maximum amount maintained at €1,195 million. In this context, the Group reached an agreement with the banks in charge of financing in order to renew the financing on maturities of one year and three years for 23% and 77% of the overall maximum package.

3.2.5 CHANGES IN GOVERNANCE

Executive Committee

Comprised of the members of the Group Management Board, the Group's strategy and operational control body, and of managers from the seven geographical regions, the Executive Committee has evolved in an effort to aid in the Group's development.

Carole Lytton was appointed Corporate Secretary on July 3, 2015. Her responsibilities include managing the legal, compliance and facility management functions in addition to CSR (corporate social responsibility), a function whose purpose is to place sustainable development issues within Coface's concerns.

Juan Saborido was appointed director of the North American region and accordingly joined the Executive Committee on April 15, 2015.

On November 2, 2015, the Board of Directors decided to appoint Carine Pichon as the Company's effective manager under the Solvency II Regulation. The Company now has two effective managers, the Chief Executive Officer and Carine Pichon, Chief Financial Officer for the Group.

Following the departure of Richard Burton, Pierre Hamille was appointed Group Audit Director on November 30, 2015. Since this new function is incompatible with his position as member of the Executive Committee, Pierre Hamille has resigned from the Executive Committee.

The Group Risk Management Department reports to Carine Pichon, Group CFO, since November 30, 2015.

Board of Directors

At its meeting of May 5, 2015, the Board of Directors of COFACE SA co-opted two new directors: Linda Jackson, Chair of the Board of Directors and Chief Executive Officer (CEO) of Automobiles Citroën, member of the Executive Committee of PSA Peugeot Citroën, and Martine Odillard, Chair of Cinémas Gaumont Pathé (see paragraph 2.1.1.1).

The Board of Directors has thus acquired two new independent members. They bring their extensive experience, acquired in international corporations positioned in varied and innovative sectors, to the Board.

Mrs Clara-Christina Streit resigned from her directorship on May 1, 2015.

At December 31, 2015, the composition of the COFACE SA Board of Directors was as follows: Laurent Mignon (Chairman of the Board of Directors), BPCE, represented by Marguerite Berard-Andrieu, Jean Arondel, Jean-Paul Dumortier, Éric Hemar, Linda Jackson, Pascal Marchetti, Sharon MacBeath, Martine Odillard, Laurent Roubin and Olivier Zarrouati (see paragraph 2.1.1.1 "Board of Directors").

3.2.6 FINANCIAL STRENGTH CONFIRMED

On September 17 and then October 13, 2015, rating agencies Fitch and Moody's reconfirmed the Group's Insurer Financial Strength (IFS) Ratings at AA- and A2 (stable outlook), respectively.

3.2.7 EVENTS AFTER DECEMBER 31, 2015 (PURSUANT TO ITEM 20.9 OF ANNEX 1 OF EC REGULATION 809/2004)

There has been no significant change to the Group's financial or commercial position since December 31, 2015.

3.3 Key financial performance indicators

3.3.1 FINANCIAL INDICATORS

Consolidated revenue

Composition of the Group's consolidated revenue by business line

The revenue from credit insurance and related services of the Group (representing 89% of the Coface Group's consolidated revenue in 2015, 88% in 2014 and 88% in 2013), combines the premiums from credit insurance policies and Single Risk policies ("Earned premiums net of cancellation"), the related service revenue ("Fee and commission income" and "Other related benefits and services"), and the revenue from management services for public coverage of export credit insurance carried out on behalf of the French State (see paragraph 1.2.1 "Credit insurance and management of public procedures").

It allows the revenue from this core business line to be presented and to distinguish the surety bond activity which, at the operational level, represents a different kind of risk (in terms of underlying factors and duration of risk), even though this activity is compensated by a premium, as with the credit insurance activity, and to that end meets the definitions for insurance contracts provided by IFRS 4.

The revenue from services in addition to the credit insurance business includes:

- the revenue from the factoring business, which primarily consists of factoring fees and net financing fees ("Net income from banking activities");
- the revenue from the Group's surety bond business; and
- the revenue from other services, which combines all revenue collected by the Group for the sale of services to access companies' solvency information, along with the marketing information ("Information and other services"), and the sale of debt collection services for receivables ("Receivables management"), for customers without credit insurance.

Composition of the Group's consolidated revenue by type of revenue

The Group's consolidated revenue, which is presented in its financial statements by type of revenue, in compliance with IFRS, consists of the following:

- premiums, corresponding to the amounts paid by the Group's policyholders as consideration for the Coface Group's commitment to cover the risks provided for in their insurance policy: credit insurance (short-term), Single Risk (medium-term) and surety bond (medium term) which, in terms of the offer, is not a credit insurance product, although its compensation takes the form of a premium;
- revenue from services provided by the Group: services related to credit insurance (information services on debtors, oversight of credit limits, management and debt collection), services to manage public coverage of export credit insurance on behalf of the French and Brazilian States (the principle and terms of compensation of the French State are established in the "Financial Agreement" dated February 24, 2012 (see paragraph 1.2.1.2 "Public credit insurance procedures management"); and
- factoring fees which provide payment for the services related to management and debt collection of receivables, as well as the net fees from financing outstanding receivables (financing margin) and the fees for managing disputes that have been collected by the Group as part of its factoring activities in Germany and Poland (corresponding to "Net income from banking activities").

Earned premiums net of cancellations

Earned premiums net of cancellations combine gross premiums earned (fraction of premium written during the accounting year or previously, corresponding to the coverage of risks covered during the accounting year concerned) within the context of direct business (premiums related to policies underwritten directly by a Group insurance company) and the premiums for inward reinsurance (premiums earned through partners within the context of fronting agreements in countries where the Group does not have a licence allowing it to work directly).

Premium refunds (corresponding to refunds to policyholders of a portion of the premiums they have paid when the loss experience of their insurance policy does not exceed a certain threshold (policyholders' bonuses and rebates) or is nil (no-claims bonus), as well as the provisions for unearned premiums (share of premiums issued during the accounting year which relate to the coverage of risks covered for the period between the closing date of the accounting period and the expiration date of the contracts) are deducted from

the premiums earned, thereby constituting the premiums earned net of cancellations.

Fee and commission income

Fee and commission income consists of charges billed to policyholders for contracts for credit insurance related services, (such as information on debtors, fees for monitoring credit limits and receivables management and debt collection). In this respect, fee and commission income is calculated under credit insurance revenue.

Net income from banking activities

This corresponds to revenue from factoring activities, and primarily consists of factoring fees (collected for management of receivables billed) and net financing fees (financing margin, corresponding to the amount of financial interest received from factoring clients, less interest paid for refinancing of the factoring debt). The premiums paid by the factoring companies to the insurance companies (for cover of the debtor risk and the ceding risk) are deducted from the net income from banking activities.

Cost of risk

The "Cost of risk" corresponds to expenses and provisions linked to cover the ceding risk (inherent to the factoring business) and the credit risk, net of credit insurance cover.

Revenue or income from other activities

This combines the other revenue of the Group with, on the one hand, the revenue from "Other related benefits and services", as well as the compensation collected by Coface for public credit insurance procedures management services, "remuneration of public credit insurance procedures", which are calculated under credit insurance revenue and, on the other hand, "Information and other services" revenue, consisting of revenue from the sale of advertising and marketing, and recovery of receivables ("Receivables management") for customers without credit insurance.

Investment income, net of management expenses excluding finance costs

"Investment income, net of management expenses (excluding finance costs)" combines the result of the Group's investment portfolio (investment income, gains or losses from disposals and changes in provisions for depreciation), exchange rate differences and investment management expenses.

Claims expenses

"Claims expenses" correspond to claims paid under credit insurance contracts, less changes from recoveries following Single Risk policies and surety bonds recourse (amounts recovered from the debtor after paying the policyholder for the claim) during the year, and the change in claims provisions during the year, and the management expenses for these claims, which cover the costs of processing and managing policyholders' claims declarations, and those generated by monitoring the recovery procedures (charges and provisions for internal and external debt collection fees).

The claims paid correspond to the compensation paid under the policies during the accounting year, net of collections received, plus the costs incurred to provide the management, regardless of the financial year during which the claim was declared or during which the event producing the claim took place, less the amounts recovered during the year for the claims previously indemnified, regardless of the year during which the indemnification was paid.

Claims provisions are established for claims declared but not yet settled at year-end, as well as for claims that have not yet been declared, but which have been deemed probable by the Group, given the events that have arisen during the financial year (IBNR provisions). The amounts thus provisioned also take into consideration a forecast of the amount to be collected for these claims. These provisions are decreased each year by recoveries made following the payment of compensation or the estimate of potential losses for declared or potential claims. The difference between the amount of provisions in a given year (established during the first year of underwriting a policy) and the amounts re-evaluated the following years are either a liquidation profit (revaluation downward) or loss (revaluation upward) (see Note 26 of Chapter 4 "Financial items").

Expenses from banking activities, excluding cost of risk

The "Expenses from banking activities excluding cost of risk" correspond to the general operating expenses (payroll costs, IT costs, etc.), relating to factoring activities.

Expenses from other activities

The "Expenses from other activities" correspond to general expenses related exclusively to information and debt collection for customers without credit insurance.

Following the elimination of the holding company in Germany as part of the conversion into branches, the Group reallocated all of its expenses according to a new methodology, which explains the bulk of changes in the entries "Contract acquisitions expenses", "Administrative expenses", and "Other operational charges" during the 2011-2013 period.

Total general expenses, excluding external acquisition costs (commissions), are analysed independently of the method for accounting for them by destination, in all of the Group's countries. This presentation enables a better understanding of the Group's economy and differs on certain points from the presentation of the income statement, which meets the presentation requirements of the accounting standards.

Income and expenses net of ceded reinsurance (reinsurance result)

"Income and expenses net of ceded reinsurance" (reinsurance result) correspond to the amount of income from ceded reinsurance (claims ceded to reinsurers during the year for reinsurance treaties of the Group, net of the change in the provision for claims net of recourse that was also ceded, plus the reinsurance commissions paid by reinsurers to the Group for proportional reinsurance), and the charges from ceded reinsurance (premiums ceded to reinsurers during the year for reinsurance treaties of the Group, net of the change in provisions for premiums also ceded to reinsurers).

Underwriting income after reinsurance

Underwriting income net of reinsurance is a key financial indicator used by the Coface Group to analyse the operational performance of all of its business lines (excluding income from the investment portfolio).

Policy acquisition costs

"Policy acquisition costs", consisting of external acquisition costs from policies, include all of the commissions paid to business finder insurance intermediaries (brokers and other intermediaries) based on the revenue contributed and the internal costs of acquiring the policies, essentially fixed costs corresponding to payroll costs related to policy acquisition (including services charged for establishing contracts) and the Group's sales network fees. These costs primarily include the costs related to the credit insurance business. However, due to pooling, policy acquisition costs related to the Group's other business lines are also included in this item (see Note 28 "Policy acquisition costs" in Chapter 4 "Financial items").

Administrative costs

"Administrative costs" correspond to the Group's overheads, notably payroll expenses and IT management expenses related to policy administration. These costs primarily include the costs related to the credit insurance business. However, due to pooling, administrative costs related to the Group's other business lines are also included in this item (see Note 28 "Policy acquisition costs" in Chapter 4 "Financial items").

Other current operating expenses

"Other current operating expenses" include charges that cannot be either directly allocated, or allocated through the application of a distribution key to one of the destinations defined by the accounting plan (primarily charges linked to the Group's back-office functions).

Operating income

Operating income corresponds to the "Underwriting income net of reinsurance", "Net investment income excluding the cost of debt" (finance costs) and "Other operating income and expenses".

In the presentation of the operating income by region, the amounts are represented before the revenue from interregional flows and holding costs not recharged to the regions have been eliminated.

Income tax expense

Tax expenses include the tax payable and the deferred tax that results from consolidation restatements and temporary tax differences, insofar as the tax position of the companies concerned so justifies (as more extensively described in Note 4.6 and Note 32 of Chapter 4 "Financial Elements").

Net attributable income for the year

Net attributable income corresponds to the amount of "Net income from continuing operations" (corresponding to the "Operating income", net of "Finance costs", the "Share in net income of associates" and "Income tax"), "Net income from discontinued operations" and "Non-controlling interests".

Significant accounting principles and main estimates

Significant accounting principles

A description of the Group's accounting methods is presented in Note 4 to the Group's consolidated financial statements, which are presented in paragraph 4.1 "Applicable standards". In particular, the general principles which apply to the credit insurance activities, the services business and the factoring business, along with the distribution of income and expenses relating to the various businesses of the Group, are presented.

Main estimates

Preparing the consolidated financial statements in conformity with IFRS requires the Group or subsidiary management to make estimates and use certain assumptions which have an impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the income and expense items in the income statement and the commitments relating to the period-end. Management is likewise forced to use its judgement when applying the Group's accounting methods.

The accounting methods presented below, and more extensively described in Notes 4 and 5 of Chapter 4 "Financial items" are those requiring the most significant use of the estimates and the judgement of the Group's management.

ESTIMATES	CALCULATION BASIS
Goodwill impairment	Impairment is recognised when the recoverable amount of goodwill, defined as the higher of value in use and fair value, is below its carrying amount. The value in use of cash-generating units is calculated based on cost of capital, long-term growth rate, loss ratio and cost ratio assumptions.
Provision for earned premiums not yet written	This provision is calculated based on the estimated amount of premiums expected in the period. This provision corresponds to the difference between this estimate and the premiums already recorded.
Provision for policyholders' bonuses and rebates	This provision is calculated based on the estimated amount of refunds and bonuses payable to policyholders in accordance with the terms and conditions of the policies written.
Provision for subrogation and salvage	This provision is calculated based on the estimated amount of potential recoveries for the claims settled.
Claims provision	This includes the estimated total cost of reported claims not settled at year-end.
IBNR* provision	The IBNR provision is calculated on a statistical basis using an estimate of the final amount of claims that will be settled after the risk has been extinguished and after any debt collection action has been taken.
Pension benefit obligations	Retirement commitments are evaluated in compliance with IAS 19 and are reviewed annually by actuaries, according to the actuarial assumptions of the Group.

* *IBNR (Incurred But Not Reported): provision for unknown claims corresponding to claims that have already occurred, but which have not yet been reported to the insurer.*

Furthermore, the recording of deferred tax assets depends in part on estimates of the Group's future profits. The accounting methodology for deferred taxes is presented in Note 4.6 and Note 22 of Chapter 4 "Financial items".

3.3.2 OPERATING INDICATORS

In the course of its activities, and in addition to the financial information published in accordance with IFRS, the Group tracks certain key operating ratios that provide an understanding of the Coface Group's performance and profitability of its products (loss ratio, cost ratio and combined ratio).

Production of new contracts

The production of new contracts corresponds to the annual value of the credit insurance policies taken out by new customers during the period. The Group generally records a higher production of new contracts during the first quarter of a given year.

Withholding rate

The withholding rate corresponds to the ratio between the annual value of the policies actually renewed and the annual value of the policies that were supposed to be renewed at the end of the preceding period. The annual value of the policies corresponds to the valuation of the credit insurance policies over a 12-month period according to an estimate of the volume of the sales relating thereto and the level of the rate conditions in effect at the time the policy is taken out.

Price effect of credit insurance policies

The price effect of the credit insurance policies corresponds to the difference between the annual value of the contracts, calculated based on the rate conditions in effect at the time the policy is taken out, and the annual value of the policies for the preceding period (calculated based on the rate conditions of the preceding period and excluding any volume effect related to the definitive revenue of the policyholders).

Volume effect

The method for calculating premiums on the Group's revenue, which is described in paragraph 1.2.1.1 "Credit insurance and related services" – pricing of credit insurance offers, produces its effects throughout the life of the policies, and not for a single year. When the volume of a policyholder's actual sales is higher than what was taken into consideration to determine the amount of premiums billed during the period covered by the policy, this difference produces a positive effect on the earned premiums recorded by the Group with a one-year lag. Conversely, when the volume of the policyholder's sales is less than what was used as the basis for calculating the flat rate, this difference does not produce any effect on the Group's revenue for the following year.

Loss ratio

This ratio allows the Coface Group to measure the underwriting profitability of insurance contracts during the financial year. By analyzing this ratio, it is also possible to price policies effectively by taking into account the amount of claims made by policyholders.

Loss ratio before reinsurance

The loss ratio before reinsurance is the ratio of claim expenses (as defined above) to gross earned premiums (the sum of the gross premiums issued and unearned premium provisions), net of premium rebates. Premium rebates are reimbursements made to policyholders of part of the premiums paid by them when claims under their insurance policies do not exceed a certain threshold (low claims bonus) or when there are no claims (no-claims bonus).

Loss ratio after reinsurance

Loss ratio after reinsurance corresponds to the ratio of claims expenses (net of claims ceded to reinsurers under reinsurance treaties entered into by the Group) to the gross earned premiums (net of premiums ceded to reinsurers).

Cost Ratio

Cost ratio before reinsurance

The cost ratio before reinsurance is the ratio of general expenses (as defined below) to gross earned premiums (as described above).

The cost ratio before reinsurance is used by the Coface Group to measure all the costs related to the acquisition and management of its portfolio of contracts in a given financial year.

The Coface Group's credit insurance business is supported by services activities such as corporate information and receivables recovery. These services are inherent to the traditional credit insurance activity (related services) and the related expenses are included in the general expenses of the Group. General expenses are also increased by complementary businesses such as factoring (in Germany and Poland) and management of public procedures on behalf of the French State. However, in order for the cost ratio calculated by the Group to be comparable to the cost ratio calculated by other main market players, revenue generated by the additional businesses (non-insurance) described above is deducted from general expenses.

Cost ratio after reinsurance

The cost ratio after reinsurance is the ratio of general expenses (after deduction of reinsurance commission paid by reinsurers) to gross earned premiums (net of premiums ceded to reinsurers).

General expenses

General expenses accounted for in the cost ratio are the sum of:

- policy acquisition costs (consisting of the external costs of acquisition of contracts, corresponding to commissions paid to intermediaries which introduce business (brokers or other intermediaries) and internal contract acquisition costs corresponding to the cost of maintaining distribution networks and the costs relating to departments in charge of writing contracts);
- administrative costs (including Group overheads, payroll costs, IT costs, etc., excluding profit-sharing and incentive schemes);
- other current operating expenses (expenses that cannot be allocated to any of the purposes defined by the accounting plan, including in particular management expenses);
- expenses from banking activities (general operating expenses, such as payroll costs, IT costs, etc., relating to factoring activities); and
- expenses from other activities (general expenses related exclusively to information and debt collection for customers without credit insurance), minus revenue related to:
  - fees and commission income (ancillary fees charged under insurance contracts for the provision of credit insurance related services, such as information on debtors, fees for monitoring credit limits of customers of policyholders and receivables management and recovery),
  - other related benefits and services (ancillary services, such as administrative fees for managing claims and reinvoiced receivables recovery fees),
  - information and other services (fees charged for access to information on corporate solvency and marketing information) provided to customers without credit insurance,
  - receivables management (fees charged for receivables debt collection services) provided to customers without credit insurance,
  - net income from banking activities relating to the factoring activities, and
  - remuneration for public procedures management services.

Combined Ratio

Combined ratio measures the overall profitability of the Group's activities and its technical margin.

The combined ratio is the sum of the loss ratio and the cost ratio. It is tracked by the Group both before and after reinsurance (claims expenses net of those ceded to reinsurers under reinsurance treaties entered into by the Group and general expenses, less reinsurance commissions paid by the reinsurers over total gross earned premiums net of premiums ceded to reinsurers).

3.4 Comments on income at December 31, 2015

3.4.1 REVENUE

The Group's consolidated revenue was up 3.4%, from €1,440.5 million in 2014 to €1,489.5 million in 2015. Revenue was up 1.2% like-for-like.

The -0.2 percentage point impact on consolidation structure is linked to the cessation on June 30, 2014 of the public credit insurance procedures management business line by SBCE based in Brazil. The positive foreign exchange impact of +2.3 points is mainly linked to revaluations of the US dollar, the Hong Kong dollar and the pound sterling.

The table below shows the changes in the Group's consolidated revenue by business line as of December 31, 2014 and 2015:

CHANGE IN CONSOLIDATED REVENUE BY ACTIVITY *(in millions of euros)*	AS OF DECEMBER 31		CHANGE		
	2015	2014	*(in €m)*	*(as a %)*	*(as a %: on a constant group structure and exchange rate basis)*
Insurance	1,418.9	1,369.9	49.0	3.6%	1.3%
Gross earned premiums	*1,185.9*	*1,132.7*	*53.2*	*4.7%*	*2.0%*
*Services**	*233.0*	*237.2*	*-4.2*	*-1.8%*	*-2.2%*
Factoring	70.6	70.6	0.0	0.0%	0.0%
CONSOLIDATED REVENUE	**1,489.5**	**1,440.5**	**49.0**	**3.4%**	**1.2%**

* *Sum of revenue from services related to credit insurance ("Fees and commission income" and "Remuneration of public procedures management services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information ("Business information and other services") and receivables recovery ("Receivables management")).*

◆ Insurance

Revenue for the insurance business line (including surety bonds and Single Risk insurance products) was up by 3.6% as reported (up 1.3% like-for-like) from €1,369.9 million in 2014 to €1,418.9 million in 2015.

Revenue for credit insurance products and related services amounted to €1,322 million, *i.e.* 89% of the Group's consolidated revenue. In 2014, revenue for credit insurance products and related services amounted to €1,266.7 million, *i.e.* 88% of the Group's consolidated revenue.

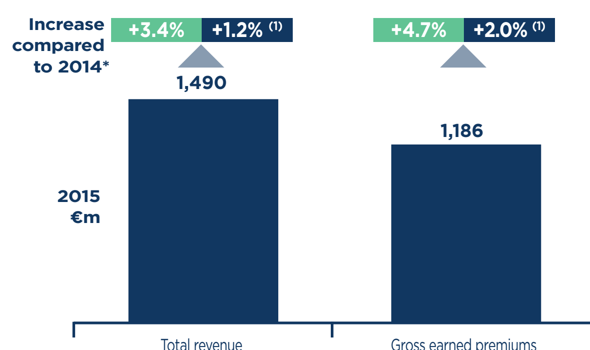
Gross earned premiums were up 4.7% (+2.0% like-for-like), jumping from €1,132.7 million in 2014 to €1,185.9 million in 2015.

The annual value of new contracts amounted to €132.7 million in 2015, representing a drop of 11% compared to 2014, primarily linked to the exceptional consolidation of a portfolio of agents in Italy in 2014, and lower production of new CGS (*Coface Global Solutions*) contracts for multinational clients.

Contract retention rate fell slightly, to 88.2% (*versus* 89.0% in 2014) at December 31, 2015. Net positive production was offset by a -2.4% drop in prices (*versus* -1.1% in 2014, seen in December 2015) against a backdrop of pressure on prices.

The revenue growth can be explained by a volume effect (revenue/policyholders' business) of +3.2% in 2015 (*versus* +3.0% in 2014).

The service business revenue was down €4.2 million, from €237.2 million in 2014 to €233.0 million in 2015, corresponding to a drop of -1.8% (-2.2% like-for-like, including a favourable exchange rate of 1.6 percentage points and an unfavourable scope effect of 1.1 percentage points) mainly linked to the drop in income from debt collection.



* *Note: According to IFRIC 21, taxes must be entirely booked in the financial year in which they are incurred and not deferred over the year. This accounting recognition has a marginal impact on the annual income, however the quarterly vision has changed. Therefore, all data for 2014 has been restated.*

(1) *Like-for-like.*

Factoring

Revenue from the factoring business (exclusively in Germany and Poland) was stable at €70.6 million in 2015, against a backdrop of significant access to market liquidities and a drop in interest rates.

Changes in revenue by region*

The following table shows the changes in consolidated revenue (net of intra-group flows) within the Group's seven geographic regions for the periods ended December 31, 2014 and 2015:

CONSOLIDATED REVENUE BY REGION OF INVOICING *(in millions of euros)*	AS OF DECEMBER 31		CHANGE			
	2015	2014	*(in €m)*	*(in %)*	*(as a %: on a constant exchange rate basis)*	*(as a %: on a constant scope and exchange rate basis)*
Western Europe	457.2	461.7	-4.5	-1.0%	-2.5%	-2.5%
Northern Europe	334.9	352.0	-17.1	-4.9%	-3.8%	-3.8%
Mediterranean & Africa	246.4	226.5	19.8	8.8%	8.5%	8.5%
North America	131.3	113.7	17.6	15.4%	-0.6%	-0.6%
Central Europe	114.9	113.3	1.6	1.4%	2.2%	1.4%
Asia-Pacific	121.3	97.1	24.3	25.0%	10.8%	10.8%
Latin America	83.5	76.1	7.3	9.6%	12.6%	16.7%
CONSOLIDATED REVENUE	**1,489.5**	**1,440.5**	**49.0**	**3.4%**	**1.1%**	**1.2%**

* *The composition of the regions was modified on April 11, 2016 and led to certain adjustments.*
Portugal and Spain, which were initially included in Western European, were transferred to the Mediterranean and Africa.
Russia, initially included in Northern Europe, was transferred to Central Europe.

In Western Europe, revenue was down 1.0% (-2.5% like-for-like due to a favourable exchange rate effect of €6.8 million including €4.8 million for the pound sterling and €1.9 million for the Swiss franc) owing to sluggish commercial activity and pressure on prices.

Northern Europe reported a -4.9% drop in revenue in 2015 (-3.8% like-for-like). The German clients policy portfolio lost some major accounts at the beginning of 2015. The development of commercial activity was stable on most markets but the economic and financial activity of customers slowed down. European markets reported a low level of business defaults, and constant pressure on prices. The commercial situation in Russia was impacted by an unfavourable exchange rate due to a very weak rouble and the slowdown of business activity in 2015. Factoring revenue (Germany) rose by 1% in 2015.

In Mediterranean & Africa, revenue was up 8.8% (+8.5% like-for-like) driven by the extremely robust commercial performance of credit insurance in Italy, the Emirates and Turkey.

In North America, revenue was up 15.4%. Adjusted for currency effect, revenue was down -0.6% (linked to the revaluation of the dollar). The new geographic segmentation and the high turnover of agents resulted in lower commercial production.

In Central Europe, revenue was up 1.4% on a reported basis (up 1.4% like-for-like), driven by the commercial performance of credit insurance in Poland, Romania and the Czech Republic.

In the Asia-Pacific region, revenue grew by 25.0% (+10.8% like-for-like, due to a positive foreign exchange impact from the Japanese yen and to a lesser extent, the Singaporean dollar). Growth was driven by the progression of the commercial portfolio in most countries and a clear recovery in China.

In Latin America, revenue fell by -9.6% as reported (up 16.7% like-for-like) during the period. The unfavourable scope effect of €2.6 million, *i.e.* 3.47 percentage points, is linked to the exit from the SBCE Brazilian public procedures management activity on June 30, 2014. The adverse exchange effects of €2.3 million are linked to the devaluations of the Argentine peso and the Brazilian real.

3.4.2 UNDERWRITING INCOME

Underwriting Income before reinsurance

Underwriting income before reinsurance fell by €40.0 million as reported, from €234.8 million in 2014 to €194.8 million in 2015. This change can be mainly explained by the increase in the loss ratio (+€66.6 million).

The combined ratio before reinsurance amounted to 82.5%, up by 4.1 percentage points, the loss ratio rose 3.5 percentage points together with the cost ratio (+0.6 percentage point), primarily due to an increase in policy acquisition costs.

Loss experience

The loss ratio, before reinsurance, deteriorated by 3.5 percentage points, rising from 47.6% in 2014 to 51.0% in 2015. This deterioration can be explained by an increase in claims in the North America, Latin America and Asia-Pacific regions.

LOSS EXPERIENCE

(in millions of euros and %)	AS OF DECEMBER 31 2015	AS OF DECEMBER 31 2014	CHANGE *(in €m)*	CHANGE *(as a %)*
Claims expenses incl. claims handling costs	605.3	538.7	66.6	12.4%
Loss ratio before Reinsurance	51.0%	47.6%	-	3.5 pts
Earned premiums	1,185.9	1,132.7		

In Western Europe, the loss ratio confirmed the contraction to 23.4% (-11.4 percentage points), primarily in France and Spain.

In Northern Europe, the loss ratio was contained at 47.6% (-4.6 percentage points) despite the deteriorated economic situation in Russia.

The loss ratio for the Mediterranean & Africa region fell by 11.1 percentage points to 48.6%. The action plans implemented in Turkey helped to improve the region's loss ratio. Italy's portfolio diversification policy also yielded positive results.

In North America, the loss ratio amounted to 56.3%, primarily due to the occurrence of two large claims on a regional scale in Canada in the retail sector in the second half of 2015.

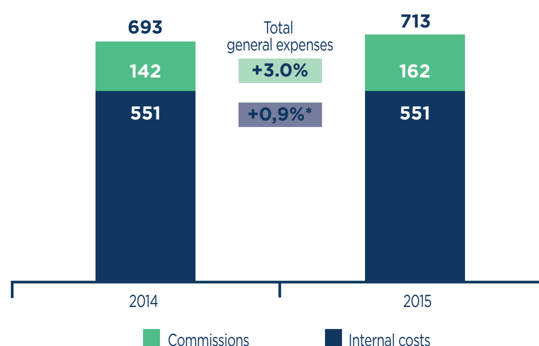
Central Europe presented a loss ratio down to 39.9%, a significant improvement over 2014 (-27.9 percentage points).

Asia-Pacific reported a loss ratio of 100.6%, primarily due to the recording of significant claims in China, Singapore and in Hong-Kong in the fourth quarter of 2015.

In Latin America, the loss ratio settled at 113.4%, primarily due to the deterioration of the economic situation and the loss experience of Brazil.

CHANGE IN LOSS EXPERIENCE BY REGION OF INVOICING *(in %)*	AS OF DECEMBER 31 2015	AS OF DECEMBER 31 2014	CHANGE (% POINTS)
Western Europe	23.4%	34.8%	-11.4 pts
Northern Europe	47.6%	52.2%	-4.6 pts
Mediterranean & Africa	48.6%	59.8%	-11.1 pts
North America	56.3%	24.1%	32.1 pts
Central Europe	39.9%	67.8%	-27.9 pts
Asia-Pacific	100.6%	51.4%	49.2 pts
Latin America	113.4%	59.9%	53.5 pts
LOSS RATIO BEFORE REINSURANCE	**51.0%**	**47.6%**	**3.5 PTS**

GENERAL EXPENSES



* *on a like-for-like basis.*

GENERAL EXPENSES *(in thousands of euros)*	AS OF DECEMBER 31, 2015	AS OF DECEMBER 31, 2014
Internal general expenses	551.2	550.8
of which claims handling costs	*26.5*	*25.7*
of which investment management expenses	*2.1*	*2.1*
Commissions	162.0	141.9
TOTAL GENERAL EXPENSES	**713.2**	**692.7**

Policy acquisition commissions were up 14.2% (+9.1% like-for-like), jumping from €141.9 million in 2014 to €162 million in 2015. This change is primarily due to higher reinsurance commissions in Western Europe but also to commercial development in countries with brokerage-based commercial structures (Italy, Emirates, Spain and Asia).

Internal general expenses, including claims handling costs, were up +0.1% (-1.2% like-for-like), from €550.8 million in 2014 to €551.2 million in 2015, and down -1.8% excluding non-recurring items (recognised tax provision).

Pay roll expenses were up 2.0%, from €297.9 million in 2014 to €304 million in 2015 (+0.8% like-for-like), in line with the slight increase in average staff (FTE) over the year. IT costs are decreasing over the period at €53.8 million, down -2.5% like-for-like. Other expenses (indirect taxes, information purchases, rental expense, etc.) were down -2.3% from €197.9 million in 2014 to €193.4 million, especially on rental expense, travel and information purchases. General expenses were contained thanks to efforts implemented across all regions.

Cost ratio before reinsurance deteriorated by 0.6 percentage points, from 30.9% in 2014 to 31.5% in 2015. This change is primarily attributable to the increase in external policy acquisition costs (-1.8 percentage points) in addition to the drop in revenue from the service business (-0.5 percentage points), which was not offset by an increase in earned premiums (+1.4 percentage points).

In Western Europe, general expenses were down -1.9% (down 3.1% like-for-like).

In Northern Europe, general expenses were down 9.5% (down 9.5% like-for-like). This drop was observed on all types of expenses, in particular rents, IT expenses, information purchases and travel.

In Mediterranean and Africa, general expenses were up +6.8% (+5.7% like-for-like), mainly due to the consolidation of Coface Israel Insurance Company since 2015, the reinforcement of the teams in the region and the increase in information purchases linked to higher level of business.

In North America, general expenses rose by +17.2% (+0.5% like-for-like), primarily linked to the revaluation of the dollar.

In Central Europe, general expenses were contained at +0.3% (down 0.2% like-for-like).

In the Asia-Pacific region, general expenses rose by 7.3%. Like-for-like, general expenses are down -3.7%. This drop is due to other internal general expenses, in particular rents and fees.

In Latin America, general expenses were down -4.9% (up 7.0% like-for-like). The exit of the public credit insurance procedures entity SBCE on June 30, 2014 had a positive impact of €2.1 million. Foreign exchange (mainly the argentinian peso and Brazilian real) had an adverse impact of €0.6 million.

◆ Underwriting income after reinsurance

Underwriting income after reinsurance contracted by €22.9 million, from €166.3 million in 2014 to €143.4 million in 2015. This change follows the same trend as underwriting income before reinsurance (-€40.1 million) while benefitting from the amortisation produced by the Group's external reinsurance.

Reinsurance cost fell by 25.1%, down from -€68.7 million in 2014 to -€51.4 million in 2015.

	AS AT DECEMBER 31		CHANGE	
(in millions of euros and %)	2015	2014*	*(in €m)*	*(as a %)*
Revenue	1,489,531	1,440,536	48,995	3.4%
Claims expenses	-605,344	-538,727	-66,617	12.4%
Policy acquisition costs	-274,048	-262,880	-11,168	4.2%
Administrative costs	-269,956	-269,119	-837	0.3%
Other current operating expenses	-81,652	-74,509	-7,143	9.6%
Expenses from banking activities, excluding cost of risk	-14,094	-11,066	-3,028	27.4%
Cost of risk	-4,696	-2,046	-2,650	129.5%
Expenses from other activities	-44,892	-47,338	2,445	-5.2%
UNDERWRITING INCOME BEFORE REINSURANCE	**194,848**	**234,852**	**-40,004**	**-17.0%**
Income and expenses from after reinsurance cessions	-51,410	-68,660	17,250	-25.1%
UNDERWRITING INCOME AFTER REINSURANCE	**143,438**	**166,192**	**-22,754**	**-13.7%**
Combined ratio after reinsurance	83.1%	79.7%	-	-

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

3.4.3 INVESTMENT INCOME, NET OF MANAGEMENT EXPENSES (EXCLUDING FINANCE COSTS)

Financial markets

In 2015, global growth maintained an annual rhythm of around 3%, similar to that of 2014. In major developed countries, the economic recovery continued gradually, buoyed in particular by the positive effect of low fuel price on consumption. In contrast, the economies of some major emerging countries clearly slowed down (China) or slid deeper into recession (Russia and Brazil).

The US economy rallied significantly after a brief downdraft in the first quarter, to achieve full-year growth close to 2014 figures. The triple shock of low oil prices, an expensive dollar and the downturn in emerging countries had a mixed effect on the US economy; industrial production and energy sector companies were adversely affected while consumption, services and real estate were boosted. In the light of these conditions, the Federal Reserve only raised its short-term rates at the end of the year and maintained a very prudent policy. The US 10-year yield rate barely rose, increasing from 2.17% to 2.28% for the year and the equities markets treaded water with an annual performance of 0.7%.

GDP probably grew by around 1.4% in 2015, significantly higher than in 2014 (0.9%) in particular thanks to the reflux of austerity policies, the recovery of the banking systems of peripheral countries and the launch by the European Central Bank (ECB) of a sovereign bond purchase program, starting from March. At first, the ECB purchases mostly benefitted bonds issued by peripheral countries, but the political uncertainties that emerged against a background of rising contesting parties at the end of the year cancelled this effect. Against this backdrop, European rates ended 2015 at levels slightly above those of year end 2014, with performance of 1.49%. German 10-year rates rose from 0.54% to 0.63%. Less advanced in the cycle than the US, equities markets were driven by the expansionist monetary policy and a solid profits momentum despite tensions in the Chinese economy and tension peaks in Greece (+7.3% for the reinvested Eurostoxx dividend).

Divergences among emerging countries were aggravated once again in 2015 between oil exporting and oil importing countries. The fall in oil prices, combined with political, geopolitical and financial tensions, and in particular numerous monetary depreciations, had a strong adverse impact on the activity of exporting countries such as Brazil and Russia. In contrast, countries such as India were buoyed by these conditions. The lower growth in China was a strong source of concern during 2015 and even more so at the end of the year. Emerging bond markets were therefore highly volatile and bearish over the year with performance down -5%.

Financial income

Against this economic backdrop, the Group, as part of its defined strategic allocation policy, raised its exposure to the sovereign debt of leading issuers on the financial markets, and to European equities and unlisted European real estate. All these investments were made within a strictly-defined risk framework; the quality of issuers, sensitivity of issues, dispersal of issuer positions and geographic areas are governed by strict rules defined in the different management mandates granted to the Group's dedicated managers.

The portfolio's market value fell in 2015, in spite of the positive return on the investment portfolio. Those amounts pending investment at December 31, 2015 have been reported under current account.

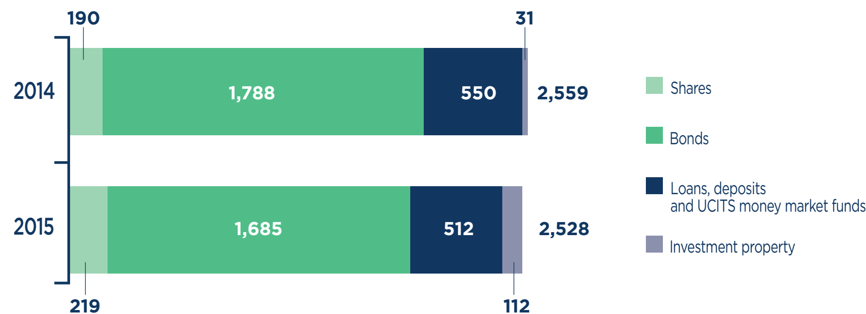
The following table shows the financial portfolio by main asset class:

MARKET VALUE

(in millions of euros)	AS OF DECEMBER 31 2015	2014
Listed shares	207	178
Unlisted shares	12	12
Bonds	1,685	1,788
Loans, deposits and UCITS money-market funds	512	550
Property	112	31
TOTAL INVESTMENT PORTFOLIO	**2,527**	**2,558**
Associated and non-consolidated companies	122	121
TOTAL	**2,649**	**2,679**

In 2015, diversification of the investment portfolio allowed the Group to maintain a stable accounting return, despite the persistent historically low rate of return. Investment income came off at €49.9 million (*i.e.* 2.0% of 2015 average outstanding) comparable with the €44.5 million in 2014 (1.9% of average outstanding in 2014).

INVESTMENT PORTFOLIO (in thousands of euros)



INVESTMENT PORTFOLIO INCOME

	AS OF DECEMBER 31	
(in millions of euros)	2015	2014
Shares	14.2	10.0
Fixed-income instruments	33.4	34.5
Investment property	2.3	0.0
TOTAL INVESTMENT PORTFOLIO	**49.9**	**44.5**
o/w realized gains	*4.5*	*8.4*
Associated and non-consolidated companies	7.0	3.5
Net foreign exchange gains	-1.2	-0.7
Financial and investment charges	-2.7	-4.6
TOTAL	**53.1**	**42.8**

After income from investments in companies, foreign exchange result, financial expense and investment costs, financial income for 2015 came off at €53.1 million.

The economic rate of return of financial assets came off at 1.4% in 2015 *versus* 3.2% for the same period in 2014. This fall in the economic rate of return is linked to the continuous increase during the year of volatility over all asset classes, leading to a negative performance.

3.4.4 OPERATING INCOME

	AS OF DECEMBER 31		CHANGE		
(in millions of euros)	2015	2014 *	*(in €m)*	*(as a %)*	*(as a %: on a constant group structure and exchange rate basis)*
OPERATING INCOME INCLUDING FINANCE COSTS	**173.8**	**184.0**	**-10.2**	**-5.6%**	**-6.1%**
Other operating income and expenses	-4.2	-9.9	5.7	-57%	-52%
OPERATING INCOME INCLUDING FINANCIAL COSTS AND EXCLUDING OTHER OPERATING INCOME AND EXPENSES	**178.0**	**194.0**	**-15.9**	**-8.2%**	**0.0%**
Realized gains	-	-			
Interests costs	-16.1	-12.1	-4.0	33%	N/A
OPERATING INCOME INCLUDING FINANCING COSTS AND EXCLUDING NON-RECURRING COSTS	**194.2**	**206.1**	**-11.9**	**-5.8%**	**-6.1%**

* *Restated for compliance with IFRIC 21 (see "Note 1 Reconciliation of published financial statements as of December 31, 2014 with the IFRIC 21 restated financial statements" in Chapter 4 "Financial items").*

Current operating income, including finance costs and excluding restated items, fell by €11.9 million, *i.e.* by -5.8% (-6.1% at constant group structure and exchange rate, in line with forecasts), from €206.1 million in 2014 to €194.2 million in 2015.

Combined ratio after reinsurance, including non-recurring items, rose by 3.4 percentage points, from 79.7% in 2014 to 83.1% in 2015 of which +2.2 percentage points of net loss ratio and +0.5 percentage point of non-recurring cost for tax risks in Italy.

Other operating income and expenses totalled €4.2 million and are primarily comprised of restructuring fees and a provision for the compensation of American agents.

Interest expenses for the hybrid debt amounted to €16.1 million in 2015, up €4 million compared to 2014 (debt contracted on March 27, 2014).

The decline in the Group's operating income can be mainly explained by the deteriorated loss experience in Asia-Pacific, North America and Latin America. All regions contributed positively to operating income, except Asia-Pacific and Latin America, which were strongly impacted by an increase in loss experience in the last quarter of 2015.

(in millions of euros)	AS OF DECEMBER 31			SHARE OF ANNUAL TOTAL AT DECEMBER 31,
	2015	2014*	CHANGE	2015
Western Europe	135.7	103.9	31.8	57%
Northern Europe	85.9	61.1	24.8	36%
Mediterranean & Africa	46.3	20.7	25.6	19%
Central Europe	42.1	22.7	19.4	18%
North America	6.4	28.1	-21.8	3%
Latin America	-21.6	4.7	-26.3	-9%
Asia-Pacific	-56.8	-3.7	-53.1	-24%
TOTAL (EXCLUDING INTER-REGIONAL FLOWS AND HOLDING COST NOT REBILLED)	**237.9**	**237.5**	**0.4**	**100%**

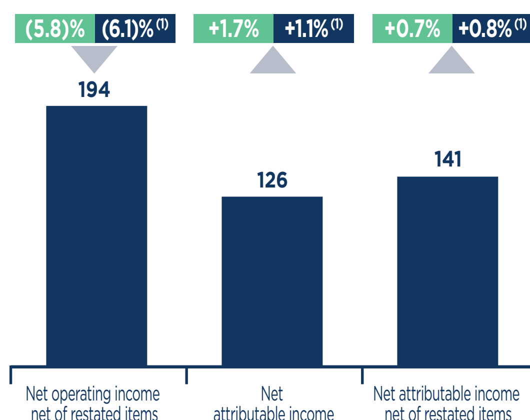
* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

3.4.5 NET ATTRIBUTABLE INCOME FOR THE YEAR

The Group's effective tax rate in 2015 came out at 28.1%, *i.e.,* 4.8 percentage points lower than in 2014 (32.8%).

Net income (attributable to Group shareholders) increased by 1.0%, from €125.0 million in 2014 to €126.2 million in 2015.

Restated from items related to the Group's hybrid debt issuance (interest cost), exceptional and non-recurring items (costs related to the stock market listing and the creation of Coface Re in 2014), net attributable income rose 0.8% to €140.9 million in 2015 from €139.9 million in 2014 at constant group structure and exchange rate.



(1) on a like-for-like basis.

3.4.6 PARENT COMPANY NET INCOME

The net income of COFACE SA amounted to €73.05 million, compared to -€2.78 million in 2014. This deficit mainly stems from the dividend payment by *la Compagnie,* the Group's operating subsidiary, for an amount of €75 million.

3.5 Group cash and capital

Information in this section is derived from the statement of cash flows in the consolidated financial statements and from Note 13 "Cash and cash equivalents" in the Company's consolidated financial statements, as reported in paragraph 4.1.1 "Consolidated Financial Statements of the Group for the period ended on December 31, 2015". The cash flows presented below include the cash related to discontinued activities.

(in millions of euros)	AS OF DECEMBER 31	
	2015	2014
Net cash generated from operating activities	280.9	273.4
Net cash flows generated from investment activities	-56.2	-400.3
Net cash generated used in financing activities	98.7	134.3

(in millions of euros)	AS OF DECEMBER 31	
	2015	2014
Cash and cash equivalents at beginning of year	278.6	273.9
Cash and cash equivalents at end of year	396.8	278.6
Net change in cash and cash equivalents	118.2	4.7

3.5.1 GROUP DEBT AND SOURCES OF FINANCING

The Group's debt comprises financial debt (financing liabilities) and operating debt linked to its factoring activities (composed of "Amounts due to banking sector companies" and "Debt securities").

(in millions of euros)	AS OF DECEMBER 31	
	2015	2014
Subordinated borrowings	387.3	386.9
Obligations under finance leases	5.2	7.9
Bank overdrafts and other borrowings	0.1	0.3
SUB-TOTAL FINANCIAL DEBT	**392.6**	**395.1**
Amounts due to banking sector companies	352.4	300.7
Debt securities	1,613.1	1,538.1
SUB-TOTAL OPERATING DEBT	**1,956.4**	**1,838.8**

◆ Financial debt

For the period ended December 31, 2015, the Group's financing liabilities, totalling €392.6 million, primarily include the subordinated borrowings issued for €387.3 million.

These fixed rate (4.125%) subordinated notes (maturing on March 27, 2024) were issued on March 27, 2014 by COFACE SA for a nominal amount of €380 million.

The issue allowed the Coface Group to optimise its capital structure, which had previously been characterised by an extremely low debt ratio (less than 1% at end-2013), and to strengthen its regulatory equity.

These securities are irrevocably and unconditionally guaranteed on a subordinated basis by *la Compagnie*, the Group's main operating entity.

◆ Operating debt linked to the factoring business

The Group's operating debt is mainly linked to financing for its factoring business.

This debt, which includes the lines "Amounts due to banking sector companies" and "Amounts due to customers of banking sector companies" correspond to sources of refinancing for the Group's factoring entities Coface Finanz (Germany) and Coface Factoring Poland.

Amounts due to banking sector companies, which corresponded to drawdowns on the bilateral credit lines (see below "bilateral credit lines") set up with various banking partners of Coface Finanz and Coface Factoring Poland and the Group's leading local banks, amounted to €352.4 million for the period ended on December 31, 2015.

The borrowings represented by the securities amounted to €1,613.1 million for the period ended on December 31, 2015, including:

- the Senior units issued by the Vega securitisation mutual fund under the factoring receivables securitisation programme (see paragraph below "Securitisation programme") of Coface Finanz, in the amount of €1,195 million; and
- commercial paper issued by COFACE SA (see paragraph below "Commercial paper programme") to finance the activity of Coface Finanz in the amount of €418.1 million.

The Group's main sources of operational financing

The Group's main sources of operational financing are to date:

- a programme to securitise its trade factoring receivables in the maximum amount of €1,195 million;
- a commercial paper programme for a maximum amount of €600 million; and
- bilateral credit lines for a maximum total amount of €872.8 million.

Since 2011, the amount of the Group's operational financing has fallen sharply. In 2012, the Group took a first step towards achieving financial autonomy by implementing in February a factoring receivables securitisation programme dedicated to financing the business of Coface Finanz (Germany) and implemented a commercial paper programme dedicated to factoring financing.

In 2013, the Group continued to move away from Natixis by extending its commercial paper programme.

In 2014, a structural addition was introduced into the securitisation programme, which allowed the maximum amount of the programme to be increased to €1,195 million (recall that the initial amount was €1,100 million). The securitisation programme was renewed early at the end of 2015 for an unchanged maximum amount.

In 2015, the Group decided to set up new bilateral lines to replace the historic financing lines with Natixis and extend its commercial paper programme.

At December 31, 2015, the amount of the Group's debt linked to its factoring activities amounted to €1,965.4 million.

(a) Securitisation programme

In connection with the refinancing of its factoring business, the Group implemented, in February 2012, a securitisation programme for its factoring trade receivables for a maximum total amount of €1,100 million, guaranteed by *la Compagnie*. The maximum amount of the programme increased by €95 million thanks to a structural addition set up in July 2014. The ceding entity was Coface Finanz, the German wholly-owned subsidiary of *la Compagnie*. The reinsurer for the receivables is a French securitisation mutual fund, Vega, governed by the stipulations of the French Monetary and Financial Code. The Group gained from this ceded reinsurance initial funding with 35% of the programme due in one year and the remaining 65% in three years. On February 3, 2014, the Group reached an agreement with the banks in charge of the funding, to renew the funding due in one year and extend the 3-year portion of the funding, which was accordingly raised to 75% of the programme size. Thanks to the additional financing that was introduced in July 2014, the share of financing at three years reached 77%. The securitisation programme was completely renewed early in December 2015, *i.e.* for a maximum total amount of €1,195 million and financing units of 23% and 77% respectively on maturities of one year and three years. The main monitoring indicators for the programme include the receivables default rate, the past due payment rate and the dilution ratio. The priority units issued by the Vega securitisation mutual fund were subscribed and refinanced by four undertakings which were issued in consideration for the short-term securities. The subordinated units were underwritten by Coface Factoring Poland.

At December 31, 2015, €1,195 million had been used under the programme.

This securitisation programme includes a number of usual early payment cases associated with securitisation programmes, concerning the financial position of Coface Finanz (the ceding company) and other Group entities (including certain indicators regarding the quality of the reinsured receivables), and linked to the occurrence of various events, such as:

- payment default of Coface Finanz or of *la Compagnie* for any sum due under the securitisation mutual fund;
- the cross default of any Group entity pertaining to debt above €100 million;
- closure of the asset-backed commercial paper market for a consecutive period of 180 days;
- liquidation proceedings against Coface Finanz, Coface Factoring Poland, the Company or *la Compagnie;*
- the discontinuance or substantial change to the activities practised by Coface Finanz or by *la Compagnie;*
- a downgrading of the financial rating of *la Compagnie* below BBB- for the main funding (maximum amount of €1,100 million) and to below A for additional funding (maximum amount of €95 million); as well as in cases of
- non-compliance with one of the covenants linked to the quality of the reinsured portfolio of factoring receivables.

The securitisation programme does not contain a change of control clause for the Company, but contains restrictions regarding the change of control in *la Compagnie* and the factoring companies resulting in their exit from the Group.

The three covenants set by the securitisation programme include:

COVENANT	DEFINITION	TRIGGER THRESHOLD
Receivables default rate	Moving average on 3 months of payment defaults beyond 60 days after their due date	> 2.24%
Past due payment rate	Moving average over 3 months of the rate of receivables outstanding beyond 30 days after their due date	> 5.21%
Dilution ratio	Sliding average over 3 months of the dilution ratio	> 9.71%

At December 31, 2015, the Group had complied with all of these covenants.

(b) Bilateral credit lines

In connection with the refinancing of its factoring business, the Group also introduced, mainly through its subsidiaries, a certain number of bilateral credit lines and bank overdrafts for a total maximum amount of €872.8 million:

- bilateral credit lines and bank overdrafts concluded with nine German banks (the "German credit lines") and two Polish banks (the "Polish bank overdrafts") for a maximum amount of €372.8 million. These bilateral credit lines and bank overdrafts were concluded for a maximum period of one year. Some German credit lines contain the usual clauses, such as: borrower compliance with a specified net asset level; borrower change of control clause and benefit for the lender of the strictest financial covenant granted by the borrower to other financial institutions. The Polish Overdraft Facilities contain the standard commitments. At December 31, 2015, €30.6 million had been drawn down under the German credit lines and €7 million had been used under the Polish bank overdrafts;
- bilateral credit lines concluded with five relational banks of the Group:
  - five lines for a maximum total amount of €250 million for Coface Finanz (with maturities ranging between 15 months and three years), of which €99.3 million had been drawn down as of December 31, 2015,
  - three lines for a maximum total amount of €250 million for Coface Factoring Poland (with maturities ranging between 1.5 years and two years), of which €216 million had been drawn down as of December 31, 2015.

(c) Commercial paper programme

The Group also has a commercial paper issuance programme that was extended in October 2015 to reach a maximum amount of €600 million. Under this programme, the Company frequently issues securities with due dates ranging generally between one and six months. At December 31, 2015, the total amount of securities issued through this commercial paper programme stood at €418.1 million. Moody's and Fitch have rated the commercial paper programme at P-2 and F1 respectively.

Should the commercial paper market shut down, the Coface Group has six lines of credit, currently unused and granted for a period of one year (due in October 2016) for a period of two years (due in october 2017) covering the maximum amount of the commercial paper issue programme (€600 million). The agreements regulating these bilateral credit lines contain the usual restrictive clauses (such as a negative pledge, prohibition from assigning the assets outside the Group above a specified threshold or restrictions related to the discontinuance or any substantial change in the Group's business activities) and early repayment (payment default, cross default, non-compliance with representations, warranties and commitments, significant adverse change affecting the Company and its capacity to meet its obligations under these bilateral credit lines, insolvency and liquidation procedure or downgrading of the Company's credit rating below BBB+ (by Fitch) or Baa1 (by Moody's)), in line with market practices.

3.5.2 SOLVENCY OF THE GROUP

In compliance with the Solvency I Regulations, the solvency margin corresponds to the required level of shareholder equity, taking into account the activity levels as measured by the premium revenue, weighted by the average loss ratio. The Group is required to maintain a solvency margin which is at a level that is higher than or equal to the level required by the regulations. The Group has calculated its solvency margin in conformity with French regulations, resulting from Decree No. 2002-360 of March 14, 2002 relating to the additional oversight of insurance companies. As of December 31, 2015, the Group's solvency margin represented approximately six times the minimum required (upon an estimate of the payment of dividends).

POSITION AT DECEMBER 31, 2015	POSITION AT DECEMBER 31, 2015		POSITION AT DECEMBER 31, 2014	
	IN MILLIONS OF EUROS	HEDGE RATE	IN MILLIONS OF EUROS	HEDGE RATE
Own Funds (Group Share) IFRS	**1,761**		**1,717**	
Restatement French GAAP	-493		-450	
Own Funds (Group Share) French GAAP	**1,268**		**1,267**	
Losses, unamortised incorporation expenses and other intangible assets	-183		-195	
Capital gains resulting from undervalued assets	135		146	
Issue of subordinated notes on March 27, 2014 (eligible for inclusion in solvency margin up to 25% of the margin requirements)	44		42	
Estimated dividend distribution in 2015	-75		-75	
Equity interests held in a credit institution or investment company (1)	-58			
TOTAL AMOUNT OF ITEMS COMPRISING SOLVENCY I MARGIN	**1,130**	**6.5**	**1,186**	**7.1**
Margin requirement	**175**		**167**	

(1) *In accordance with Article R.334-42 of the Insurance Code, the own funds of credit and financial institutions are not taken into account in calculating the Group's margin. Until Dec. 31, 2014, this restatement was not applied. The own funds of credit and financial institutions totalled €65 million at Dec. 31, 2014. Restated of this item, the margin would be €1,119 million (instead of €1,187 million) and the hedge rate 6.7 times (instead of 7.1 times).*

The Group also measures its financial strength based on the capital requirement (amount of equity required to hedge its managed risks) according to the Solvency II Regulation standard formula for its insurance business and according to bank regulations for the Group's financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company's balance sheet.

For insurance activities, to prepare for the entry into force of Solvency II on January 1, 2016, the Group proceeded on December 31, 2015 with the calculation of the solvency capital requirement (SCR) under the standard formula introduced by European Directive No. 2009/138/EC. The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operating risks. It takes account of frequency risks and severity risks. This calculation is calibrated to hedge the risk of loss corresponding to 99.5% quantile at a one-year horizon. As of December 31, 2015, the amount of the Group's capital requirement (including the SCR calculated according to the standard formula) amounted to €1,333 million.

The Group also calculates the capital requirement for the factoring business line. As of December 31, 2015, the capital requirement for the factoring business amounted to €185 million. It is estimated by applying a 9% rate to the risk-weighted assets (or RWA). RWAs are calculated on the basis of the factoring outstandings, by applying weighting as a function of the probability of default and the expected loss in case of default, determined according to the method in line with that used by Natixis. The Group intends to implement a conservative estimate, given that:

- the percentage applied by the Group (9%) is higher than the rate currently required by banking regulations (8%); and
- German and Polish local regulators (the two countries in which the Group operates its factoring business) have not defined specific mandatory capital requirements for factoring companies.

The amount of the capital requirement for the insurance business and the capital requirement for the factoring business is comparable with the available capital which totalled, as of December 31, 2015, €1,962 million.

At December 31, 2015, the hedge rate of the required capital (ratio between the Group's available capital and its required capital for insurance and factoring), therefore amounted to 147% (*versus* 144% at the end of 2014 estimated on the basis of the economic capital and after taking into account the subordinated debt issue of March 2014).

The economic capital model was developed by Coface to monitor its solvency in anticipation of the establishment of the Solvency II regulatory framework. As an intermediary approach between the internal model under discussion with the ACPR and the standard formula, this model made it possible to estimate the risk of loss with 99.5% probability and took into account the major risks associated with the Group's business (in the same way as the Solvency II standard formula): risks linked to pricing and establishment of provisions, market risks and operational risk. Unlike the Solvency II standard formula, the economic capital model was based on a certain number of approximations, and on parameters calibrated according to the history of the Coface Group's business and the "point in time" economic cycle. In 2015, Coface calculated its solvency ratio using the model applicable under Solvency II and no longer uses the economic capital model.

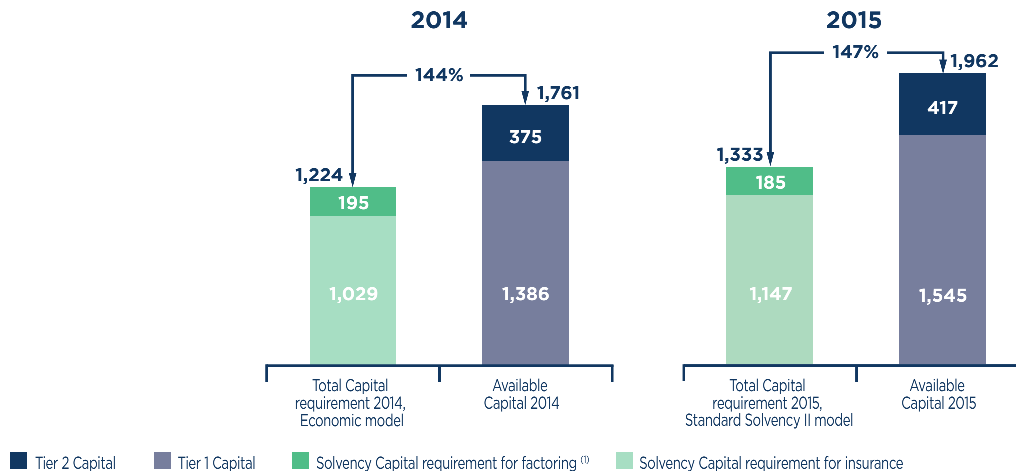
The table below presents the items for calculating the capital requirement hedge ratio in the Group's standard formula [1]:

(in millions of euros)	AS OF DECEMBER 31, 2015
Total equity	1,767
- Goodwill and other intangible assets (net of deferred taxes)	-201
+ Revaluation of provisions using the best estimate method (net of deferred taxes)	+147
- Consolidation under the equity method of non-consolidated subsidiaries (net of deferred taxes)	-76
+/- Other adjustments*	-17
- Estimation of dividend distribution in 2016	-75
+ Subordinated debt (valued at market value)	417
= SOLVENCY II AVAILABLE OWN FUNDS (A)	**1,962**
Capital requirement – Insurance (SCR in standard formula) (B)	1,147
Capital requirement – Factoring (C)	185
STANDARD CAPITAL REQUIREMENT FORMULA (D)=(B)+(C)	**1,333**
HEDGE RATE (E)=(A)/(D)	**147%**

* *Primarily related to the revaluation of certain balance sheet items.*

Furthermore the Group is currently working on a partial internal model as part of the implementation of Solvency II. Talks are in progress with the ACPR to validate its partial internal model designed to calculate, depending on the management of risks specific to Coface Group, its equity needs under Solvency II (see also paragraph 5.1.1.4 "Risks linked to the implementation of Solvency II").

Solvency II margin



(1) *Calculated according to the RWA methodology used by Natixis.*

3.5.3 RETURN ON EQUITY

The return on equity ratio is used to measure the return on the Group's invested capital. Return on average tangible equity (or **RoATE**) is the ratio between net attributable income and the average of attributable accounting equity excluding intangible items (intangible asset values).

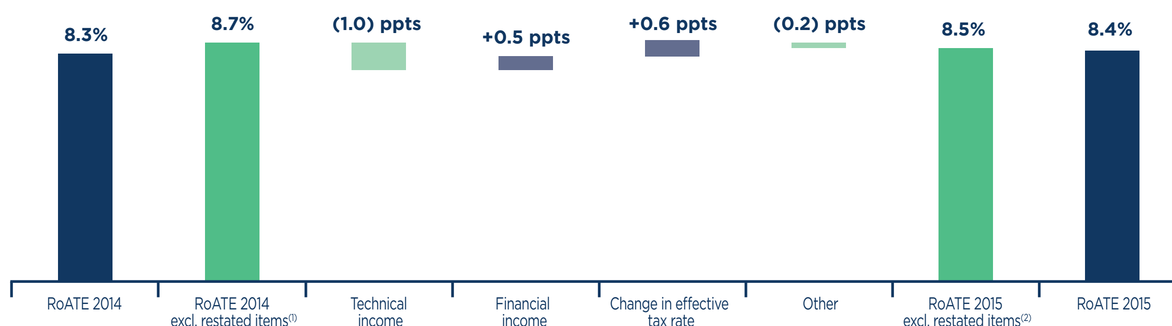
(1) *As the Solvency II Standard formula is interpreted by Coface.*

The table below presents the elements used to calculate the Coface Group's RoATE over the 2014-2015 period:

(in millions of euros)	AS OF DECEMBER 31	
	2015	2014
Accounting equity (attributable to owners of the parent) – A	1,761	1,718
Intangible assets – B	224	232
Tangible equity – C (A-B)	1,537	1,486
Average tangible equity – D ($[C_n+C_{n-1}]/2$)	1,511	1,513
Net attributable income for the year – E	126	125
RoATE – E/D	8.4%	8.3%

In order to analyse the change in return on equity between 2014 and 2015, this ratio was recalculated based on the net income, excluding exceptional items:

(in millions of euros)	AS OF DECEMBER 31	
	2015	2014
Accounting equity (attributable to owners of the parent) – A	1,761	1,718
Intangible assets – B	224	232
Equity, net of intangible assets, recalculated based on the net income excluding exceptional items – C (A-B+F-E)	1,540	1,493
Average equity, net of intangible assets recalculated based on the net income excluding exceptional items – D ($[C_n+C_{n-1}]/2$)	1,516	1,510
Net attributable income for the year – E	126	125
Net attributable income for the year excluding exceptional items – F	129 [1]	132 [2]
RoATE excluding exceptional items – F/D	8.5%	8.7%



(1) 2014 net attributable income restated to take into account the cost of the stock market listing and other exceptional items.
(2) 2015 net attributable income restated to take into account exceptional items.

3.5.4 OFF-BALANCE SHEET COMMITMENTS

Most of the Group's off-balance sheet commitments concern credit lines, guarantees received (pledged securities received from reinsurers corresponding to deposits made by reinsurers under commitments binding them to the Coface Group) and transactions on financial markets.

The table below presents the details of the Group's off-balance sheet commitments for the 2014-2015 period:

(in thousands of euros)	DEC. 31, 2015	RELATED TO SCOPE OF ENTITIES	RELATED TO FINANCING	RELATED TO ACTIVITY
COMMITMENTS GIVEN	**924,417**	**5,569**	**911,348**	**7,500**
Endorsements and letters of credit	909,853		909,853	
Property guarantees	7,500			7,500
Financial commitments in respect of equity interests	5,569	5,569		
Obligations under finance leases	1,495		1,495	
COMMITMENTS RECEIVED	**1,228,810**	**2,776**	**958,900**	**267,134**
Endorsements and letters of credit	121,146			121,146
Guarantees	145,989			145,989
Credit lines linked to commercial paper	600,000		600,000	
Credit lines linked to factoring	358,900		358,900	
Financial commitments in respect of equity interests	2,776	2,776		
GUARANTEES RECEIVED	**409,216**	**0**	**0**	**409,216**
Securities lodged as collateral by reinsurers	409,216			409,216
FINANCIAL MARKET TRANSACTIONS	**55,699**			**55,699**

(in thousands of euros)	DEC. 31, 2014	RELATED TO SCOPE OF ENTITIES	RELATED TO FINANCING	RELATED TO ACTIVITY
COMMITMENTS GIVEN	**419,655**	**282**	**411,873**	**7,500**
Endorsements and letters of credit	410,100		410,100	
Property guarantees	7,500			7,500
Financial commitments in respect of equity interests	282	282		
Obligations under finance leases	1,773		1,773	
COMMITMENTS RECEIVED	**1,086,961**	**2,500**	**834,000**	**250,461**
Endorsements and letters of credit	115,737			115,737
Guarantees	134,724			134,724
Credit lines linked to commercial paper	500,000		500,000	
Credit lines linked to factoring	334,000		334,000	
Financial commitments in respect of equity interests	2,500	2,500		
GUARANTEES RECEIVED	**305,323**	**0**	**0**	**305,323**
Securities lodged as collateral by reinsurers	305,323			305,323
FINANCIAL MARKET TRANSACTIONS	**2,776**			**2,776**

Guarantees and letters of credit totalling €909,853 thousand as of December 31, 2015, correspond primarily to:

- a joint guarantee for investors in COFACE SA subordinated bonds for €380,000 thousand (10-year maturity);
- as well as €500,000 thousand corresponding to the joint guarantee given to the banks financing the factoring business.

Collateral concerning Coface Ré for €104,639 thousand and Compagnie française pour le commerce extérieur for €304,577 thousand.

Credit lines amounted to €600 million for the year ended December 31, 2015, corresponding to the bilateral credit lines set up in the context of the Group's commercial paper issuance programme for €600 million (see paragraph 3.5.1 "Debt and sources of financing for the Group").

3.6 Events after December 31, 2015

The Coface Board meeting held on January 15, 2016 and chaired by Laurent Mignon decided to appoint Xavier Durand to the position of Chief Executive Officer (CEO). This appointment took effect after the Board meeting of February 9, 2016, held to approve the financial statements for 2015. Jean-Marc Pillu served as Chief Executive Officer until that date.

This announcement had no impact on Coface's financial statements for December 31, 2015.

On February 9, 2016, Coface established with BNP Paribas Arbitrage a contingent capital line of €100 million, for a period of three years (that can be reduced to two years at the discretion of COFACE), available in one tranche and that can be exercised in the event of the occurrence of certain extreme events.

The contingent capital line supplements the existing capital management and solvency tools by offering an effective and competitive solution in terms of costs (annual commission of 0.50%). It is part of a conservative capital management strategy in connection with pillar 2 of Solvency II and allows the Group to strengthen its financial robustness to protect its business against extreme risks.

3.7 Outlook

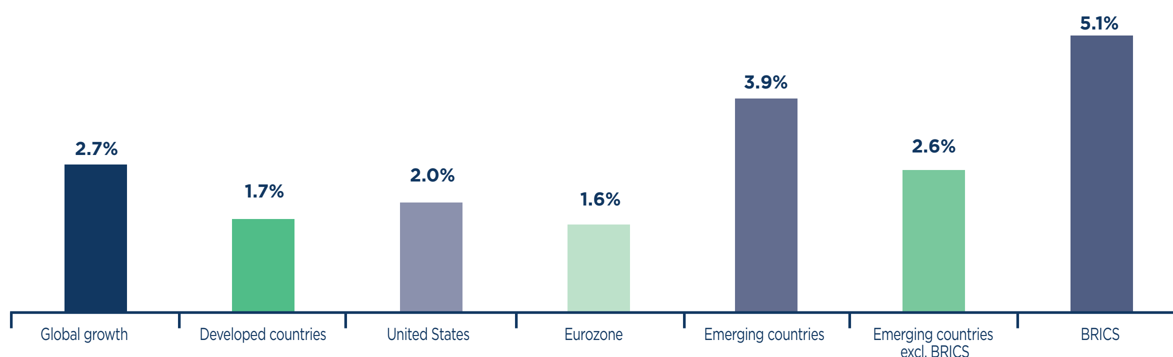
3.7.1 ECONOMIC ENVIRONMENT (1)

Global growth should be slightly higher in 2016 (2.7%) compared to 2015, thanks to the gradual business recovery in emerging economies (+3.9% after +3.4%) and moderate growth in leading countries (+1.7% after +1.9%).

In 2016, among advanced economies, the United States (2.0%) and the United Kingdom (1.8%) will perform better than the major eurozone economies (1.6%), excluding Spain. Vigorous domestic demand will continue to drive growth in both economies. However, political uncertainties loom over both countries in 2016: the presidential elections in the United States and the referendum on the UK's exit from the European Union (Brexit), which might adversely impact investor confidence. More robust growth is expected in the eurozone, spurred by consumption and investment. Exogenous factors (foreign exchange, interest rates and oil) will also continue to maintain buoyant activity. In France, growth is expected to be more dynamic (1.4%) as suggested by the decline in the number of defaults. In Germany, business should be slightly more dynamic (1.5%), thanks in particular to higher salaries and the budget spending on hosting arrangements for the refugees. In Italy, restored investor and household confidence should continue to drive growth (1.1%).

Emerging countries should have more sustained growth in 2016 than in 2015, albeit below their pre-crisis levels. In China, business will continue to slow down (+6.5%), against a backdrop of rebalancing towards private consumption and gradual financial liberalisation as well as still pressing structural imbalances: high debt, the existence of overcapacities in many industrial sectors, and more. South Africa should record a less dynamic growth (+0.6%) compared to 2015, owing to higher interest rates and the political instability affecting business, while the infrastructure deficit persists. Growth outlook for Brazil and Russia is still very gloomy (-3.0% and -1.5% respectively) mainly due to low commodities prices, high inflation and political instability in Brazil. India will continue to benefit from the positive factors that supported growth in 2015. Lastly, in the Middle East, the recent spike in tensions between Iran and Saudi Arabia constitutes a destabilising factor for the region.

GDP GROWTH (as a %): 2016 (source Coface)



(1) *Group estimates updated March 24, 2016*

3.7.2 OUTLOOK FOR THE GROUP

The macro-economic context is demanding (sluggish growth in advanced countries, higher risks in emerging countries, and volatile financial markets). We do not expect any significant change to this situation in 2016. In the absence of a significant rebound in global activity, and considering the transfer of the public procedures management business, Coface is unlikely to achieve the growth and profitability goals set two years ago, by 2016.

However, we stand by the Coface business model, its financial strength and its earnings distribution outlook, at around 60%.

As such, the priorities will be as follows:

- regarding risks: we adjusted our risk exposures between 2014 and 2015, and will continue to do so whenever necessary; the effects of these adjustments will become evident over time;
- regarding costs: we will study and implement the structural adaptations necessary to improve the Group's operational efficiency; and lastly
- we will find the levers and identify the resources that will help to boost the Group's commercial activity.

After Xavier Durand, the new Chief Executive Officer (CEO) appointed on February 9, 2016, settles into his new position, he will launch a process to define the actions to be implemented to strengthen the profitable development of Coface in the long term.

3.8 Appendix – Operating indicators at December 31

In the course of its business, and in addition to the financial information published in accordance with IFRS, the Group tracks certain key operating ratios that provide an understanding of the Group's performance and profitability of its products. They are described at paragraph 3.3.2 "Operating indicators" of this registration document.

3.8.1 CALCULATION OF RATIOS AS OF DECEMBER 31

(in thousands of euros)	NOTE	AS OF DECEMBER 31	
		2015	2014 *
Gross earned premiums excluding policyholders' bonuses and rebates	25	1,267,433	1,231,036
Premium refunds	25	-81,497	-98,309
Gross earned premiums	25	**1,185,936**	**1,132,727**
Fee and commission income	25	135,679	134,014
of which Fees and commission income	25	*125,550*	*124,756*
of which Other insurance-related services	25	*10,129*	*9,259*
Remuneration for public procedures management services	25	59,969	62,541
Services	25	37,348	40,631
of which Information and other services	25	*25,262*	*25,264*
of which Receivables management	25	*12,086*	*15,367*
Net income from banking activities (Factoring)	25	70,599	70,623
Revenue	25	**1,489,531**	**1,440,536**
Claims expenses	26	**-605,344**	**-538,727**
of which Claims expenses		*-605,344*	*-538,727*
Income from ceded reinsurance	29	**214,300**	**198,013**
of which Ceded claims	29	*121,801*	*102,497*
of which Commissions paid by reinsurers	29	*92,499*	*95,515*

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

(in thousands of euros)	NOTE	AS OF DECEMBER 31	
		2015	2014 *
Expenses from ceded reinsurance	29	**-265,710**	**-266,673**
of which Ceded premiums	29	*-284,488*	*-288,309*
of which Ceded policyholders' bonuses and rebates	29	*18,779*	*21,636*
Policy acquisition costs	28	-274,048	-262,880
Administrative costs	28	-269,956	-269,118
Other current operating expenses	28	-81,652	-74,509
Investment management expenses	28	-2,124	-2,039
of which Insurance	28	*-2,124*	*-2,039*
Claims handling expenses	28	-26,460	-25,744
of which Insurance	28	*-26,460*	*-25,744*
Expenses from banking activities, excluding cost of risk	28	-14,094	-11,066
Expenses from other activities	28	-44,892	-47,338
Overheads including expenses from other activities	28	**-713,226**	**-692,693**
of which employee profit-sharing	28	*-7,439*	*-7,497*

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

RATIOS RELATING TO CREDIT INSURANCE AND SURETY BONDS GROSS EARNED PREMIUMS NET OF CANCELLATION

	AS OF DECEMBER 31	
	2015	2014*
Loss ratio before reinsurance	51.0%	47.6%
Loss ratio after reinsurance	52.5%	50.4%
Cost ratio before reinsurance	31.5%	30.9%
Cost ratio after reinsurance	30.5%	29.3%
Combined ratio before reinsurance	82.5%	78.4%
Combined ratio after reinsurance	83.1%	79.7%

* *The published 2014 results were restated to reflect the impacts linked to the application of IFRIC 21. 2014 annual results including IFRIC 21 are equivalent to those published in 2014.*

3.9 Appendix – investments outside the investment portfolio

Since 2012, the Group has mainly invested in property, plant and equipment relating to the organisation or refurbishment of the office properties used, as well as investments in IT equipment or licences. These investments, excluding deposits, surety bonds and the buildings used in the business, amounted to €10.4 million at December 31, 2012, and €20.5 million at December 31, 2013 (of which around €15 million linked to the refurbishment of the Group's head office). At December 31, 2014, the amounts were considered immaterial.

During the period ended December 31, 2015, the Group continued with one-off investments relating to its property, plant and equipment for in the amount of €7.9 million.

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4.1 Consolidated financial statements

4.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in thousands of euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014 *
Intangible assets		**224,307**	**231,968**
Goodwill	5	155,467	154,515
Other intangible assets	6	68,840	77,453
Insurance business investments	7	**2,648,119**	**2,677,731**
Investment property	7	800	923
Held-to-maturity securities	7	3,721	6,872
Available-for-sale securities	7	2,512,526	2,324,682
Trading securities	7	55,468	30,864
Derivatives	7	6,123	2,834
Loans and receivables	7	69,481	311,556
Receivables arising from banking and other activities	8	**2,370,902**	**2,244,262**
Investments in associates	9	**20,258**	**19,001**
Reinsurers' share of insurance liabilities	20	**327,986**	**329,163**
Other assets		**894,121**	**806,282**
Buildings used in the business and other property, plant and equipment	10	65,107	67,708
Deferred acquisition costs	12	44,043	43,171
Deferred tax assets	22	57,538	33,939
Receivables arising from insurance and reinsurance operations	11	518,970	453,415
Trade receivables arising from other activities	12	14,238	17,762
Current tax receivables	12	68,937	43,238
Other receivables	12	125,288	147,049
Cash and cash equivalents	13	**396,837**	**278,624**
TOTAL ASSETS		**6,882,530**	**6,587,031**

* *The Group applied IFRIC 21 "Levies" retrospectively from January 1, 2014. Consequently, 2014 comparative financial statements have been restated (see Note 1 "Reconciliation of the published"and IFRIC 21 restated financial statement December 31, 2014).*

Equity and liabilities

(in thousands of euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014 *
Equity attributable to owners of the parent		**1,760,954**	**1,717,797**
Share capital	14	786,241	786,241
Additional paid-in capital		347,371	422,831
Retained earnings		442,231	318,498
Other comprehensive income		58,872	65,201
Consolidated net income for the year		126,239	125,026
Non-controlling interests		**6,073**	**6,737**
Total equity		**1,767,027**	**1,724,534**
Provisions for liabilities and charges	17	**114,234**	**117,792**
Financing liabilities	19	**392,594**	**395,123**
Liabilities relating to insurance contracts	20	**1,514,862**	**1,472,180**
Payables arising from banking sector activities	21	**2,369,662**	**2,217,782**
Amounts due to banking sector companies	21	352,379	300,706
Amounts due to customers of banking sector companies	21	404,218	379,016
Debt securities	21	1,613,065	1,538,060
Other liabilities		**724,151**	**659,620**
Deferred tax liabilities	22	144,266	128,463
Payables arising from insurance and reinsurance operations	23	241,339	176,628
Current taxes payable	24	111,527	97,058
Derivative instruments with a negative fair value	24	6,752	16,037
Other payables	24	220,267	241,434
TOTAL EQUITY AND LIABILITIES		**6,882,530**	**6,587,031**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published"and IFRIC 21 restated financial statement December 31, 2014).*

4.1.2 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014 *
Revenue	25	**1,489,530**	**1,440,536**
Gross written premiums		1,269,082	1,242,676
Premium refunds		-81,497	-98,309
Net change in unearned premium provisions		-1,650	-11,640
Earned premiums	25	**1,185,935**	**1,132,727**
Fee and commission income	25	**125,550**	**124,756**
Net income from banking activities	25	**70,599**	**70,623**
Cost of risk	27	-4,696	-2,046
Revenue or income from other activities	25	**107,446**	**112,431**
Investment income, net of management expenses	*30*	*50,245*	*35,397*
Gains and losses on disposals of investments	*30*	*2,846*	*7,372*
Investment income, net of management expenses (excluding finance costs)	30	53,091	42,769
TOTAL REVENUE AND INCOME FROM ORDINARY ACTIVITIES		**1,537,925**	**1,481,259**
Claims expenses	26	-605,344	-538,727
Expenses from banking activities, excluding cost of risk	27	-14,094	-11,066
Expenses from other activities		-44,892	-47,338
Income from ceded reinsurance	*29*	*214,300*	*198,013*
Expenses from ceded reinsurance	*29*	*-265,710*	*-266,673*
Income and expenses from ceded reinsurance	29	-51,410	-68,660
Policy acquisition costs	28	-274,048	-262,880
Administrative costs	28	-269,956	-269,119
Other current operating expenses	28	-81,652	-74,509
TOTAL CURRENT INCOME AND EXPENSES		**-1,341,396**	**-1,272,299**
CURRENT OPERATING INCOME		**196,529**	**208,961**
Other operating expenses	31	-5,490	-11,809
Other operating income	31	1,258	1,872
OPERATING INCOME		**192,297**	**199,023**
Finance costs		-18,491	-14,975
Share in net income of associates	33	2,157	2,136
Income tax expense	32	-48,836	-60,335
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**127,127**	**125,849**
Non-controlling interests		-888	-825
NET INCOME FOR THE YEAR		**126,239**	**125,024**
Earnings per share *(in €)*	35	0.80	0.80
Diluted earnings per share *(in €)*	35	0.80	0.80

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published"and IFRIC 21 restated financial statement December 31, 2014).*

4.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(en milliers d'euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014*
Net income for the period		**126,239**	**125,026**
Non-controlling interests		888	825
Other comprehensive income			
Currency translation differences reclassifiable to income		**2,328**	**13,284**
Reclassified to income		*0*	
Recognised in equity		*2,328*	*13,284*
Fair value adjustments on available-for-sale financial assets	7; 16; 22	**-13,901**	**30,220**
Reclassified to income – gross		*-4,490*	*-7,834*
Reclassified to income – tax effect		*1,525*	*2,485*
Recognised in equity – reclassifiable to income – gross		*-9,465*	*48,086*
Recognised in equity – reclassifiable to income – tax effect		*-1,471*	*-12,517*
Fair value adjustments on employee benefit obligations	16; 18; 22	**3,978**	**-6,132**
Recognised in equity – not reclassifi able to income – gross		*5,890*	*-8,763*
Recognised in equity – not reclassifi able to income – tax effect		*-1,912*	*2,631*
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**-7,595**	**37,371**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**119,532**	**163,222**
■ attributable to owners of the parent		119,910	163,428
■ attributable to non-controlling interests		-378	-206

* *Restated pursuant to IFRIC 21 (See Note 1 – Reconciliation of the published and IFRIC 21 restated financial statement at December 31, 2014).*

4.1.4 STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	NOTES	SHARE CAPITAL	CONSOLIDATED RESERVES	TREASURY SHARES
EQUITY AT DECEMBER 31, 2013		**784,207**	**841,834**	
EQUITY AT JANUARY 1, 2014 RESTATED IFRIC 21		**784,207**	**842,271**	
Capital increase		2,034	1,352	
2013 net income to be appropriated			127,439	
Special dividend paid to Natixis (issue premium)			-226,983	
Payment of 2013 dividends in 2014			-1,868	
Total transactions with owners		**2,034**	**-100,060**	
2014 net income restated IFRIC 21				
Fair value adjustments on available-for-sale financial assets recognized in equity				
Fair value adjustments on available-for-sale financial assets reclassified to income				
Change in actuarial gains and losses (IAS 19R)				
Currency translation differences				
Treasury shares elimination				-709
Other movements			-172	
EQUITY AT DECEMBER 31, 2014 RESTATED IFRIC 21		**786,241**	**742,039**	**-709**
2014 net income to be appropriated			125,025	
Payment of 2014 dividends in 2015			-75,460	
Total transactions with owners			**49,565**	
December 31, 2015 net income				
Fair value adjustments on available-for-sale financial assets recognized in equity	7; 16			
Fair value adjustments on available-for-sale financial assets reclassified to income	7; 16; 22			
Change in actuarial gains and losses (IAS 19R)	18; 22			
Currency translation differences				
Treasury shares elimination				-1,934
Free share plans expenses			641	
Transactions with shareholders				
EQUITY AT DECEMBER 31, 2015		**786,241**	**792,245**	**-2,643**

OTHER COMPREHENSIVE INCOME						
FOREIGN CURRENCY TRANSLATION RESERVE	RECLASSIFIABLE REVALUATION RESERVES	NON-RECLASSIFIABLE REVALUATION RESERVES	NET INCOME FOR THE PERIOD	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
-33,962	**75,930**	**-15,211**	**127,439**	**1,780,239**	**13,089**	**1,793,327**
-33,962	**75,930**	**-15,211**	**127,439**	**1,780,676**	**13,089**	**1,793,764**
				3,386		3,386
			-127,439			
				-226,983		-226,983
				-1,868	-760	-2,628
			-127,439	**-225,465**	**-760**	**-226 ,225**
			125,025	125,025	825	125,850
	36,499			36,499	-930	35,569
	-5,349			-5,349		-5,349
		-6,132		-6,132		-6,132
13,281				13,281	3	13,284
				-709		-709
	184	-39		-28	-5,490	-5,518
-20,681	**107,264**	**-21,382**	**125,025**	**1 717 797**	**6,737**	**1,724,534**
			-125,025			
				-75,460	-697	-76,157
			-125,025	**-75,460**	**-697**	**-76,157**
			126,239	126,239	888	127,127
	-10,164			-10,164	-771	-10,935
	-2,822			-2,822	-144	-2,966
		3,978		3,978		3 978
2,679				2,679	-351	2,328
				-1,934		-1,934
				641		641
					411	411
-18,002	**94,278**	**-17,404**	**126,239**	**1,760,954**	**6,073**	**1,767,027**

4

4.1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014
Net income for the period	35	**126,239**	**125,092**
Income tax expense		48,837	60,367
Finance costs		18,491	14,975
Operating income before tax (A)		**193,567**	**200,434**
Non-controlling interests		888	825
+/- Depreciation, amortization and impairment losses	6; 7.1; 10; 17	21,030	21,179
+/- Net additions to/reversals from technical provisions	20	23,452	-10,502
+/- Share in net income of associates	9	-2,157	-2,136
+ Dividends received from associates	9	900	756
+/- Fair value adjustments on financial instruments recognized at fair value through income		41,095	42,948
+/- Non-cash items		37,840	-53,926
Total non-cash items (B)		***123,047***	***-856***
Gross cash flows from operations (C) = (A) + (B)		***316,614***	***199,577***
Change in operating receivables and payables		12,616	16,941
Net taxes paid		-73,228	14,495
Net cash related to operating activities (D)		***-60,612***	***31,436***
Increase (decrease) in receivables arising from factoring operations		-127,615	-123,997
Increase (decrease) in payables arising from factoring operations		100,207	214,538
Increase (decrease) in factoring liabilities		52,281	-62,245
Net cash generated from banking and factoring operations (E)	8; 21	***24,873***	***28,295***
NET CASH GENERATED FROM OPERATING ACTIVITIES (F) = (C+D+E)		**280,875**	**259,308**
Acquisitions of investments	7	-2,027,373	-3,286,721
Disposals of investments	7	1,976,835	2,891,605
Net cash used in movements in investments (G)		***-50,538***	***-395,116***
Acquisitions of consolidated subsidiaries, net of cash acquired			
Disposals of consolidated companies, net of cash transferred			
Net cash used in changes in scope of consolidation (H)			
Disposals of property, plant and equipment and intangible assets	6; 10	-7,931	-8,920
Acquisitions of property, plant and equipment and intangible assets	6; 10	2,253	4,334
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)		***-5,678***	***-4,586***

(in thousands of euros)	NOTES	DEC. 31, 2015	DEC. 31, 2014
NET CASH USED IN INVESTING ACTIVITIES (J) = (G+H+I)		**-56,216**	**-399,702**
Proceeds from the issue of equity instruments			3,386
Special dividend paid to Natixis - issue premium payment			-226,983
Treasury share transactions		-1,781	-657
Dividends paid to owners of the parent		-75,460	-1,867
Dividends paid to non-controlling interests		-697	-760
Relution (Coface SA repurchase Compagnie Française d'Assurance pour le Commerce Extérieur from Natixis)		-	-4,169
Cash flows related to transactions with owners		***-77,938***	***-231,050***
Proceeds from the issue of debt instruments	19		388,846
Cash used in the redemption of debt instruments	19	-2,759	-10,457
Interests paid *		-18,048	
Cash flows related to the financing of Group operations		***-20,807***	***378,389***
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES (K)		**-98,745**	**147,339**
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (L)		**-7,702**	**-2,242**
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)		**+118,213**	**+4,704**
Net cash generated from operating activities (F)		280,875	259,308
Net cash used in investing activities (J)		-56,216	-399,702
Net cash generated from (used in) financing activities (K)		-98,745	147,339
Impact of changes in exchange rates on cash and cash equivalents (L)		-7,702	-2,242
Cash and cash equivalents at beginning of period	13	**278,624**	**273,920**
Cash and cash equivalents at end of period	13	**396,837**	**278,624**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**+118,213**	**+4,704**

* *The item "Interests paid" includes interest on Coface SA hybrid securities for €15,675 thousand.*

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BASIS OF PREPARATION

These IFRS consolidated financial statements of the Coface Group as at December 31, 2015 are established in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and as adopted by the European Union [1]. They are detailed in the Note 4 "Applicable Accounting Standards" of the present consolidated financial statements as at December 31, 2015.

They are the same as those used for the year ended December 31, 2014, except the IFRIC 21 interpretation applicable as of January 1, 2015 (see Note 1 "Reconciliation of the published and restated financial statements").

In accordance with IAS 1, the consolidated financial statements of the Coface Group as of December 31, 2015 include:

- the balance sheet;
- the income statement;
- the consolidated statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;
- the notes to the financial statements.

They are presented with comparative financial information at December 31, 2014.

These IFRS consolidated financial statements for the year ended December 31, 2015 were reviewed by the Coface Group's Board of Directors on February 9, 2016.

/ NOTE 1 / Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014

IFRIC Interpretation 21 "Levies", which was adopted by the European Commission on June 13, 2014, and which becomes mandatory on January 1, 2015, is intended to clarify the accounting date to be used for liabilities related to levies resulting in a net outflow of resources and imposed by governments (including government agencies and similar bodies whether local, national or international).

The following are within the scope of the Interpretation:

- levies whose timing and amount are certain;
- levies that are within the scope of IAS 37.

The interpretation does not cover:

- taxes and levies that are within the scope of other standards such as IAS 12 "Income Taxes", IAS 19 R "Employee Benefits" and IFRS 2 "Share-based Payment";
- fines and other penalties imposed for breaches of applicable laws and regulations.

According to the interpretation, the event giving rise to the recognition of the liability, or "obligating event" is the activity that triggers the payment of the levy in accordance with applicable laws and regulations. Based on current practice, two discrepancies emerge from the application of this principle:

- for annual financial statements, under IFRIC, levies calculated on the basis of the current period's activity, but whose payment is legally triggered in the subsequent period, may not be recognized in the period in which the corresponding revenue is generated;
- for interim financial statements, the obligating event may occur over time or at a particular point in time. Thus, in some instances the Interpretation requires the related provision to be recognized in full at the time the obligating event occurs, *i.e.,* in a single nine-month period or quarter *versus* the current progressive recognition.

The first application of IFRIC 21 retrospectively at January 1, 2014, generates a positive impact on shareholders' equity amounting to €370,000 of "Contribution sociale de solidarité des sociétés (C3S)" restated.

The impact on the operating income at December 31, 2014 amounted to an expense of €99,000 in restated C3S.

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(1) *The standards adopted by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.*

RESTATEMENTS ON ASSETS – ASSETS

(in thousands of euros)	NOTES	DEC. 31, 2014 PUBLISHED	IFRIC 21 IMPACTS	DEC. 31, 2014 RESTATED
Intangible assets		**231,968**		**231,968**
Goodwill	5	154,515		154,515
Other intangible assets	6	77,453		77,453
Insurance business investments	7	**2,677,731**		**2,677,731**
Investment property	7	923		923
Held-to-maturity securities	7	6,872		6,872
Available-for-sale securities	7	2,324,682		2,324,682
Trading securities	7	30,864		30,864
Derivatives	7	2,834		2,834
Loans and receivables	7	311,556		311,556
Receivables arising from banking and other activities	8	**2,244,262**		**2,244,262**
Investments in associates	9	**19,001**		**19,001**
Reinsurers' share of insurance liabilities	20	**329,163**		**329,163**
Other assets		**806,468**	**-186**	**806,282**
Buildings used in the business and other property, plant and equipment	10	67,708		67,708
Deferred acquisition costs	12	43,171		43,171
Deferred tax assets	23	34,125	-186	33,939
Receivables arising from insurance and reinsurance operations	11	453,415		453,415
Trade receivables arising from other activities	12	17,762		17,762
Current tax receivables	12	43,238		43,238
Other receivables	12	147,049		147,049
Cash and cash equivalents	13	**278,624**		**278,624**
TOTAL ASSETS		**6,587,217**	**-186**	**6,587,031**

RESTATEMENTS ON LIABILITIES – EQUITY AND LIABILITIES

(in thousands of euros)	NOTES	DEC. 31, 2014 PUBLISHED	IFRIC 21 IMPACTS	DEC. 31, 2014 RESTATED
Equity attributable to owners of the parent		**1,717,427**	**370**	**1,717,797**
Share capital	14	786,241		786,241
Additional paid-in capital		422,831		422,831
Retained earnings		318,062	437	318,499
Other comprehensive income		65,201		65,201
Consolidated net income for the year		125,092	-67	125,025
Non-controlling interests		**6,737**		**6,737**
Total equity		**1,724,164**	**370**	**1,724,534**
Provisions for liabilities and charges	17	**117,792**		**117,792**
Financing liabilities	19	**395,123**		**395,123**
Liabilities relating to insurance contracts	20	**1,472,180**		**1,472,180**
Payables arising from banking sector activities	21	**2,217,782**		**2,217,782**
Amounts due to banking sector companies	21	300,706		300,706
Amounts due to customers of banking sector companies	21	379,016		379,016
Debt securities	21	1,538,060		1,538,060
Other liabilities		**660,176**	**-556**	**659,620**
Deferred tax liabilities	22	128,463		128,463
Payables arising from insurance and reinsurance operations	23	176,628		176,628
Current taxes payable	24	97,614	-556	97,058
Derivative instruments with a negative fair value	24	16,037		16,037
Other payables	24	241,434		241,434
TOTAL EQUITY AND LIABILITIES		**6,587,217**	**-186**	**6,587,031**

RESTATMENTS ON P&L

(in thousands of euros)	NOTES	DEC. 31, 2014 PUBLISHED	IFRIC 21 IMPACTS	DEC. 31, 2014 RESTATED
Revenue	25	**1,440,536**		**1,440,536**
Gross written premiums		1,242,676		1,242,676
Premium refunds		-98,309		-98,309
Net change in unearned premium provisions		-11,640		-11,640
Earned premiums	25	**1,132,727**		**1,132,727**
Fee and commission income	25	**124,756**		**124,756**
Net income from banking activities	25	**70,623**		**70,623**
Cost of risk	27	-2,046		-2,046
Revenue or income from other activities	25	**112,431**		**112,431**
Investment income, net of management expenses	*30*	*35,397*		*35,397*
Gains and losses on disposals of investments	*30*	*7,372*		*7,372*
Investment income, net of management expenses excluding finance costs	30	42,769		42,769
Total revenue and income from ordinary activities		**1,481,259**		**1,481,259**
Claims expenses	26	-538,721	-6	-538,727
Expenses from banking activities, excluding cost of risk	27	-11,066		-11,066
Expenses from other activities		-47,338		-47,338
Income from ceded reinsurance	*29*	*198,013*		*198,013*
Expenses from ceded reinsurance	*29*	*-266,673*		*-266,673*
Income and expenses from ceded reinsurance	29	-68,660		-68,660
Policy acquisition costs	28	-262,854	-26	-262,880
Administrative costs	28	-269,106	-13	-269,119
Other current operating expenses	28	-74,455	-54	-74,509
TOTAL CURRENT INCOME AND EXPENSES		**-1,272,200**	**-99**	**-1,272,299**
CURRENT OPERATING INCOME		**209,060**	**-99**	**208,960**
Other operating expenses	31	-11,809		-11,809
Other operating income	31	1,872		1,872
OPERATING INCOME		**199,122**	**-99**	**199,023**
Finance costs		-14,975		-14,975
Share in net income of associates	33	2,136		2,136
Income tax expense	32	-60,367	32	-60,335
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**125,916**	**-67**	**125,849**
Non-controlling interests		-825		-825
NET INCOME FOR THE YEAR		**125,092**	**-67**	**125,024**
Earnings per share *(in €)*	35	0.80		0.80
Diluted earnings per share *(in €)*	35	0.80		0.80

/ NOTE 2 / Significant events

◆ Modernisation of the flagship offering, renamed TradeLiner

Coface has modernised its flagship offering and announced on June 15 the launch of TradeLiner, designed to address the changing needs of mid-market companies. This decision is an integral part of the Coface Group's decision to revamp its strategy and tailor its credit insurance offering to specific market segments. This new product is currently in the process of being rolled out in all countries in which the Group operates.

◆ Geographical development

Continuing its efforts of expansion in new markets, Coface obtained in January 2015 a licence in Israel allowing it to sell credit insurance policies through its own sales forces. The Group also opened a new sales representation office in Kazakhstan (January 2015).

◆ Management of State export credit guarantees

The French government announced on February 23, 2015 that it was examining the possibility of transferring the French State public guarantees activity, currently carried out by Coface, to the Bpifrance group.

Having studied and discussed the project with Coface, the French government announced on July 29, 2015, its decision to implement the project, in line with its aim to consolidate under one establishment the support it offers to SME and larger companies.

Coface and the French government reached an agreement, signed on July 29, 2015, as to the financial terms of such a transfer. These consist in compensation [(1)] of €89.7 million before tax.

This compensation will allow Coface to absorb immediate depreciation charges (estimated at €16.3 million before tax) and contribute to absorbing the loss of margin (€12.6 million) and fixed costs (€20.3 million) remaining at Coface's expense (amounts before tax on a full-year 2015 basis).

The transfer is subject to modification of the applicable legislative and regulatory framework, which will come into effect by decree [(2)]. It will result in the transfer to Bpifrance of the autonomous branch of activity consisting in the management of state guarantees, composed of dedicated teams and resources (IT systems, contracts, etc.), in addition to the corresponding assets and liabilities.

◆ Finalization of the financial autonomy project and evolution of the refinancing program

Introduction of the bilateral facility lines

In the context of disengagement from Natixis, the Coface Group has put in place an alternative refinancing solution to the liquidity line of €500 million granted by Natixis, as shareholder, for the Group's factoring companies in Germany and Poland (for an amount of €200 million and €300 million respectively). Therefore, eight multicurrency revolving facilities have been put in place with five banking partners for a total amount of €500 million split equally between Coface Finanz and Coface Factoring Poland.

The credit lines are backed by a guarantee granted by COFACE SA to insure the lenders against failure by the borrower to comply with its obligations.

This shift has led the Group to reinforce the diversification of banking partners and to achieve complete financial autonomy for the global refinancing needs while extending the average maturity of the refinancing sources (the maturity of the new lines varies between 15 months and three years).

Extension of the commercial paper program

In October 2015, the Coface Group proceeded to an extension of its commercial paper program dedicated to the refinancing of the factoring business of Coface Finanz.

As a reminder, bilateral credit lines (backup lines) support the program in case of market disruption, which is a requirement of the rating agencies.

This year the renewal of the program has led to:

- a lengthening of maturities (four of the six lines have a maturity of two years);
- an increase of the amount (from €500 million to €600 million) and;
- a significant financial gain (a decrease in average price of the lines by approximatively 10 bps).

The extension of the size of the program with a lengthening of the maturity is part of the strategy defined by the Group at the beginning of this year. It allowed to take advantage of favorable market conditions and to secure them for a larger amount and for a longer term.

Renewal of the securitization program

In March 2012 the Coface Group put in place a securitization program as an alternative refinancing solution to the liquidity line granted by Natixis to support the Group's factoring business in Germany. The initial program for a global amount of €1,100 million has evolved to reach €1,195 million in July 2014.

The special purpose vehicle (French *fonds commun de titrisation*), called VEGA, acquires the receivables at their nominal value less a discount determined on the basis of the portfolio's past losses and refinancing costs. To obtain refinancing, the fund issues (i) senior units subscribed by the conduits (one conduit per bank) which in turn issue ABCP (asset-backed commercial paper) on the market and (ii) junior units subscribed by Coface Factoring Poland.

(1) The compensation of €89.7 million before tax is composed of a €77.2 million cash payment and depreciation charges estimated at €12.5 million at end 2015.

(2) Finance Law No. 2015-1786, Article 103, from December 29, 2015.

In December 2015, the securitization program for factoring receivables of Coface Finanz has been renewed in advance for a maximum amount maintained at €1,195 million. Within this framework, the Coface Group entered into an agreement with the banks in charge of financing to renew funding with maturities of one year and three years at a 23% and 77% respectively of the global maximum amount.

◆ Financial strength affirmed by rating agencies

Fitch and Moody's reaffirmed the financial strength ratings (IFS) of the Group, A2 and AA- respectively (stable outlook), on September 17 and October 13, 2015.

◆ Governance evolution

Executive Committee

The Executive Committee is composed by the members of: i) the Group Direction Committee, which is the strategic and operational management body of the Group; and, ii) the heads of the seven geographic regions. The said committee has evolved to support the development of the Group.

Carole Lytton was appointed as Group Corporate Secretary as of July 3, 2015. She manages the Group legal, compliance, facility management functions and CSR (corporate social responsibility), a new function which is intended to include corporate governance issues on the sustainable development of Coface.

Juan Saborido was appointed as director of the North America region, and has integrated the Executive Committee April 15, 2015.

By decision of November 2, 2015 the Board of Directors appointed Carine Pichon as effective manager of the Group, as part of the Solvency II Regulations. The Group now has two effective directors, the CEO and Carine Pichon, Chief Financial Officer of the Group.

Following the resignation of Richard Burton, Pierre Hamille was appointed Group Audit Director on November 30, 2015. Therefore and due to the incompatibility between this new function with that of being a member of the Executive Committee, Pierre Hamille has left the Executive Committee.

Since November 30, 2015, the Risk Management Group is hierarchically attached to Carine Pichon, Chief Financial Officer of the Group.

Board of Directors

COFACE SA Board of Directors proceeded to co-opt two new directors during the meeting of May 5, 2015: Linda Jackson, Managing Director of Citroën and member of the Executive Committee of PSA Peugeot Citroën; and, Odillard Martine, Chief Executive Officer of Chargers Group.

These two new members are considered independent. The Board will benefit from their vast experience gained over the years by working in international companies in diversified sectors.

Clara-Cristina Streit left the Board of Directors on May 1, 2015.

As at December 31, 2015, the composition of COFACE SA Board of Directors is as follows: Laurent Mignon (Chairman of the Board), BPCE (represented by Marguerite Berard-Andrieu), John Arundel, Jean-Paul Dumortier, Eric Hemar, Linda Jackson, Pascal Marchetti, Sharon MacBeath, Martine Odillard, Laurent Roubin, and Olivier Zarrouati.

/ NOTE 3 / Scope of consolidation

Change in the scope of consolidation in 2015

First-time consolidation

Fonds Lausanne was first-time consolidated by full integration method during the third quarter 2015. This entity was created in order to allow to Coface Ré to subcribe to parts in mutual funds (*fonds communs de placement* or FCP). It integrates two French funds, Lausanne n°2 and Lausanne n°3.

Exit from consolidation scope

Coface Deutschland Vertriebs was merged with Cofacerating holding.

The invetment fund Fonds Colombes n°1 was liquidated during the second quarter of 2015.

Special purpose entities

SPEs used for the credit insurance business

Coface's credit enhancement operations consist of insuring, via a special purpose entity (SPE), receivables securitised by a third party through investors, for losses in excess of a predefined amount. In this type of operation, Coface has no role whatsoever in determining the SPE's activity or its operational management. The premium received on the insurance policy represents a small sum compared to all the benefits generated by the SPE, the bulk of which flow to the investors.

Coface does not sponsor securitisation arrangements. It plays the role of mere service provider to the special purpose entity by signing a contract with the SPE. In fact, Coface holds no power over the relevant activities of the SPEs involved in these arrangements (selection of receivables in the portfolio, receivables management, etc.). No credit insurance SPEs were consolidated within the financial statements at December 31, 2015.

SPEs used for financing operations

Since 2012, Coface has put in place an alternative refinancing solution to the liquidity line granted by Natixis for the Group's factoring business in Germany and Poland (SPEs used for financing operations).

Under this solution, every month, Coface Finanz – a Group factoring company – sells its factored receivables to a French SPV (special purpose vehicle), the FCT Vega securitisation fund. The sold receivables are covered by credit insurance provided by Coface Deutschland (formerly Coface Kreditversicherung AG).

The securitisation fund acquires the receivables at their nominal value less a discount (determined on the basis of the portfolio's past losses and refinancing costs). To obtain refinancing, the fund issues (i) senior units to the conduits (one conduit per bank) which in turn issue ABCP (asset-backed commercial paper) on the market, and (ii) subordinated units to Coface Factoring Poland. The Coface Group holds control over the relevant activities of the FCT.

The FCT Vega securitisation fund is consolidated in the Group financial statements.

SPEs used for investing operations

The "Colombes" mutual funds were set up in 2013 to centralise the management of the Coface Group's investments. The administrative management of these funds has been entrusted to Amundi, and Caceis has been selected as custodian and asset servicing provider.

Coface Group entities (and only Coface Group entities) now subscribe to units in these funds, *via* Compagnie française d'assurance pour le commerce extérieur, instead of having their own respective investment portfolios, which have been liquidated. Once a year the entities concerned receive a share of the comprehensive income generated by the funds in proportion to their net contribution to the management platform.

Fonds Lausanne was created in order to allow to Coface Ré to subcribe to parts in investment funds, the management is delegated to Amundi, the custodian is Caceis Switzerland and the asset servicing provider is Caceis.

The three criteria established by IFRS 10 for consolidation of the FCP Colombes and FCP Lausanne funds are met. Units in dedicated mutual funds (UCITS) have been included in the scope of consolidation and are fully consolidated. They are wholly-controlled by the Group.

◆ Scope of consolidation

All of Coface entities are consolidated by full integration method, except Cofacredit consolidated by equity method.

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
Northern Europe						
Germany	Coface Deutschland (ex-Coface Kreditversicherung) Isaac – Fulda – Allee 1 55124 Mainz	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Germany	Coface Finanz GmbH Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Debitorenmanagement GmbH Isaac – Fulda – Allee 5 55124 Mainz	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Rating Holding Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Deutschland Vertriebs Isaac – Fulda – Allee 1 55124 Mainz	Merged	NA	NA	100.00%	100.00%
Germany	Coface Rating Gmbh Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	100.00%
Germany	Kisselberg Hauptstr. 131-137 65260 Eschborn	Full	100.00%	100.00%	100.00%	100.00%
Germany	Fct Vega (fonds de titrisation) 41, rue Délizy 93500 Pantin	Full	100.00%	100.00%	100.00%	100.00%
Netherlands	Coface Nederland Services Claudius Prinsenlaan 126 Postbus 3377 4800 DJ Breda	Full	100.00%	100.00%	100.00%	100.00%

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
Netherlands	Coface Nederland Claudius Prinsenlaan 126 P.O. Box 3377 4800 DJ Breda	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Denmark	Coface Danmark Nygade 111 7430 Ikast	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Sweden	Coface Sverige Kungsgatan 33 111 56 Stockholm	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Russia	Coface Russia Insurance Company Parus Business Centre, 23/1 1st Tverskaya-Yamskaya Str. 125047 Moscow	Full	100.00%	100.00%	100.00%	100.00%
Western Europe						
France	COFACE SA (Ex-Coface Holding) 1, place Costes et Bellonte 92270 Bois-Colombes	Parent company	100.00%	100.00%	100.00%	100.00%
France	Compagnie française d'assurance pour le commerce extérieur (ex- COFACE SA) 1, place Costes et Bellonte 92270 Bois-Colombes	Full	100.00%	100.00%	100.00%	100.00%
France	Cofacredit Tour facto 18, rue Hoche 92988 Puteaux	Equity method	36.00%	36.00%	36.00%	36.00%
France	Cofinpar 1, place Costes et Bellonte 92270 Bois-Colombes	Full	100.00%	100.00%	100.00%	100.00%
France	Cogeri 1, place Costes et Bellonte 92270 Bois-Colombes	Full	100.00%	100.00%	100.00%	100.00%
France	Fimipar 1, place Costes et Bellonte 92270 Bois-Colombes	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 1 90, boulevard Pasteur 75015 Paris	NA	NA	NA	100.00%	100.00%
France	Fonds Colombes 2 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 2 bis 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 bis 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 ter 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
France	Fonds Colombes 4 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 4 bis 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 5 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 5 bis 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 6 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 6 bis 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgium Services Holding 100 boulevard du Souverain 1170 Bruxelles	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgium 100, boulevard du Souverain B-1170 Bruxelles (Watermael-Boitsfort)	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Luxembourg	Coface Luxembourg 2, route d'Arlon L-8399 Windhof (Koerich) Luxembourg	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Switzerland	Coface Switzerland Rue Belle-Fontaine 18; CP 431 1001 Lausanne	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Switzerland	Coface Ré Rue Belle-Fontaine 18; CP 431 1001 Lausanne	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 2 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	NA	NA
Switzerland	Fonds Lausanne 3 90, boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	NA	NA
Spain	Coface Servicios España, SL Calle Aravaca, 22 28040 Madrid	Full	100.00%	100.00%	100.00%	100.00%
Spain	Coface Iberica C/Aravaca 22 28040 Madrid	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Portugal	Coface Portugal Av. José Malhoa, 16B – 7º Piso, Fracção B.1 Edifício Europa 1070 159 Lisboa	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
UK	Coface UK Holding 180 St Albans Rd, Watford Hertfordshire WD17 1RP	Full	100.00%	100.00%	100.00%	100.00%

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
UK	Coface UK Services 180 St Albans Rd, Watford Hertfordshire WD17 1RP	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK Egale 1, 80 St Albans Road Watford, Hertfordshire WD17 1RP	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Ireland	Coface Irlande 67 B Upper George's Street Dun Laoghaire Co Dublin	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Central Europe						
Austria	Coface Austria Services Stubenring 24 1011 Vienna	Full	100.00%	100.00%	100.00%	100.00%
Austria	Coface Central Europ Holding Stubenring 24-2 A 1010 Vienna	Full	74.99%	74.99%	74.99%	74.99%
Austria	Coface Austria (ex- Coface Austria Holding AG) Stubenring 24 1011 Vienna	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Hungary	Coface Hungary Insurance Tűzoltó u. 57, H-1094 Budapest	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Poland	Coface Poland CMS Al.Jerozolimskie 136 PL-02-305/Warszaw	Full	100.00%	74.99%	100.00%	74.99%
Poland	Coface Poland Factoring Al.Jerozolimskie 136 PL-02-305/Warszaw	Full	100.00%	100.00%	100.00%	100.00%
Poland	Coface Poland Insurance Al. Jerozolimskie 136, PL-02-305 Warszaw	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Czech Republic	Coface Czech Insurance I.P. Pavlova 5 120 00 Praha 2	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Romania	Coface Romania CMS Calea Floreasca 39, Et. 3 Sect.1 Bucharest	Full	100.00%	74.99%	100.00%	74.99%
Romania	Coface Romania Insurance Calea Floreasca 39, Et. 3 Sect.1, 014453, Bucuresti	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Slovakia	Coface Slovakia Insurance Šoltésovej 14 811 08 Bratislava	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Lithuanie	LEID (Lithuania) Vilniaus str. 23 01402 Vilnius	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Latvia	Coface Latvia Insurance Berzaunes iela 11a LV-1039 Riga	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Bulgaria	Coface Bulgaria Insurance 85/87, T. Alexandrov blvd 1303 Sofia	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
Mediterranean & Africa						
Italy	Coface Italy (Succursale) Via Giovanni Spadolini 4 20141 Milan	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Italy	Coface ITALIA Via Giovanni Spadolini 4 20141 Milan	Full	100.00%	100.00%	100.00%	100.00%
Israel	Coface ISRAEL 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Israel	Coface Holding Israel 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	Full	100.00%	100.00%	100.00%	100.00%
Israel	Business Data Information Coface (BDI Coface) 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	Full	100.00%	100.00%	100.00%	100.00%
South Africa	Coface South Africa Nyanga Office Park Inyanga Close, Suninghill	Full	100.00%	100.00%	100.00%	100.00%
South Africa	Coface South Africa Services Nyanga Office Park Inyanga Close, Suninghill	Full	100.00%	100.00%	100.00%	100.00%
Turkey	Coface Sigorta Buyukdere Caddesi, Yapi Kredi Plaza, B-Blok Kat:6 Levent 34 330 Istanbul	Full	100.00%	100.00%	100.00%	100.00%
North America						
United States	Coface North America Holding Company Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface Services North America 900 Chapel Street New Haven, CT 06510	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America Insurance Company Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface Canada 251 Consumer Road Suite 910 Toronto – On M2J 1R3	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	

COUNTRY	ENTITY	CONSOLIDATION METHOD	PERCENTAGE			
			CONTROL DEC. 31, 2015	INTEREST DEC. 31, 2015	CONTROL DEC. 31, 2014	INTEREST DEC. 31, 2014
Latin America						
Mexico	Coface Seguro De Credito Mexico Av. Insurgentes Sur #1787 Piso 10, Col. Guadalupe Inn, Delegación: Alvaro Obregon 01020 Mexico City, D.F	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Holding America Latina Av. Insurgentes Sur #1787 Piso 10, Col. Guadalupe Inn, Delegación: Alvaro Obregon 01020 México City, D.F	Full	100.00%	100.00%	100.00%	100.00%
Brazil	Coface Do Brasil Seguros De Credito Interno SA 34, João Duran Alonso Square Brooklin Novo District Saõ Paulo 12 floor	Full	100.00%	100.00%	100.00%	100.00%
Brazil	Seguradora Brasileira De Credito Interno SA (SBCE) Pça. João Duran Alonso, 34 – 12º Andar Brooklin Novo – Sao Paulo, CEP: 04571-070	Full	75.82%	75.82%	75.82%	75.82%
Chile	Coface Chile Nueva Tajamar 555. P17. Las Condes. Santiago	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Chile	Coface Chile SA Nueva Tajamar 555. Torre Costanera	Full	100.00%	100.00%	100.00%	100.00%
Argentina	Coface Argentina Ricardo Rojas 401 – 7 Floor CP 1001 Buenos Aires – Argentina	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Ecuador	Coface Ecuador Irlanda E10-16 y República del Salvador Edificio Siglo XXI, PH	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Asia-Pacific						
Australia	Coface Australia Level 10, 68 York Street Sydney NSW 2000 GPO Box 129 Sydney NSW 2001	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Hong-Kong	Coface Hong Kong 29th Floor, No.169 Electric Road North Point, Hong Kong	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Japan	Coface Japon Atago Green Hills MORI Tower 38F, 2-5-1 Atago, Minato-ku Tokyo 105-6238	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Singapore	Coface Singapour 16 Collyer Quay #15-00 Singapore 049318	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	
Taiwan	Coface Taiwan Room A5, 6F, N°16, Section 4, Nanjing East Road, Taipei 10553	-	Branch of Compagnie française d'assurance pour le commerce extérieur		Branch of Compagnie française d'assurance pour le commerce extérieur	

/ NOTE 4 / Accounting principles

4.1 Applicable accounting standards

The consolidated financial statements of the Coface Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union [(1)]. The same accounting principles and policies have been used for the financial statements of the year ended December 31, 2014 – apart from the following amendments applicable for the first time on or after January 1, 2015:

Legislation applicable since January 1, 2015

- the interpretation of IFRIC 21 "Levies" published by the IASB on May 20, 2013 and adopted by the European Commission on June 13, 2014 and of mandatory application on or after January 1, 2015. This interpretation seeks to clarify the date to be used for the recognition of levies in the financial statements of the entity paying such levy in application of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The first application of IFRIC 21 retrospectively at January 1, 2014, generates a positive impact on shareholders' equity amounting to €370,000 (including tax effect) of "Contribution sociale de solidarité des sociétés (C3S)" restatement;
- the amendment "Annual Improvements to IFRS 2011 – 2013 Cycle", adopted by the European Commission on December 18, 2014 and of mandatory application on or after January 1, 2015 in the financial statements of Coface. This amendment pertains to the annual improvement process aimed at simplifying and clarifying the international reporting standards. The following standards have been amended: IFRS 3 "Business Combinations", IFRS 13 "Fair value measurement", IAS 40 "Investment property", IFRS 1 "First-time adoption of IFRS". These amendments had no impact on Coface's financial statement.

Coface did not proceed to the early application of the texts adopted by the European Union at December 31, 2015 but not yet in force on that date. These include:

- the amendment to IAS 19 "Employee Benefits" entitled "Defined Benefit Plans: Employee Contributions" adopted by the European Commission on January 9, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment applies to the contributions paid by staff members or by third parties to defined benefit plans. The goal is to clarify and simplify the recognition of contributions that are independent of the employee's years of service (*e.g.:* the contributions of staff members that are calculated by a fixed percentage of wages) which can be recognized;
- the amendment "Annual Improvements to IFRS 2010 – 2012 Cycle", adopted by the European Commission on December 17, 2014 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment pertains to the annual improvement process aimed at simplifying and clarifying the international reporting standards. The following standards have been amended: IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IAS 16 "Property, plant and equipment", IAS 38 "Intangible Assets" and IAS 24 "Related-Party Disclosures";
- the amendment to IFRS 11 "Joint Arrangements" entitled "Accounting for acquisitions of interests in joint operation" adopted by the European Commission on November 24, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment clarifies on how to account for the acquisition of an interest in a joint operation that constitute a business as defined under IFRS 3 "Business combinaison". IFRS 3 should be applied proportionate to the interest acquired;
- the amendment to IAS 16 "Buildings used in the business" and IAS 38 "Intangible assets" entitled "Clarification of acceptable methods of depreciation and amortization" adopted by the European Commission on December 2, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate;
- the amendment "Annual Improvements to IFRS 2012 – 2014 Cycle", adopted by the European Commission on December 15, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment pertains to the annual improvement process aimed at simplifying and clarifying the international reporting standards. The following standards have been amended: IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting";
- the amendment to IAS 1 "Presentation of Financial Statements" entitled "Initiative to improve presentation and disclosure in financial reports" adopted by the European Commission on December 18, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendement is designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements;
- the amendment to IAS 27 "Consolidated and Separate Financial Statements" entitled "Equity method in separate financial statements" adopted by the European Commission on December 18, 2015 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment reinstate the equity method, described in IAS 28 "Investments in Associates", as an accounting option for investments in subsidiaries, joint ventures and associate's in an entity's separate financial statements.

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(1) *The standards adopted by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm*

IASB published, in July 2014, the complete and final version of IFRS 9 "Financial Instruments", replacing IAS 39, of mandatory application on or after January 1, 2018. This new standard includes:

- for financial assets, a new approach of classification based on the type of instrument (debt or equity instrument). For debt instrument, the standard revises the distinction Amortized Cost/Fair Value using a logical approach driven by cash flow characteristics and the business model in which an asset is held. Thus, only simple or standardized characteristic instruments are admissible under the amortized cost category (if the financial assets are held under a business model that is "hold to collect") or fair value through other comprehensive income category (if the financial assets are held under a business model that is "hold to collect and sell");
- for financial liabilities at fair value through P&L category, the variation of fair value related to own credit risk has to be recognized through other comprehensive income, unless it creates or increases an accounting mismatch on the net income in the P&L;
- a single model of impairment, prospective, based on an expected-loss model calculed on financial assets recognized under amortized cost category and fair value through other comprehensive income category;
- reformed model for hedge accounting, with enhanced disclosures about risk management activity.

Although the European Commission has not adopted IFRS 9 yet, Coface, considering the significance of changes, participates in diagnostic tasks of the standards and of operational impacts since the first half of 2015. This project continues in 2016.

4.2 Consolidation methods used

In accordance with IAS 1 "Presentation of Financial Statements", IFRS 10 and IFRS 3 on business combinations, certain interests that are not material in relation to the Coface Group's consolidated financial statements were excluded from the scope of consolidation.

The consolidation methods applied are as follows:

- companies over which the Coface Group exercises exclusive control are fully consolidated;
- companies over which the Coface Group exercises significant influence are accounted for by the equity method.

All the entities of the Coface Group scope are fully consolidated except Cofacrédit, which is consolidated at equity method.

IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" in relation to consolidated financial statements as well as SIC-12 on special purpose entities. The control of an entity must now be analysed through three aggregate criteria: the power on the relevant activities of the entity, exposure to the variable returns of the entity and the investor's ability to affect the variable returns through its power over the entity.

Intercompany transactions

Material intercompany transactions are eliminated on the balance sheet and on the income statement.

4.3 Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and it must be highly probable that the sale will take place within 12 months.

A sale is deemed to be highly probable if:

- management is committed to a plan to sell the asset (or disposal group);
- a non-binding offer has been submitted by at least one potential buyer;
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

Once assets meet these criteria, they are classified under "Non-current assets held for sale" in the balance sheet at the subsequent reporting date, and cease to be depreciated/ amortised as from the date of this classification. An impairment loss is recognised if their carrying amount exceeds their fair value less costs to sell. Liabilities related to assets held for sale are presented in a separate line on the liabilities side of the balance sheet.

If the disposal does not take place within 12 months of an asset being classified as "Non-current assets held for sale", the asset ceases to be classified as held for sale, except in specific circumstances that are beyond Coface's control.

A discontinued operation is a clearly identifiable component of an entity that either has been disposed of, or is classified as held for sale, and:

- the component represents a separate major line of business or geographical area of operations;
- without representing a separate major line of business or geographical area of business, the component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- the component is a subsidiary acquired exclusively with a view to resale.

The income from these operations is presented on a separate line of the income statement for the period during which the criteria are met and for all comparative periods presented. The amount recorded in this income statement line includes (i) the net income from discontinued operations until they are sold, and (ii) the post -tax net income recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

As of December 31, 2015, none of these activities were present in the Group's consolidated financial statements.

4.4 Year-end and accounting period

All consolidated companies have a December 31 year-end and an accounting period of 12 months.

4.5 Foreign currency translation

Translation of foreign currency transactions

In accordance with IAS 21, transactions carried out in foreign currencies (*i.e.,* currencies other than the functional currency) are translated into the functional currency of the entity concerned using the exchange rates prevailing at the dates of the transactions. The Group's entities generally use the closing rate for the month preceding the transaction date, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates.

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

The balance sheets of foreign subsidiaries whose functional currency is not the euro are translated into euros at the year-end exchange rate, except for capital and reserves, which are translated at the historical exchange rate. All resulting foreign currency translation differences are recognised in the consolidated statement of comprehensive income.

Income statement items are translated using the average exchange rate for the year, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates (see IAS 21.40). All exchange differences arising on translation of these items are also recognised in other comprehensive income.

4.6 General principles

The insurance business

An analysis of all of Coface's credit insurance policies shows that they fall within the scope of IFRS 4, which permits insurers to continue to use the recognition and measurement rules applicable under local GAAP when accounting for insurance contracts.

Coface has therefore used French GAAP for the recognition of its insurance contracts.

However, IFRS 4:

- prohibits the use of equalisation and natural disaster provisions;
- and requires insurers to carry out liability adequacy tests.

The services business

- Companies engaged in the sale of business information and debt collection services fall within the scope of IAS 18 "Revenue".
- In accordance with IAS 18, revenue is recognised when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably.

The factoring business

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

In application of IAS 39, Application Guidance 26, trade receivables are classified within the "Loans and receivables" category. After initial recognition at fair value, these receivables are measured at amortised cost using the effective interest method (EIM). The financing fee is recorded over the term of the factoring transactions, which is equivalent to it being included in the EIM in view of the short-term nature of the transactions concerned.

◆ Classification of income and expenses for the Group's different businesses

Breakdown by function of insurance company expenses

The expenses of French and international insurance subsidiaries are initially accounted for by nature and are then analysed by function in income statement items using appropriate cost allocation keys. Investment management expenses are included under investment expenses. Claims handling expenses are included under claims expenses. Policy acquisition costs, administrative costs and other current operating expenses are shown separately in the income statement.

Public credit insurance procedures management

Compagnie française d'assurance pour le commerce extérieur manages the public credit insurance procedures for the French government. Although these services solely correspond to management on behalf of a third party, they nevertheless qualify as insurance business. Consequently, the compensation received from the French government is reported under "Revenue or income from other activities". The corresponding costs are analysed by function and are therefore included under the same income statement headings as the expenses incurred by Compagnie française d'assurance pour le commerce extérieur in connection with its private market insurance activities.

Until June 30, 2014, SBCE, a Brazilian insurance company, performed the same type of activity for the Brazilian government. This agreement which was entered into by the government of Brazil and SBCE was not renewed as at June 30, 2014. Since July 1, 2014, SBCE continues its export credit risk insurance business for short-term operations.

Factoring companies

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

Other companies outside the insurance business and factoring business

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

Revenue

Consolidated revenue includes:

- for the insurance business, earned premiums, net of cancellation, and premium refunds for direct business and inward reinsurance transactions, as well as fees for insurance-related services. This latter category covers fee and commission income for policies issued as well as fees for other services offered by insurance companies;
- the compensation received by Compagnie française d'assurance pour le commerce extérieur from the French government for its management of public credit insurance procedures. The terms and procedures applicable to the compensation paid by the French government are set out in the "Financial Agreement" signed between the French government and Compagnie française d'assurance pour le commerce extérieur. The most recent version of this agreement was signed on February 24, 2012 and covers the four-year period from 2012 to 2015; this is in the process of being renewed for the corrent period up until the transfer date (see Note 2 "Significant events");
- sales of services, corresponding to the revenue generated by Group companies in the areas of business information, receivables management and marketing information. These services consist primarily of providing customer access to credit and marketing information and debt collection services;
- factoring fees for receivables management and collection services, financing fees corresponding to the gross revenue collected from factoring customers net of financing costs (interest margin), and dispute management fees.

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

Insurance operations

Premiums

Gross premiums correspond to written premiums, excluding tax and net of premium cancellations. They include an estimate of pipeline premiums and premiums to be cancelled after the reporting date.

The estimate of pipeline premiums includes premiums negotiated but not yet invoiced as well as premium adjustments corresponding to the difference between minimum and final premiums. It also includes a provision for future economic risks that may impact end-of-year premiums.

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

The Group also receives fee and commission income, corresponding mainly to the cost of monitoring the credit status of insured buyers, which is billed to customers and partners.

Premium refunds include policyholders' bonuses and rebates, gains and no claims bonus, mechanisms designed to return a part of the premium to a policyholder according to contract profitability. They also include the penalties, taking the form of an additional premium invoiced to policyholders with the loss attributed to the policy.

The "premium refunds" item includes provisions established through an estimation of rebates to be paid.

Reserves for unearned premiums

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

Deferred acquisition costs

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

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

Changes in deferred acquisition costs are included under "Policy acquisition costs" in the income statement.

Paid claims

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

Claims provisions

Claims provisions include provisions to cover the estimated total cost of reported claims not settled at the year-end. In accordance with the applicable French regulations, separate provisions are set aside for claims and recoveries. Claims provisions also include provisions for claims incurred but not yet reported, determined by reference to the final amount of paid claims.

The provisions also include a provision for collection costs and claims handling expenses.

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

In the guarantee business, local methods are applied. Provisions are only recorded for claims of which the Company concerned has been notified by the year-end. However, an additional provision is recorded when the risk that the guarantee will be called on is higher due to the principal (guaranteed) becoming insolvent, even if no related bonds have been called on. This additional provision is calculated based on the probability of default and the level of risk exposure.

Subrogation and salvage

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

The subrogation and salvage includes a provision for debt collection costs.

Subrogation and salvage are covered in a separate provision, in accordance with French regulations.

◆ Reinsurance operations

All of the Group's inward and ceded reinsurance operations involve transfers of risks.

Inward reinsurance

Inward reinsurance is accounted for on a contract-by-contract basis using data provided by the ceding insurers.

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

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

Ceded reinsurance

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

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

Cash deposits received from reinsurers are reported under liabilities.

Commissions received from reinsurers are calculated by reference to written premiums. They are deferred and recognised in the income statement on the same basis as ceded reserves for unearned premiums.

◆ Other operating income and expenses

In accordance with Recommendation No. 2013-03 issued by the ANC (the French accounting standards setter), "Other operating income" and "Other operating expenses" should only be used to reflect a major event arising during the reporting period that could distort the understanding of the Company's performance. Accordingly, limited use is made of this caption for unusual, abnormal and infrequent income and expenses of a material amount which Coface has decided to present separately in the income statement so that readers can better understand its recurring operating performance and to make a meaningful comparison between accounting periods, in accordance with the relevance principle set out in the IFRS Conceptual Framework.

Other operating income and expenses are therefore limited, clearly identified, non-recurring items which are material to the performance of the Group as a whole.

◆ Goodwill

In accordance with the revised version of IFRS 3, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the amount of any non-controlling interest in the acquiree; and
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; less
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In the case of a bargain purchase, the resulting gain is recognised in net income on the acquisition date.

If new information comes to light within the 12 months following the initial consolidation of a newly-acquired company and that new information affects the initial fair values attributed to the assets acquired and liabilities assumed at the acquisition date, the fair values are adjusted with a corresponding increase or decrease in the gross value of goodwill.

Goodwill is allocated, at the acquisition date, to the cash-generating unit (CGU) or group of CGUs that is expected to derive benefits from the acquisition. In accordance with paragraph 10 of IAS 36, goodwill is not amortised but is tested for impairment at least once a year or whenever events or circumstances indicate that impairment losses may occur. Impairment testing consists of comparing the carrying amount of the CGU or group of CGUs (including allocated goodwill) with its recoverable amount, which corresponds to the higher of value in use and fair value less costs to sell. Value in use is determined using the discounted cash flow method.

◆ Impairment tests on goodwill and intangible assets

In accordance with IAS 36, for the purpose of impairment testing the strategic entities included in the Group's scope of consolidation are allocated to groups of CGUs.

A group of CGUs is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets (other CGUs). Paragraph 80 of IAS 36 stipulates that goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the acquirer's groups of CGUs that is expected to benefit from the synergies of the combination.

Coface has identified groups of CGUs, based on its internal organisation as used by management for making operating decisions.

The seven groups of CGUs are as follows:

- Northern Europe;
- Western Europe;
- Central Europe;
- Mediterranean & Africa;
- North America;
- Latin America;
- Asia-Pacific.

Measuring groups of CGUs and performing goodwill impairment tests

Existing goodwill is allocated to a group of CGUs for the purpose of impairment testing. Goodwill is tested for impairment at least once a year or whenever there is an objective indication that it may be impaired.

Goodwill impairment tests are performed by testing the group of CGUs to which the goodwill has been allocated.

If the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognised and allocated to reduce the carrying amount of the assets of the group of CGUs, in the following order:

- first, by reducing the carrying amount of any goodwill allocated to the group of CGUs (which may not be subsequently reversed); and
- then, the other assets of the group of CGUs pro rata to the carrying amount of each asset in the Group.

The recoverable amount represents the higher of value in use (determined using the discounted cash flow method) and fair value less costs to sell (determined using multiples data from comparable listed companies as well as comparable recent transactions).

Method used for measuring the value of Coface entities

Value in use: discounted cash flow method

Cash flow projections were derived from the three-year business plans drawn up by the Group's operating entities as part of the budget process and approved by Coface Group management.

These projections are based on the past performance of each entity and take into account assumptions relating to Coface's business line development. Coface draws up cash flow projections beyond the period covered in its business plans by extrapolating the cash flows over two additional years.

The assumptions used for growth rates, margins, cost ratios and claims ratios are based on the entity's maturity, business history, market prospects, and geographic region.

Under the discounted cash flow method, Coface applies a discount rate to insurance companies and a perpetuity growth rate to measure the value of its companies.

Fair value

Under this approach, Coface values its companies by applying multiples of (i) revenue (for services companies), revalued net assets (for insurance companies) or net banking income (for factoring companies), and (ii) net income. The benchmark multiples are based on stock market comparables or recent transactions in order to correctly reflect the market values of the assets concerned.

The multiples-based valuation of an entity is determined by calculating the average valuation obtained using net income multiples and that obtained using multiples of revenue (in the case of services companies), revalued net assets (insurance companies) or net banking income (factoring companies).

◆ Intangible assets

Coface capitalises IT development costs and amortises them over their estimated useful lives when it can demonstrate:

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

Internally generated software is amortised over its useful life, which is capped at 15 years.

◆ Property, plant and equipment

Property, plant and equipment are measured using the amortised cost model. Coface applies this model to measure its property, plant and equipment, including buildings used in the business. IFRS requires the breakdown of these buildings into components where the economic benefits provided by one or more components of a building reflect a pattern that differs from that of the building as a whole. These components are depreciated over their own useful life.

Coface has identified the following components of property assets:

LAND	NOT DEPRECIATED
Enclosed/covered structure	Depreciated over 30 years
Technical equipment	Depreciated over 15 years
Interior fixtures and fittings	Depreciated over 10 years

Properties acquired under finance leases are included in assets and an obligation in the same amount is recorded under liabilities.

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

An impairment loss is recognised if the carrying amount of a building exceeds its market value.

◆ Financial assets

The Group classifies its financial assets into the following five categories: available-for-sale financial assets, financial assets held for trading, held-to-maturity investments, financial assets at fair value through income, and loans and receivables.

The date used by Coface for initially recognising a financial asset in its balance sheet corresponds to the asset's trade date.

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are carried at fair value plus transaction costs that are directly attributable to the acquisition (hereafter referred to as the purchase price). The difference between the fair value of the securities at year-end and their purchase price (less actuarial amortisation for debt instruments) is recorded under "Available-for-sale financial assets" with a corresponding adjustment to revaluation reserves (no impact on net income). Investments in non-consolidated companies are included in this category.

Financial assets held for trading

Financial assets held for trading are recorded at the fair value of the securities at year-end. Changes in fair value of securities held for trading during the accounting period are taken to the income statement.

Held-to-maturity investments (HTM)

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

Financial assets at fair value through profit or loss

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

Loans and receivables

The "Loans and receivables" category includes cash deposits held by ceding insurers lodged as collateral for underwriting commitments. The amounts recognised in relation to these deposits corresponds to the cash amount actually deposited.

Non-derivative financial assets with fixed or determinable payments that are not quoted on an active market are also included in this caption. These assets are recognised amortised cost using the effective interest method.

Loans and receivables also include short-term deposits whose maturity at the date of purchase or deposit is more than three months but less than 12 months.

Fair value

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

Impairment test

Available-for-sale financial assets are tested for impairment at each period-end. When there is objective evidence that such an asset is impaired and a decline in the fair value of that asset has previously been recognised directly in equity, the cumulative loss is reclassified from equity to income through "Investment income, net of management expenses".

A multi-criteria analysis is used to assess whether there is any objective indication of impairment. An independent expert is used for these analyses, particularly in the case of debt instruments.

Impairment indicators include the following:

- for debt instruments: default on the payment of interest or principal, the existence of a mediation, alert or insolvency procedure, bankruptcy of a counterparty or any other indicator that reveals a significant decline in the counterparty's financial position (such as evidence of losses to completion based on stress tests or projections of recoverable amounts using the discounted cash flow method);
- for equity instruments (excluding investments in unlisted companies): indicators showing that the entity will be unable to recover all or part of its initial investment. In addition, an impairment test is systematically performed on securities that represent unrealised losses of over 30% or which have represented unrealised losses for a period of more than six consecutive months. This test consists of carrying out a qualitative analysis based on various factors such as an analysis of the equity instrument's market price over a given period, or information relating to the issuer's financial position. Where appropriate, an impairment loss is recognised based on the instrument's market price at the period-end. Independently of this analysis, an impairment loss is systematically recognised when an instrument represents an unrealised loss of over 50% at the period-end, or has represented an unrealised loss for more than 24 months;
- for investments in unlisted companies: an unrealised loss of over 20% over a period of more than 18 months, or the occurrence of significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer and indicate that the amount of the investment in the equity instrument will not be recovered.

If the fair value of an instrument classified as available-for-sale increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognised in income:

- the impairment loss is reversed, with the amount of the reversal recognised in equity, for equity instruments;
- income, for debt instruments, in an amount corresponding to the previously-recognised impairment loss.

In accordance with IFRIC 10, impairment losses recognised on equity instruments in an interim reporting period are not reversed from income until the securities concerned are divested.

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

- whose value changes in response to the change in the interest rate or price of a product (known as the "underlying");
- that requires no or a very low initial net investment; and
- that is settled at a future date.

A derivative is a contract between two parties – a buyer and a seller – under which future cash flows between the parties are based on the changes in the value of the underlying asset.

In accordance with IAS 39, derivatives are measured at fair value through income, except in the case of effective hedges, for which gains and losses are recognised depending on the underlying hedging relationship.

Derivatives that qualify for hedge accounting are derivatives which, from their inception and throughout the hedging relationship, meet the criteria set out in IAS 39. These notably include a requirement for entities to formally document and designate the hedging relationship, including information demonstrating that the hedging relationship is effective, based on prospective and retrospective tests. A hedge is deemed to be effective when changes in the actual value of the hedge fall within a range of 80% and 125% of the change in value of the hedged item.

- For fair value hedges, gains or losses from remeasuring the hedging instrument at fair value are systematically recognised in income. These amounts are partially offset by symmetrical gains or losses on changes in the fair value of the hedged items, which are also recognised in income. The net impact on the income statement therefore solely corresponds to the ineffective portion of the hedge.
- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in income.

Coface's derivatives were used for hedging purposes, notably to hedge currency risks, interest rate risks and changes in fair value of equities in the portfolios of the "Colombes" funds. Coface does not carry out any hedging transactions within the meaning of IAS 39. The financial instruments that it does use are recognised at fair value through income.

Financing liabilities

This item mainly includes the subordinated debt and liabilities relating to financing agreements (finance leases).

Financial liabilities are initially recognised at fair value after taking account of directly-attributable transaction costs.

They are subsequently measured at amortised cost using the effective interest method. Amortised cost corresponds to:

- the measurement of the financial liability on initial recognition; minus
- repayments of principal; plus or minus
- cumulative amortisation (calculated using the effective interest rate) and any discounts or premiums between the initial amount and the maturity amount.

Premiums and discounts are not included in the initial cost of the financial liability. However, they are included in the calculation of amortised cost and are recognised over the life of the financial liability using the yield-to-maturity method. As and when they are amortised, premiums and discounts impact the amortised cost of the financial liability.

Accounting treatment of debt issuance costs

Transaction costs directly attributable to the issuance of financial liabilities are included in the initial fair value of the liability. Transaction costs are defined as incremental costs directly attributable to the issuance of the financial liability, *i.e.* that would not have been incurred if the Group had not acquired, issued or disposed of the financial instrument.

Transaction costs include:

- fees and commissions paid to agents, advisers, brokers and other intermediaries;
- levies by regulatory agencies and securities exchanges;
- and transfer taxes and duties.

Transaction costs do not include:

- debt premiums or discounts;
- financing costs;
- internal administrative or holding costs.

Payables arising from banking sector activities

This item includes:

- amounts due to banking sector companies: corresponds to bank credit lines. They represent the refinancing of the credit extended to factoring clients;
- amounts due to customers of banking sector companies, corresponding to payables arising from factoring operations. They include:
  - amounts credited to factoring clients' current accounts that have not been paid out in advance by the factor, and
  - factoring contract guarantee deposits;
- debt securities. This item includes subordinated borrowings and non-subordinated bond issues. These borrowings are classified as "Payables arising from banking sector activities" as they are used for financing the factoring business line.

All borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method.

Receivables arising from factoring operations

Receivables arising from factoring operations represent total receivables not recovered at the reporting date. They are stated at nominal value, corresponding to the amount of factored invoices, including tax. When it appears probable that all or part of the amount receivable will not be collected, a provision is recorded by way of a charge to the income statement (under “Cost of risk”). The receivables shown in the balance sheet are stated net of provisions.

The net carrying amount of receivables arising from factoring operations is included in the consolidated balance sheet under “Receivables arising from banking and other activities”.

Cash and cash equivalents

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

Provisions for liabilities and charges

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recorded at the reporting date if a present obligation towards a third party resulting from a past event exists at that date and it is probable or certain, as of the date when the financial statements are drawn up, that an outflow of resources embodying economic benefits to that third party will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.

Provisions are discounted when the effect of the time value of money is material.

Employee benefits

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

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

Other benefits, including long-term and post-employment benefits are subject to different coverage and are classified as follows:

- defined contribution plans: consequently, the Company’s legal or constructive obligation is limited to the amount that it agrees to pay to the fund, whichh will pay due amounts to the employees. These plans are generally state pension plans, which is the case in France;
- defined benefit plans, under which the employer has a legal or constructive obligation to provide agreed benefits to employees.

In accordance with IAS 19, Coface records a provision to cover its liability, regarding primarily:

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

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

- the actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:
  - demographic assumptions,
  - future benefit levels (statutory retirement benefits, long service awards, etc.),
  - the probability that the specified event will occur,
  - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases,
  - the interest rate used to discount future benefits at the measurement date;
- the actuarial value of benefits related to service cost (including the impact of future salary increases), determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

Stock options

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

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

In connection with its stock market listing, the Coface Group awarded to certain beneficiaries (employees of COFACE SA subsidiaries) bonus shares (cf. Note 15).

In accordance with the IFRS 2 rules, only stock options granted under plans set up after November 7, 2002 and which had not vested at January 1, 2005 have been measured at fair value and recognised in personnel costs.

Income tax

Income tax expense includes both current taxes and deferred taxes.

The tax expense is calculated on the basis of the latest known tax rules in force in each country where the results are taxable.

On January 1, 2015, COFACE SA opted for the tax integration regime by integrating French subsidiaries held directly or indirectly by more than 95% (Compagnie française d’assurance pour le commerce extérieure, Cofinpar, Cogeri and Fimipar).

Temporal differences between the values of assets and liabilities in the consolidated accounts, and those used to determine the taxable income, give rise to the recording of deferred taxes.

Deferred tax assets and liabilities are calculated based on the tax rate that will be in force when the differences are expected to reverse, if this is known, or, failing that, at the tax rate in force at the period-end.

Deferred tax assets are recorded only when it is probable that sufficient taxable profits against which the asset can be utilised will be available within a reasonable time frame.

Coface therefore regularly draws up tax business plans based on growth assumptions used in the medium-term business plans drawn up by its various business lines.

Receivables and payables denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate.

Unrealised exchange gains and losses on receivables and payables denominated in foreign currencies are recorded in the consolidated income statement, except for those related to the technical provisions carried in the accounts of the subsidiaries of Compagnie française d'assurance pour le commerce extérieur (formerly COFACE SA) and those concerning consolidated companies' long-term receivables and payables whose settlement is neither planned nor likely to occur in the foreseeable future.

Exchange differences concerning receivables and payables denominated in a foreign currency and relating to a consolidated company are treated as part of Coface's net investment in that company. In accordance with IAS 21, these exchange differences are recorded in other comprehensive income until the disposal of the net investment.

Segment information

Coface applies IFRS 8 for segment information reporting, which requires an entity's operating segments to be based on its internal organisation as used by management for the allocation of resources and the measurement of performance.

The segment information used by management corresponds to the following geographic regions:

- Northern Europe;
- Western Europe;
- Central Europe;
- Mediterranean & Africa;
- North America;
- Latin America;
- Asia-Pacific.

No operating segments have been aggregated for the purposes of published segment information.

The Group's geographic industry sector segmentation is based on the country of invoicing.

Related parties

A related party is a person or entity that is related to the entity preparing its financial statements (referred to in IAS 24 as "the reporting entity").

Estimates

The main balance sheet items for which management is required to make estimates are presented in the table below:

ESTIMATES	NOTES	TYPE OF INFORMATION REQUIRED
Goodwill impairment	5	Impairment is recognised when the recoverable amount of goodwill, defined as the higher of value in use and fair value, is below its carrying amount. The value in use of cash-generating units is calculated based on cost of capital, long-term growth rate and loss *ratio* assumptions.
Provision for earned premiums not yet written	20	This provision is calculated based on the estimated amount of premiums expected in the period less premiums recognised.
Provision for premium refunds	20; 25	This provision is calculated based on the estimated amount of rebates and bonuses payable to policyholders in accordance with the terms and conditions of the policies written.
Provision for subrogation and salvage	20; 26	This provision is calculated based on the estimated amount potentially recovered on settled claims.
Claims reserves	20; 26; 42	It includes an estimate of the total cost of claims reported but not settled at year end.
IBNR provision	20; 26; 42	The IBNR provision is calculated on a statistical basis using an estimate of the final amount of claims that will be settled after the risk has been extinguished and after any action taken to recover amounts paid out.
Pension benefit obligations	18	Pension benefit obligations are measured in acordance with IAS 19 and annually reviewed by actuaries according to the Group's actuarial assumptions.

The policies managed by the Coface Group's insurance subsidiaries meet the definition of insurance contracts set out in IFRS 4. In accordance with this standard, these contracts give rise to the recognition of technical provisions on the liabilities side of the balance sheet, which are measured based on local GAAP pending the publication of an IFRS that deals with insurance liabilities.

The recognition of technical provisions requires the Group to carry out estimates, which are primarily based on assumptions concerning changes in events and circumstances related to the insured and their debtors as well as to their economic, financial, social, regulatory and political environment. These assumptions may differ from actual events and circumstances, particularly if they simultaneously affect the Group's main portfolios. The use of assumptions requires a high degree of judgement on the part of the Group, which may affect the level of provisions recognised and therefore have a material adverse effect on the Group's financial position, results, and solvency margin.

For certain financial assets held by the Group there is no active market, there are no observable inputs, or the observable inputs available are not representative. In such cases the assets' fair value is measured using valuation techniques which include methods or models that are based on assumptions or assessments requiring a high degree of judgement. The Group cannot guarantee that the fair value estimates obtained using these valuation techniques represent the price at which a security will ultimately be sold, or at which it could be sold at a given moment. The valuations and estimates are revised when circumstances change or when new information becomes available. Using this information, and respecting the objective principles and methods described in the consolidated and combined financial statements, the Group's management bodies regularly analyse, assess and discuss the reasons for any decline in the estimated fair value of securities, the likelihood of their value recovering in the short term, and the amount of any ensuing impairment losses that should be recognised. It cannot be guaranteed that any impairment losses or additional provisions recognised will not have a material adverse effect on the Group's results, financial position and solvency margin.

NOTE TO THE CONSOLIDATION BALANCE SHEET

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

/ NOTE 5 / Goodwill

In accordance with IAS 36, goodwill is not amortised but is systematically tested for impairment at the year-end or whenever there is an impairment indicator.

Breakdown of goodwill by region:

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,402	8,401
Mediterranean & Africa	22,050	21,435
North America	6,407	5,752
South America	939	1,256
TOTAL	**155,467**	**154,515**

The change in goodwill amounted to €952 thousand in 2015, due to the fluctuation of the exchange rate.

◆ Impairment testing methods

In compliance with IAS 36 "Impairment of Assets", goodwill and other non-financial assets were tested for impairment losses at December 31, 2015. Coface performed the tests by comparing the value in use of the groups of CGUs to which goodwill was allocated with their carrying amounts.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or a CGU. This value is determined using the discounted cash flow method, based on the three-year business plan drawn up by the subsidiaries and validated by Management. The cash flows are extrapolated for an additional two years using normalised loss ratios and target cost ratios. Beyond this five-year period, the terminal value is calculated by projecting to infinity the cash flows for the last year.

The main assumptions used to determine the value in use of the groups of CGUs were a long-term growth rate of 1.5% for all entities and the weighted average cost of capital.

The assumptions used for goodwill impairment testing were as follows by group of CGUs at December 31, 2015:

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC
Cost of capital	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	480.8	861.7	158.2	75.8	55.9	54.0	129.3

The assumptions used in 2014 were as follows:

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA	LATIN AMERICA
Cost of capital	10.6%	10.6%	10.7%	10.6%	10.6%	10.6%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	490.3	785.9	153.0	50.5	51.0	70.6

Sensitivity of impairment tests

Sensitivity analyses were performed for the impairment tests, based on the following sensitivity factors:

- long-term growth rate sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point increase would not have a significant impact on the outcome of the impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2015;
- cost of capital sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have a significant impact on the outcome of the impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2015;
- loss *ratio* and the cost ratio sensitivity for the last two years of the business plan (2019 and 2020): additional impairment tests were performed based on a 2-point increase in the loss ratio and a 1-point increase in the cost ratio. The sensitivity analysis showed that such increases in the assumptions used would not have a significant impact on the outcome of the original impairment tests or therefore on the Group's consolidated financial statements for the year ended December 31, 2015.

For the Group's main goodwill items, the sensitivity of enterprise values to the assumptions used is shown in the following table:

Outcome of impairment tests

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE	MEDITERRANEAN AND AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC
Contribution to consolidated net assets	480.8	861.7	158.2	75.8	55.9	54.0	129.3
Sensitivity: Long-term growth rate -0.5 point	478.6	923.9	238.5	124.2	166.8	78.5	59.2
Sensitivity: WACC +0.5 point	469.3	915.5	234.0	120.9	162.5	76.5	59.2
Sensitivity: Loss *Ratio* 2020 +1 point	484.5	881.7	239.8	122.0	170.4	78.1	60.0
Sensitivity: Loss *Ratio* 2020 +2 points	472.1	828.4	230.0	112.1	164.9	72.2	54.6
Sensitivity: Cost *Ratio* 2020 +1 point	484.4	834.1	239.8	118.6	165.9	77.4	55.5
Sensitivity: Cost *Ratio* 2020 +2 points	471.8	733.3	230.0	105.2	155.8	70.8	45.5

The amounts presented in the table above represent the total amount after changes in assumptions.

/ NOTE 6 / Other intangible assets

(in thousands of euros)	DEC. 31, 2015 NET VALUE	DEC. 31, 2014 NET VALUE
Development costs and software	65,270	74,078
Purchased goodwill	2,980	3,018
Other intangible assets	590	357
TOTAL	**68,840**	**77,453**

(in thousands of euros)	DEC. 31, 2015		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	NET VALUE
Development costs and software	184,790	-119,520	65,270
Purchased goodwill	8,367	-5,387	2,980
Other intangible assets	3,191	-2,601	590
TOTAL	**196,348**	**-127,508**	**68,840**

(in thousands of euros)	DEC. 31, 2014		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	NET VALUE
Development costs and software	194,762	-120,684	74,078
Purchased goodwill	7,717	-4,700	3,018
Other intangible assets	2,754	-2,397	357
TOTAL	**205,233**	**-127,780**	**77,453**

◆ Change in the gross amount of intangible assets

(in thousands of euros)	DEC. 31, 2014	INCREASES	DECREASES	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2015
Development costs and software	194,762	3,950	-15,337	1,415	184,790
Purchased goodwill	7,717			650	8,367
Other intangible assets	2,754	353	-25	109	3,191
TOTAL	**205,233**	**4,303**	**-15,362**	**2,174**	**196,348**

(in thousands of euros)	DEC. 31, 2013	INCREASES	DECREASES	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2014
Development costs and software	195,704	5,503	-8,938	2,494	194,762
Purchased goodwill	7,057			660	7,717
Other intangible assets	2,796	359		-401	2,754
TOTAL	**205,556**	**5,862**	**-8,938**	**2,753**	**205,233**

Change in accumulated amortisation and impairment of intangible assets

(in thousands of euros)	DEC. 31, 2014	ADDITIONS	REVERSALS	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2015
Accumulated amortisation – development costs and software	-120,424	-10,856	13,289	-1,316	-119,307
Accumulated impairment – development costs and software	-260	-21		68	-213
Total amortisation and impairment – development costs and software	**-120,684**	**-10,877**	**13,289**	**-1,248**	**-119,520**
Accumulated amortisation – purchased goodwill	-4,700	-312		-375	-5,387
Accumulated impairment – purchased goodwill					
Total amortisation and impairment – purchased goodwill	**-4,700**	**-312**		**-375**	**-5,387**
Accumulated amortisation – other intangible assets	-2,377	-89		-115	-2,581
Accumulated impairment – other intangible assets	-20				-20
Total amortisation and impairment – other intangible assets	**-2,397**	**-89**		**-115**	**-2,601**
TOTAL	**-127,780**	**-11,278**	**13,289**	**-1,738**	**-127,508**

/ NOTE 7 / Insurance business investments

7.1 Analysis by category

At December 31, 2015, the carrying amount of held-to maturity (HTM) securities was €3,721 thousand, available-for-sale (AFS) securities totaled €2,512,526 thousand and securities held for trading ("trading securities") came to €55,468 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income instruments.

At December 31, 2015, 20% of the Group's total bond portfolio was rated "AAA", 32% "AA" and "A", 33% "BBB". The portion of the bond portfolio rated "BB" and below represents 15% of the total portfolio.

	DEC. 31, 2015					DEC. 31, 2014				
(in thousands of euros)	AMORTIZED COST	REVALUA-TION	NET VALUE	FAIR VALUE	UNREALIZED GAINS AND LOSSES	UNREALIZED GAINS AND LOSSES	AMOR-TIZED COST	REVALUA-TION	FAIR VALUE	UNREALIZED GAINS AND LOSSES
AFS securities	**2,406,577**	**105,948**	**2,512,526**	**2,512,526**		**2,203,306**	**121,376**	**2,324,682**	**2,324,682**	
Equities and other variable-income securities	236,296	104,373	340,669	340,669		211,173	98,537	309,710	309,710	
Bonds and government securities	2,059,275	1,659	2,060,934	2,060,934		1,962,132	22,838	1,984,971	1,984,971	
o/w direct investments in securities	*1,675,626*	*4,595*	*1,680,221*	*1,680,221*		*1,752,367*	*27,757*	*1,780,124*	*1,780,124*	
o/w investments in UCITS	*383,649*	*-2,936*	*380,714*	*380,714*		*209,765*	*-4,919*	*204,847*	*204,847*	
Shares in non-trading property companies	111,006	-84	110,922	110,922		30,001		30,001	30,001	
HTM securities	**3,721**		**3 721**	**4 374**	**653**	**6 872**		**6 872**	**7 703**	**831**
Bonds	3,721		3,721	4,374	653	6,872		6,872	7,703	831
Fair value through income – trading securities	**55 468**		**55 468**	**55 468**		**30,864**		**30,864**	**30,864**	
Money market funds (UCITS)	55,468		55,468	55,468		30,864		30,864	30,864	
Derivatives (positive fair value)		**6,123**	**6,123**	**6,123**			**2,834**	**2,834**	**2,834**	
(derivatives negative fair value for information)		*-6,752*	*-6,752*	*-6,752*			*-16,037*	*-16,037*	*-16,037*	
Loans and receivables	**69,481**		**69,481**	**69,481**		**311,556**		**311,556**	**311,556**	
Investment property	**716**	**84**	**800**	**800**		**707**	**216**	**923**	**923**	
TOTAL	**2,535,964**	**112,155**	**2,648,119**	**2,648,772**	**653**	**2,553,305**	**124,426**	**2,677,731**	**2,678,562**	**831**

(in thousands of euros)	GROSS DEC. 31, 2015	IMPAIRMENT	NET DEC. 31, 2015	NET DEC. 31, 2014
AFS securities	**2,542,222**	**-29,696**	**2,512,526**	**2,324,682**
Equities and other variable-income securities	370,358	-29,688	340,669	309,710
Bonds and government securities	2,060,934		2,060,934	1,984,971
o/w direct investments in securities	*1,680,221*		*1,680,221*	*1,780,124*
o/w investments in UCITS	*380,714*		*380,714*	*204,847*
Shares in non-trading property companies	110,930	-8	110,922	30,001
HTM securities	**3,721**		**3,721**	**6,872**
Bond	3,721		3,721	6,872
Fair value through income – trading securities	**55,468**		**55,468**	**30,864**
Money market funds (UCITS)	55,468		55,468	30,864
Derivatives (positive fair value)	**6,123**		**6,123**	**2,834**
(for information, derivatives with a negative fair value)	*-6,752*		*-6,752*	*-16,037*
Loans and receivables	**69,481**		**69,481**	**311,556**
Investment property	**800**		**800**	**923**
TOTAL INVESTMENTS	**2,677,815**	**-29,696**	**2,648,119**	**2,677,731**

Gross value corresponds to the amount before the impairement.

◆ Impairments

(in thousands of euros)	DEC. 31, 2014	ADDITIONS	REVERSALS	EXCHANGE RATE EFFECTS AND OTHER	DEC. 31, 2015
AFS securities	**30,141**	**921**	**-1,526**	**160**	**29,696**
Equities and other variable-income securities	30,133	921	-1,526	160	29,688
Shares in non-trading property companies	8				8
TOTAL IMPAIRMENT	**30,141**	**921**	**-1,526**	**160**	**29,696**

(in thousands of euros)	DEC. 31, 2013	ADDITIONS	REVERSALS	EXCHANGE RATE EFFECTS AND OTHER	DEC. 31, 2014
AFS securities	**30,661**	**1,624**	**-2,283**	**139**	**30,141**
Equities and other variable-income securities	30,653	1,624	-2,283	139	30,133
Shares in non-trading property companies	8				8
TOTAL IMPAIRMENT	**30,661**	**1,624**	**-2,283**	**139**	**30,141**

Reversals were only related to the disposal of AFS securities.

Change in investments by category

(in thousands of euros)	DEC. 31, 2015						
	CARRYING AMOUNT JANUARY 1	INCREASES	DECREASES	REVALUATION	IMPAIRMENT	OTHER MOVEMENTS	CARRYING AMOUNT DECEMBER 31
AFS securities	**2,324,682**	**1,094,493**	**-899,387**	**-13,956**	**596**	**6,097**	**2,512,526**
Equities and other variable-income securities	309,710	114,144	-89,540	7,020	605	-1,269	340,669
Bonds and government securities	1,984,971	899,174	-809,847	-20,891	-9	7,537	2,060,934
Shares in non-trading property companies	30,001	81,176		-84		-171	110,922
HTM securities	**6,872**	**72**	**-3,223**				**3,721**
Bonds	6,872	72	-3,223				3,721
Fair value through income – trading securities	**30,864**	**823,676**	**-799,072**				**55,468**
Loans, receivables and other financial investments	**315,313**	**83,684**	**-287,245**	**-41,227**		**5,871**	**76,404**
TOTAL INVESTMENTS	**2,677,731**	**2,001,925**	**-1,988,928**	**-55,183**	**605**	**11,968**	**2,648,119**

Derivatives (within the Colombes funds)

The structural use of derivatives is strictly limited to hedging. The notional amounts of the hedges therefore do not exceed the amounts of the underlying assets in the portfolio.

During 2015, the majority of the derivative transactions carried out by the Group concerned the systematic hedging of currency risks via swaps or currency futures for primarily USD-denominated bonds held in the investment portfolio that covers all of Coface's European entities (whose currency risks are systematically hedged).

Investments in equities were partially hedged through purchases of index options (which were out of the money). The hedging strategy applied by the Group is aimed at protecting the portfolio against a sharp drop in the equities market in the eurozone.

Several one-off interest rate hedges were also set up during the year for money-market securities.

None of these transactions qualified for hedge accounting under IFRS as they were mainly currency transactions and partial market hedges.

7.2 Financial instruments recognized at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorizes into three levels the inputs used to measure fair value. These levels are as follows:

Level 1: Quoted prices in active markets for an identical financial instrument.

Securities classified as level 1 represent 81% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized markets, as well as units in dedicated mutual funds whose net asset value is calculated and published on a very regular basis and is readily available (AFS securities);
- government bonds and bonds indexed to variable interest rates (HTM securities);
- French units money-market funds, SICAV (trading securities).

Level 2: Use of inputs, other than quoted prices for an identical instrument that are directly or indirectly observable in the market (inputs corroborated by the market such as yield curves, swap rates, multiples method, etc.).

Securities classified as level 2 represent 10% of the Group's portfolio. This level is used for the following instruments:

- unlisted equities;
- loans and receivables due from banks or clients and whose fair value is determined using the historical cost method.

Level 3: Valuation techniques based on unobservable inputs such as projections or internal data.

Securities classified as level 3 represent 9% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Breakdown of financial instrument fair value measurements as at December 31, 2015 by level in the fair value hierarchy

(in thousands of euros)	CARRYING AMOUNT	FAIR VALUE	LEVEL 1 FAIR VALUE DETERMINED BASED ON QUOTED PRICES IN ACTIVE MARKETS	LEVEL 2 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE OBSERVABLE INPUTS	LEVEL 3 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE UNOBSERVABLE INPUTS
AFS securities	**2,512,526**	**2,512,526**	**2,096,980**	**175,326**	**240,219**
Equities and other variable-income securities	340,669	340,669	211,349	23	129,297
Bonds and government securities	2,060,934	2,060,934	1,885,631	175,303	
Shares in non-trading property companies	110,922	110,922			110,922
HTM securities	**3,721**	**4,374**	**4,374**		
Bonds	3,721	4,374	4,374		
Fair value through income – trading securities	**55,468**	**55,468**	**55,468**		
Money market funds (UCITS)	55,468	55,468	55,468		
Derivatives	**6,123**	**6,123**		**6,123**	
Loans and receivables	**69,481**	**69,481**		**69,481**	
Investment property	**800**	**800**			**800**
TOTAL	**2,648,119**	**2,648,772**	**2,156,822**	**250,930**	**241,019**

Movements in level 3 securities as at December 31, 2015

(in thousands of euros)	AT DEC. 31, 2014	GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD		EXCHANGE RATE EFFECTS	AT DEC. 31, 2015
		IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS		
AFS securities	**155,470**	**1,526**	**806**	**83,894**		**-1,478**	**240,219**
Equities and other variable-income securities	125,469	1,526	890	2,718		-1,307	129,297
Shares in non-trading property companies	30,001		-84	81,176		-171	110,922
Investment property	**923**	**-123**					**800**
TOTAL	**156,393**	**1,403**	**806**	**83,894**		**-1,478**	**241,019**

Breakdown of financial instrument fair value measurements as at December 31, 2014 by level in the fair value hierarchy

(in thousands of euros)	CARRYING AMOUNT	FAIR VALUE	LEVEL 1 FAIR VALUE DETERMINED BASED ON QUOTED PRICES IN ACTIVE MARKETS	LEVEL 2 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE OBSERVABLE INPUTS	LEVEL 3 FAIR VALUE DETERMINED BASED ON VALUATION TECHNIQUES THAT USE UNOBSERVABLE INPUTS
AFS securities	**2,324,682**	**2,324,682**	**2,015,225**	**153,987**	**155,470**
Equities and other variable-income securities	309,710	309,710	177,611	6,630	125,469
Bonds and government securities	1,984,971	1,984,971	1,837,614	147,357	
Shares in non-trading property companies	30,001	30,001			30,001
HTM securities	**6,872**	**7,703**	**7,703**		
Bonds	6,872	7,703	7,703		
Fair value through income – trading securities	**30,864**	**30,864**	**30,864**		
Money market funds (UCITS)	30,864	30,864	30,864		
Derivatives	**2,834**	**2,834**		**2,834**	
Loans and receivables	**311,556**	**311,556**		**311,556**	
Investment property	**923**	**923**			**923**
TOTAL	**2,677,731**	**2,678,562**	**2,053,792**	**468,377**	**156,393**

Movements in level 3 securities as at December 31, 2014

(in thousands of euros)	AT DEC. 31, 2013	GAINS AND LOSSES RECOGNIZED IN THE PERIOD		TRANSACTIONS FOR THE PERIOD		EXCHANGE RATE EFFECTS	AT DEC. 31, 2014
		IN INCOME	DIRECTLY IN EQUITY	PURCHASES/ ISSUES	SALES/ REDEMPTIONS		
AFS securities	**107,825**	**15**	**11,290**	**36,268**		**71**	**155,470**
Equities and other variable-income securities	107,824	15	11,290	6,268		71	125,469
Shares in non-trading property companies	1			30,000			30,001
Investment property	**1,271**	**-348**					**923**
TOTAL	**109,096**	**-333**	**11,290**	**36,268**	**0**	**71**	**156,393**

/ NOTE 8 / Receivables arising from banking and other activities

Breakdown by nature

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Receivables arising from banking and other activities	2,312,352	2,181,560
Non-performing receivables arising from banking and other activities	78,961	79,840
Allowances for receivables arising from banking and other activities	-20,411	-17,138
TOTAL	**2,370,902**	**2,244,262**

Breakdown by age

Receivables arising from banking and other activities represent receivables acquired within the scope of factoring agreements.

They are recognised at cost within assets. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.

Where applicable, the Group recognises a valuation allowance against receivables to take account of any potential difficulties in their future recovery, it being specified that the receivables are also covered by a credit insurance agreement. Accordingly, the related risks are covered by claims provisions. Claims provisions recorded to hedge receivables arising from factoring operations amounted to €52,731 thousand at December 31, 2015.

	DEC. 31, 2015					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	1,781,588	530,764				2,312,352
Non-performing receivables arising from banking and other activities			5,004	57,350	16,607	78,961
Allowances for receivables arising from banking and other activities			-2,069	-10,645	-7,697	-20,411
Total receivables arising from banking and other activities	**1,781,588**	**530,764**	**2,935**	**46,705**	**8,910**	**2,370,902**
Claims reserves to cover factoring receivables			-1,732	-43,329	-7,670	-52,731
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**1,781,588**	**530,764**	**1,203**	**3,376**	**1,240**	**2,318,171**

The breakdown by age method had been reviewed in 2015.

	DEC. 31, 2014					
		DUE				
(in thousands of euros)	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
Receivables arising from banking and other activities	1,770,696	410,864				**2,181,560**
Non-performing receivables arising from banking and other activities			78,952	888		**79,840**
Allowances for receivables arising from banking and other activities			-16,250	-888		**-17,138**
Total receivables arising from banking and other activities	**1,770,696**	**410,864**	**62,702**			**2,244,262**
Claims reserves to cover factoring receivables			-36,358			**-36,358**
TOTAL RECEIVABLES ARISING FROM BANKING AND OTHER ACTIVITIES AFTER CLAIMS RESERVES	**1,770,696**	**410,864**	**26,344**			**2,207,904**

/ NOTE 9 / Investments in associates

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Investments in associates at January 1	19,001	17,621
Dividends paid	-900	-756
Share in net income of associates	2,157	2,136
TOTAL INVESTMENTS IN ASSOCIATES	**20,258**	**19,001**

The Company accounted for by the equity method is Cofacrédit.

/ NOTE 10 / Tangible assets

(in thousands of euros)	DEC. 31, 2015 NET VALUE	DEC. 31, 2014 NET VALUE
Buildings used in the business	40,756	43,014
Other property, plant and equipment	24,351	24,694
TOTAL	**65,107**	**67,708**

The buildings used in the bunisess are the head offices of Coface Deutschland and Coface Italia. The head offices of Coface Deutschland was acquired under a finance lease.

	DEC. 31, 2015		
(in thousands of euros)	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used in the business	108,988	-68,232	40,756
Other property, plant and equipment	59,377	-35,026	24,351
TOTAL	**168,365**	**-103,258**	**65,107**

	DEC. 31, 2014		
(in thousands of euros)	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	NET VALUE
Buildings used in the business	109,167	-66,153	43,014
Other property, plant and equipment	63,980	-39,286	24,694
TOTAL	**173,147**	**-105,439**	**67,708**

◆ Change in the gross amount of property, plant and equipment

(in thousands of euros)	DEC. 31, 2014	INCREASES	DECREASES	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2015
Land used in the business	14,010				14,010
Buildings used in the business	95,157		-1	-178	94,978
Total buildings used in the business	**109,167**		**-1**	**-178**	**108,988**
Operating guarantees and deposits	5,319	37	-256	102	5,202
Other property, plant and equipment	58,661	3,595	-9,154	1,073	54,175
Total other property, plant and equipment	**63,980**	**3,632**	**-9,410**	**1,175**	**59,377**
TOTAL	**173,147**	**3,632**	**-9,411**	**997**	**168,365**

(in thousands of euros)	DEC. 31, 2013	INCREASES	DECREASES	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2014
Land used in the business	14,010				14,010
Buildings used in the business	77,205		-196	18,148	95,157
Total buildings used in the business	**91,215**		**-196**	**18,148**	**109,167**
Operating guarantees and deposits	8,732	360	-3,826	52	5,319
Other property, plant and equipment	58,753	2,605	-3,008	311	58,661
Total other property, plant and equipment	**67,485**	**2,966**	**-6,834**	**363**	**63,980**
TOTAL	**158,700**	**2,966**	**-7,030**	**18,511**	**173,147**

Change in accumulated depreciation and impairment of property, plant and equipment

(in thousands of euros)	DEC. 31, 2014	ADDITIONS	REVERSALS	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2015
Accumulated depreciation – Building used in the business	-66,153	-2,250		171	-68,232
Accumulated impairment – Buildings used in the business					
Buildings used in the business	**-66,153**	**-2,250**		**171**	**-68,232**
Accumulated depreciation other property, plant & equipment	-36,553	-3,870	9,226	-3,661	-34,858
Accumulated impairment other property, plant & equipment	-2,733	-20		2,585	-168
Other property, plant and equipment	**-39,286**	**-3,890**	**9,226**	**-1,076**	**-35,026**
TOTAL	**-105,439**	**-6,140**	**9,226**	**-905**	**-103,258**

(in thousands of euros)	DEC. 31, 2013	ADDITIONS	REVERSALS	EXCHANGE RATE AND OTHER EFFECTS	DEC. 31, 2014
Accumulated depreciation – Building used in the business	-45,297	-2,803	94	-18,148	-66,153
Accumulated impairment – Buildings used in the business					
Buildings used in the business	**-45,297**	**-2,803**	**94**	**-18,148**	**-66,153**
Accumulated depreciation other property, plant & equipment	-34,992	-4,015	2,693	-239	-36,553
Accumulated impairment other property, plant & equipment	-2,682	-40		-11	-2,733
Other property, plant and equipment	**-37,674**	**-4,056**	**2,693**	**-250**	**-39,286**
TOTAL	**-82,970**	**-6,859**	**2,787**	**-18,397**	**-105,439**

Market value of buildings used in the business

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Carrying amount	40,756	43,014
Market value	73,095	69,918
UNREALISED GAIN	**32,339**	**26,904**

The buildings held by the Coface Group do not represent any unrealised losses; no impairment is therefore recorded at December 31, 2015.

/ NOTE 11 / Receivables arising from insurance and reinsurance operations

Breakdown by nature

(in thousands of euros)	DEC. 31, 2015			DEC. 31, 2014		
	GROSS	PROVISION	NET	GROSS	PROVISION	NET
Receivables from policyholders and agents	312,999	-30,298	282,701	303,437	-29,191	274,246
Earned premiums not written	123,003		123,003	125,178		125,178
Receivables arising from reinsurance operations, net	113,548	-282	113,266	54,273	-282	53,991
TOTAL	**549,550**	**-30,580**	**518,970**	**482,888**	**-29,473**	**453,415**

Breakdown by age

(in thousands of euros)	DEC. 31, 2015					
		DUE				
	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**376,754**	**81,856**	**44,345**	**10,857**	**5,158**	**518,970**

(in thousands of euros)	DEC. 31, 2014					
		DUE				
	NOT DUE	-3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	+5 YEARS	TOTAL
TOTAL RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE OPERATIONS	**289,462**	**81,695**	**57,647**	**24,610**	**0**	**453,415**

The insurance business operates on a reverse production cycle: premiums are earned before claims are paid out. Furthermore, Coface primarily bills its clients on a monthly or quarterly basis, which allows it to recognise its receivables with a short-term maturity of less than or equal to three months.

Consequently, the risk of liquidity linked to insurance receivables is considered to be marginal.

/ NOTE 12 / Other assets

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Deferred acquisition costs	44,043	43,171
Trade receivables arising from other activities	14,238	17,762
Current tax receivbales	68,937	43,238
Other receivables	125,288	147,049
TOTAL	**252,506**	**251,220**

/ NOTE 13 / Cash and cash equivalents

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Cash at bank and in hand	358,326	248,656
Cash equivalents	38,511	29,968
TOTAL	**396,837**	**278,624**

The €118,213 thousand increase is primarily explained by:

- deferred investments in several countries due to local market conditions;
- cash-flow discrepancies at the very end of 2015.

/ NOTE 14 / Share capital

ORDINARY SHARES	NUMBER OF SHARES	PAR VALUE	SHARE CAPITAL *(in €)*
At December 31, 2014	157,248,232	5	786,241,160
Capital increase			
At December 31, 2015	**157,248,232**	**5**	**786,241,160**
Treasury shares deducted	-296,591	5	-1,482,955
AT DECEMBER 31, 2015 (EXCLUDING TREASURY SHARES)	**156,951,641**	**5**	**784,758,205**

SHAREHOLDERS	DEC. 31, 2015		DEC. 31, 2014	
	NUMBER OF SHARES	%	NUMBER OF SHARES	%
Natixis	64,853,870	41.32	64,853,869	41.26
Public	92,097,771	58.68	92,313,544	58.74
TOTAL EXCLUDING TREASURY SHARES	**156,951,641**	**100.00**	**157,167,413**	**100.00**

The parent company of the Coface Group is Natixis, which in turn is owned by BPCE, the central body of Banques Populaires and Caisses d'Épargne, established in July 2009.

Natixis holds 41.32% of Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

/ NOTE 15 / Share-based payments

◆ Ongoing free share plans

In connection with its stock market listing in 2014, and again in 2015, the Coface Group awarded free shares to certain beneficiaries (employees of COFACE SA subsidiaries):

PLAN	ALLOCATION DATE	NUMBER OF SHARES GRANTED	ACQUISITION PERIOD	ACQUISITION DATE	AVAILABILITY DATE	FAIR VALUE OF THE SHARE AT THE ALLOCATION DATE	NET EXPENSE FOR THE YEAR *(in €k)*
Allotment of exceptional free shares	June 26, 2014	43,269	2 years	July 1, 2016	July 1, 2018	10.4	205
Long-term Incentive Plan 2014	June 26, 2014	78,842	3 years	July 1, 2017	July 1, 2019	10.4	221
Long-term Incentive Plan 2015	Feb. 17, 2015	106,800	3 years	Feb. 18, 2018	Feb. 18, 2020	11.8	318

Change in the number of free shares

PLAN	NUMBER OF FREE SHARES AT DEC. 31, 2014	NUMBER OF NEW FREE SHARE GRANTS IN 2015	NUMBER OF FREE SHARES CANCELLED IN 2015	NUMBER OF SHARES TO BE ACQUIRED AT DEC. 31, 2015
Allotment of exceptional free shares	43,269		-	43,269
Long-term Incentive Plan 2014	78,842		-	78,842
Long-term Incentive Plan 2015		106,800	-	106,800

The total number of shares awarded under the Long term Incentive Plan 2015 amounts to 113,109 shares; only 106,800 shares were awarded to beneficiaries on a nominative basis.

The settlement of the exceptional bonus shares is contingent on a presence requirement (except for cases of involuntary departure).

The vesting of free shares under the long-term incentive plans is contingent on a presence requirement and achieving of annual objectives based on financial indicators.

Measurement of free shares

In accordance with IFRS 2 relating to "Share-based payments", the award of free shares to employees results in the recognition of an expense corresponding to the fair value of shares granted on the award date adjusted for unpaid dividends during the rights vesting period and transfer restrictions during the holding period, as well as the probability of the materialisation of the performance conditions.

The plans were measured on the assumptions below:

- discount rate corresponding to a risk-free rate on the plans' duration;
- income distribution rate set at 60%;
- the lock-in value, which is calculated in consideration of a risk-free interest rate and a two-year borrowing rate.

Based on these assumptions, a total of €744,000 was expensed under the implemented plans at December 31, 2015.

/ NOTE 16 / Revaluation reserves

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES – GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME (IAS 19R)	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2015	**120,329**	**-31,184**	**-3,409**	**85,736**	**3,924**	**89,660**
Fair value adjustments on available-for-sale financial assets reclassified to income	-4,347		1,525	-2,822	-144	-2,966
Fair value adjustments on available-for-sale financial assets recognised in equity	-8,693		-1,471	-10,164	-771	-10,935
Change in reserves – gains and losses not reclassifiable to income (IAS 19R)		5,890	-1,912	3,978		3,978
Transactions with shareholders	146			146		146
AT DECEMBER 31, 2015	**107,435**	**-25,294**	**-5,267**	**76,874**	**3,009**	**79,883**

(in thousands of euros)	INVESTMENT INSTRUMENTS	RESERVES – GAINS AND LOSSES NOT RECLASSIFIABLE TO INCOME (IAS 19R)	INCOME TAX	REVALUATION RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	REVALUATION RESERVES
At January 1, 2014	**79,148**	**-22,421**	**3,991**	**60,719**	**4,852**	**65,571**
Fair value adjustments on available-for-sale financial assets reclassified to income	-7,834		2,485	-5,349		-5,349
Fair value adjustments on available-for-sale financial assets recognised in equity	49,015		-12,517	36,498	-928	35,570
Change in reserves – gains and losses not reclassifiable to income (IAS 19R)		-8,763	2,631	-6,132		-6,132
AT DECEMBER 31, 2014	**120,329**	**-31,184**	**-3,409**	**85,736**	**3,924**	**89,660**

/ NOTE 17 / Provisions for liabilities and charges

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Provisions for disputes	10,966	7,624
Provisions for pension and other post-employment benefit obligations	84,855	93,752
Other provisions for liabilities and charges	18,413	16,416
TOTAL	**114,234**	**117,792**

(in thousands of euros)	DEC. 31, 2014	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSIFICA-TIONS	CHANGES IN OCI	EXCHANGE RATE EFFECTS	DEC. 31, 2015
Provisions for technical								
Provisions for tax disputes	361	3,200					-36	3,525
Provisions for employee	5,225	2,345	-483	-1,348	-10		-46	5,683
Provisions for other disputes	2,038	200			1		-481	1,758
Provisions for disputes	**7,624**	**5,745**	**-483**	**-1,348**	**-9**		**-563**	**10,966**
Provisions for pension	**93,752**	**6,169**	**-3,783**	**-1,034**	**-4,528**	**-5,893**	**172**	**84,855**
Provisions for liabilities	13,724	549		-1,248			974	13,999
Provisions for restructuring	1,263	236	-76	-535				888
Other provisions for liabilities	1,429	1,523		-3,625	4,202		-3	3,526
Other provisions for liabilities and charges	**16,416**	**2,308**	**-76**	**-5,408**	**4,202**		**971**	**18,413**
TOTAL	**117,792**	**14,222**	**-4,342**	**-7,790**	**-335**	**-5,893**	**580**	**114,234**

(in thousands of euros)	DEC. 31, 2013	ADDITIONS	REVERSALS (UTILISED)	REVERSALS (SURPLUS)	RECLASSIFICA-TIONS	CHANGES IN OCI	EXCHANGE RATE EFFECTS	DEC. 31, 2014
Provisions for technical								
Provisions for tax disputes	349	3					8	361
Provisions for employee	4,246	2,444	-897	-570			2	5,225
Provisions for other disputes	2,461	-445		-29			52	2,038
Provisions for disputes	**7,056**	**2,002**	**-897**	**-599**			**62**	**7,624**
Provisions for pension	**86,130**	**5,278**	**-6,077**	**-359**	**16**	**8,762**	**2**	**93,752**
Provisions for liabilities	14,347	2,028	-647	-1,634			-370	13,724
Provisions for restructuring	2,760	529	-233	-1,793				1,263
Other provisions for liabilities	1,763	5		-339				1,429
Other provisions for liabilities and charges	**18,870**	**2,562**	**-880**	**-3,766**			**-370**	**16,416**
TOTAL	**112,056**	**9,842**	**-7,854**	**-4,724**	**16**	**8,762**	**-306**	**117,792**

Provisions for liabilities and charges mainly consist of provisions for pensions and other post-employment benefit obligations.

/ NOTE 18 / Employee benefits

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Present value of benefit obligation at January 1	***95,449***	***87,765***
Current service cost	5,280	-501
Interest cost	1,442	2,474
Actuarial (gains)/losses	-6,862	12,464
Benefits paid	-4,974	-6,706
Other	-3,551	-49
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**86,784**	**95,449**
Change in plan assets		
Fair value of plan assets at January 1	***1,696***	***1,635***
Revaluation adjustments – Return on plan assets	42	71
Employer contributions	118	111
Benefits paid	-158	-124
Other	231	4
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**1,929**	**1,696**
Reconciliation		
Present value of benefit obligation at December 31	***86,784***	***95,449***
Fair value of plan assets	1,929	1,696
(LIABILITY)/ASSET RECOGNISED IN THE BALANCE SHEET AT DECEMBER	**-84,855**	**-93,752**
Income statement		
Current service cost	5,480	4,907
Past service cost	-198	-5,407
Benefits paid including amounts paid in respect of settlements		-333
Interest cost	1,303	2,474
Interest income	-32	-54
Revaluation adjustments on other long-term benefits	-980	3,687
Other	598	6
EXPENSE/(INCOME) RECORDED IN THE INCOME STATEMENT	**6,171**	**5,279**
Changes recognised directly in equity not reclassifiable to income		
Revaluation adjustments arising in the year	-5,890	8,762
REVALUATION ADJUSTMENTS RECOGNISED IN EQUITY NOT RECLASSIFIABLE TO INCOME	**-5,890**	**8,762**

(in thousands of euros)	DEC. 31, 2015					
	FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1	***41,652***	***25,443***	***19,913***	***6,361***	***2,080***	***95,449***
Current service cost	1,736	2,151	309	649	435	**5,280**
Interest cost	620	440	347	35		**1,442**
Actuarial (gains)/losses	-4,429	-1,252	-786	-395		**-6,862**
Benefits paid	-1,355	-1,694	-1,236	-586	-103	**-4,974**
Other	-16	23	-89	-3,628	159	**-3,551**
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**38,208**	**25,111**	**18,458**	**2,436**	**2,571**	**86,784**
Change in plan assets						
Fair value of plan assets at January 1		***861***	***1,016***		***-181***	***1,696***
Revaluation adjustments – Return on plan assets		11	31			**42**
Employer contributions		26	92			**118**
Benefits paid		-34	-124			**-158**
Other		337	-106			**231**
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31		**1,201**	**909**		**-181**	**1,929**
Reconciliation						
Present value of benefit obligation at December 31	***38,208***	***25,111***	***18,458***	***2,436***	***2,571***	***86,784***
Fair value of plan assets		1,201	909		-181	**1,929**
(LIABILITY)/ASSET RECOGNISED IN THE BALANCE SHEET AT DECEMBER	**-38,208**	**-23,910**	**-17,549**	**-2,436**	**-2,752**	**-84,855**
Income statement						
Current service cost	1,736	2,354	290	665	435	**5,480**
Past service cost		-202	20	-16		**-198**
Benefits paid including amounts paid in respect of settlements						
Interest cost	620	433	215	35		**1,303**
Interest income		-15	-17			**-32**
Revaluation adjustments on other long-term benefits	-110	-858	-12			**-980**
Other	4	11	9	574		**598**
EXPENSE/(INCOME) RECORDED IN THE INCOME STATEMENT	**2,250**	**1,723**	**505**	**1,258**	**435**	**6,171**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	-4,317	-394	-784	-395		**-5,890**
REVALUATION ADJUSTMENTS RECOGNISED IN EQUITY NOT RECLASSIFIABLE TO INCOME	**-4,317**	**-394**	**-784**	**-395**		**-5,890**

	DEC. 31, 2014					
(in thousands of euros)	FRANCE	GERMANY	AUSTRIA	ITALY	OTHER	TOTAL
Present value of benefit obligation at January 1	***43,680***	***19,588***	***17,205***	***5,379***	***1,914***	***87,765***
Current service cost	-3,737	1,694	274	854	414	-501
Interest cost	1,193	592	523	167		2,474
Actuarial (gains)/losses	2,562	5,199	3,012	1,690		12,464
Benefits paid	-2,046	-1,631	-1,106	-1,729	-194	-6,706
Other			6		-54	-49
PRESENT VALUE OF BENEFIT OBLIGATION AT DECEMBER 31	**41,652**	**25,442**	**19,913**	**6,361**	**2,080**	**95,449**
Change in plan assets						
Fair value of plan assets at January 1		***837***	***978***		***-181***	***1,635***
Revaluation adjustments – Return on plan assets		30	41			71
Employer contributions		11	100			111
Benefits paid		-21	-103			-124
Other		4				4
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31		**861**	**1,016**		**-181**	**1,696**
Reconciliation						
Present value of benefit obligation at December 31	***41,652***	***25,442***	***19,913***	***6,361***	***2,080***	***95,449***
Fair value of plan assets		861	1,016		-181	1,696
(LIABILITY)/ASSET RECOGNISED IN THE BALANCE SHEET AT DECEMBER	**-41,652**	**-24,581**	**-18,897**	**-6,361**	**-2,261**	**-93,752**
Income statement						
Current service cost	1,670	1,694	274	854	414	4,907
Past service cost	-5,407					-5,407
Benefits paid including amounts paid in respect of settlements				-333		-333
Interest cost	1,193	592	523	167		2,474
Interest income		-25	-29			-54
Revaluation adjustments on other long-term benefits	-267	2,668	15	1,272		3,687
Other			6			6
EXPENSE/(INCOME) RECORDED IN THE INCOME STATEMENT	**-2,812**	**4,929**	**788**	**1,959**	**414**	**5,279**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	2,830	2,527	2,987	419		8,762
REVALUATION ADJUSTMENTS RECOGNISED IN EQUITY NOT RECLASSIFIABLE TO INCOME	**2,830**	**2,527**	**2,987**	**419**		**8,762**

Actuarial assumptions

The discount rate applied to the Group's employee benefit obligations is based on the Bloomberg Corporate AA curve for French entities and on a basket of international AA-rated corporate bonds for foreign entities.

	DEC. 31, 2015			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	1.70%	1.90%	1.90%	1.90%
Discount rate				
Supplementary retirement and other plans	*0.45%*	*1.90%*	*1.90%*	*1.90%*
Statutory retirement benefits	*1.40%*	*N/A*	*1.90%*	*1.90%*
Long-service awards	*1.00%*	*1.90%*	*1.90%*	*N/A*
Other benefits	*2.15%*	*1.90%*	*N/A*	*1.90%*
Rate of salary increases (including inflation)	2.00%	2.40%	3.00%	1.70%
Rate of increase in medical costs (including inflation)	4.20%	N/A	N/A	4.40%
Average remaining working life until retirement				
Supplementary retirement and other plans	*0.00*	*5.40*	*8.72*	*11.37*
Statutory retirement benefits	*15.60*	*N/A*	*9.97*	*13.37*
Long-service awards	*8.14*	*19.33*	*15.48*	*14.70*
Other benefits	*15.60*	*2.92*	*N/A*	*20.15*
Term (years)				
Supplementary retirement and other plans	*28.59*	*11.15*	*12.02*	*18.00*
Statutory retirement benefits	*10.64*	*N/A*	*8.79*	*9.88*
Long-service awards	*7.69*	*11.57*	*6.65*	*10.93*
Other benefits	*N/A*	*1.95*	*N/A*	*0.00*

	DEC. 31, 2014			
	FRANCE	GERMANY	AUSTRIA	ITALY
Inflation rate	1.80%	1.80%	1.80%	1.80%
Discount rate				
Supplementary retirement and other plans	*0.50%*	*1.80%*	*1.80%*	*1.80%*
Statutory retirement benefits	*1.20%*	*N/A*	*1.80%*	*1.80%*
Long-service awards	*0.80%*	*1.80%*	*1.80%*	*-*
Other benefits	*1.80%*	*1.80%*	*N/A*	*1.80%*
Rate of salary increases (including inflation)	2.10%	2.30%	3.00%	3.00%
Rate of increase in medical costs (including inflation)	4.30%	N/A	N/A	4.50%
Average remaining working life until retirement				
Supplementary retirement and other plans	*0.00*	*4.61*	*9.49*	*6.88*
Statutory retirement benefits	*15.55*	*N/A*	*10.81*	*13.68*
Long-service awards	*15.52*	*22.39*	*14.71*	*N/A*
Other benefits	*15.55*	*2.21*	*N/A*	*20.15*
Term (years)				
Supplementary retirement and other plans	*29.26*	*12.51*	*12.25*	*25.05*
Statutory retirement benefits	*10.59*	*N/A*	*9.67*	*10.48*
Long-service awards	*7.92*	*12.40*	*6.79*	*N/A*
Other benefits	*0.00*	*1.97*	*N/A*	*22.33*

Sensitivity tests on the defined benefit obligation

	DEC. 31, 2015			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERM BENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
1% increase in the discount rate	-16.18%	-8.98%	-9.01%	-1.66%
-1% increase in the discount rate	21.76%	10.60%	10.59%	1.71%
1% increase in the inflation rate	2.08%	10.37%	10.98%	1.16%
-1% increase in the inflation rate	-1.92%	-8.96%	-9.58%	-1.15%
1% increase in rate of increase in medical costs	17.61%	8.22%	0.00%	1.16%
-1% increase in rate of increase in medical costs	-12.97%	-7.09%	0.00%	-1.15%
1% decrease in rate of salary increase (including inflation)	32.44%	0.00%	0.00%	15.12%
-1% decrease in rate of salary increase (including inflation)	-23.17%	0.00%	0.00%	-11.90%

	DEC. 31, 2014			
	POST-EMPLOYMENT DEFINED BENEFIT OBLIGATIONS		OTHER LONG-TERM BENEFITS	
	SUPPLEMENTARY RETIREMENT AND OTHER PLANS	STATUTORY RETIREMENT BENEFITS	LONG-SERVICE AWARDS	OTHER BENEFITS
1% increase in the discount rate	-16.93%	-9.43%	-9.16%	-12.52%
-1% increase in the discount rate	22.85%	11.09%	10.63%	16.13%
1% increase in the inflation rate	18.78%	8.64%	0.00%	2.00%
-1% increase in the inflation rate	-13.76%	-7.45%	0.00%	-1.93%
1% increase in rate of increase in medical costs	34.08%	0.00%	0.00%	0.00%
-1% increase in rate of increase in medical costs	-24.17%	0.00%	0.00%	0.00%
1% decrease in rate of salary increase (including inflation)	2.26%	10.83%	8.29%	15.12%
-1% decrease in rate of salary increase (including inflation)	-2.08%	-9.35%	-7.40%	-11.90%

/ NOTE 19 / Financing liabilities

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Subordinated debt	387,292	386,850
Obligations under finance leases	5,202	7,955
Bank overdrafts and other borrowings	100	318
TOTAL	**392,594**	**395,123**

Due dates of financing liabilities

(in thousands of euros)	DEC. 31,2015	DEC. 31,2014
Due within one year		
Obligations under finance leases	3,010	2,754
Bank overdrafts and other borrowings	-	318
TOTAL	**3,010**	**3,072**
Due between one and five years		
Obligations under finance leases	2,292	5,201
TOTAL	**2,292**	**5,201**
Due beyond five years		
Subordinated debt	387,292	386,850
TOTAL	**387,292**	**386,850**
TOTAL	**392,594**	**395,123**

On March 27, 2014, COFACE SA completed the issue of subordinated debt in the form of bonds for a nominal amount of €380 million (corresponding to 3,800 bonds with a nominal unit value of €100,000), maturing on March 27, 2024 (10 years), with an annual interest rate of 4.125%.

The per-unit bond issue price was €99,493.80, and the net amount received by COFACE SA was €376.7 million, net of placement fees and directly-attributable transaction costs.

These securities are irrevocably and unconditionally guaranteed on a subordinated basis by Compagnie française d'assurance pour le commerce extérieur, the Coface Group's main operating entity.

On March 25, 2014, a joint guarantee was issued by Compagnie française d'assurance pour le commerce extérieur for €380 million, in favour of the investors in COFACE SA's subordinated bonds, applicable until the extinction of all liabilities in respect of said investors. The annual interest rate applicable is 0.2% on the basis of the total amount (due by COFACE SA).

On March 27, 2014, COFACE SA granted a subordinated intra-group loan to Compagnie française d'assurance pour le commerce extérieur in the amount of €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year.

As at December 31, 2015, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €387,292 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs for €3,301 thousand;
- reduced by the issue premium for €1,924 thousand;
- increased by interest accrued of €12,517 thousand.

The impact on consolidated income statement income as at December 31, 2015 mainly includes the interest related to the period for €16,117 thousand.

/ NOTE 20 / Liabilities relating to insurance contracts

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Provisions for unearned premiums	285,410	286,336
Claims reserves	1,122,211	1,091,668
Provisions for premium refunds	107,241	94,176
Liabilities relating to insurance contracts	**1,514,862**	**1,472,180**
Provisions for unearned premiums	-57,558	-57,403
Claims reserves	-247,147	-249,010
Provisions for premium refunds	-23,281	-22,750
Reinsurers' share of technical insurance liabilities	**-327,986**	**-329,163**
Net technical provisions	**1,186,876**	**1,143,017**

Through its activities, the Coface Group is exposed to a "technical" (underwriting) risk, which is the risk of losses arising from its portfolio of credit insurance policies. Tools aimed at managing this risk have been put in place to ensure that it remains within reasonable limits.

The liquidation term for insurance technical provisions is less than three years, and the total of these provisions is covered by liquid assets.

Consequently, the risk of liquidity linked to insurance technical provisions is considered to be marginal.

/ NOTE 21 / Payables arising from banking sector activities

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Amounts due to banking sector companies	352,379	300,706
Amounts due to customers of banking sector companies	404,217	379,016
Debt securities	1,613,065	1,538,060
TOTAL	**2,369,661**	**2,217,782**

The lines "Amounts due to banking sector companies" and "Borrowings" correspond to sources of refinancing for the Group's factoring entities – Coface Finanz (Germany) and Coface Factoring Poland.

Amounts due to customers and baning sector companies correspond to the unavailable factoring liabilities, of which €365 million of the Guarantee Fund for members at Coface Finanz.

Debt securities comprised:

- €1,195 million in senior units issued by the FCT Vega fund as part of the securitisation programme set up for Coface Finanz's factoring receivables;
- €418 million in commercial paper issued by COFACE SA to finance Coface Finanz's operations.

Amounts due to banking sector companies corresponded to drawdowns on the bilateral credit lines set up with various banking partners of Coface Finanz and Coface Factoring Poland (including Natixis).

/ NOTE 22 / Deferred Tax

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Deferred tax assets	57,538	33,939
Deferred tax liabilities	144,266	128,463
NET DEFERRED TAX – LIABILITIES	**86,728**	**94,524**
Temporary differences	38,562	13,208
Provisions for pensions and other employment benefit obligations	17,367	20,731
Tax loss carry forwards	1,609	
TOTAL DEFERRED TAX ASSETS	**57,538**	**33,939**
Temporary differences	51,857	22,551
Cancellation of the claims equalization provision	92,409	105,912
TOTAL DEFERRED TAX LIABILITIES	**144,266**	**128,463**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

The deferred tax rate retained is the one in force in each country. It is of 34.43% for French entities.

Each entity is compensating deferred tax assets and liabilities whenever it is legaly authorized to compensate due tax assets and liabilities.

Changes in deferred tax balances by region

Deferred tax with positive signs are deferred tax liabilities. On the other hand, those with negative signs are deferred tax assets.

(in thousands of euros)	DEC. 31, 2014 *	CHANGE THROUGH INCOME	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CHANGE IN CURRENCY IMPACT	OTHER MOVEMENTS	DEC. 31, 2015
Northern Europe	113,008	3,862	-2,358	216	124	114,852
Western Europe	2,189	-7,337	-5,320	369	1,298	-8,801
Central Europe	-360	-253		-19	197	-435
Mediterranean & Africa	-8,954	-4,192		59	108	-12,979
North America	225	739	-155	93		902
Latin America	-6,679	-1,229	7,787	924		803
Asia-Pacific	-4,905	-2,170	-11	-528		-7,614
TOTAL	**94,524**	**-10,580**	**-57**	**1,114**	**1,727**	**86,728**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

(in thousands of euros)	DEC. 31, 2013	CHANGE THROUGH INCOME	REVALUATION ADJUSTMENT ON AFS INVESTMENTS	CHANGE IN CURRENCY IMPACT	OTHER MOVEMENTS	DEC. 31, 2014 *
Northern Europe	123,996	-8,826	-755	-620	-788	113,008
Western Europe	-54,916	47,123	10,707	72	-798	2,189
Central Europe	835	-579	109	30	-756	-360
Mediterranean & Africa	-5,544	-3,292		-4	-114	-8,954
North America	218	29	-66	44		225
Latin America	-5,116	-1,288	34	25	-333	-6,679
Asia-Pacific	-2,505	-2,433	4	30		-4,905
TOTAL	**56,968**	**30,734**	**10,033**	**-422**	**-2,790**	**94,524**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

The "Other movements" column mainly includes deferred taxes on changes in retirement benefits recognised as equity reclassifiable to income.

/ NOTE 23 / Liabilities relating to insurance and reinsurance

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Guarantee deposits received from policyholders and other	3,376	3,034
Amounts due to policyholders and agents	125,008	98,798
Payables arising from insurance and inward reinsurance operations	**128,384**	**101,832**
Amounts due to reinsurers	94,065	64,157
Deposits received from reinsurers	18,890	10,640
Payable arising from ceded reinsurance operations	**112,955**	**74,797**
TOTAL	**241,339**	**176,628**

/ NOTE 24 / Other liabilities

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Current tax payables	**111,527**	**97,058**
Derivatives and related liabilities	**6,752**	**16,037**
Accrued personnel costs	57,190	58,015
Sundry payables	135,550	163,291
Deferred income	7,740	7,190
Other accruals	19,787	12,938
Other payables	**220,267**	**241,434**
TOTAL	**338,546**	**354,529**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

NOTE TO THE CONSOLIDATION PROFIT AND LOSS

/ NOTE 25 / Consolidated revenue

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
a) By business line		
Premiums – direct business	1,178,162	1,179,321
Premiums – inward reinsurance	90,920	63,355
Premium Refunds	-81,497	-98,309
Provisions for unearned premiums	-1,650	-11,640
EARNED PREMIUMS NET OF CANCELLATIONS C)	**1,185,935**	**1,132,727**
FEES AND COMMISSION INCOME	**125,550**	**124,755**
NET INCOME FROM BANKING ACTIVITIES D)	**70,599**	**70,623**
Other insurance-related services	10,129	9,259
Remuneration of public procedures management services	59,969	62,541
Business information and other services	25,262	25,264
Receivables management	12,086	15,367
REVENUE OR INCOME FROM OTHER ACTIVITIES	**107,446**	**112,431**
CONSOLIDATED REVENUE	**1,489,530**	**1,440,536**

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
b) By region of invoicing		
Northern Europe	334,896	352,007
Western Europe	457,219	461,729
Central Europe	114,898	113,276
Mediterranean & Africa	246,376	226,539
North America	131,317	113,750
Latin America	83,484	76,149
Asia-Pacific	121,340	97,086
CONSOLIDATED REVENUE	**1,489,530**	**1,440,536**

Geographic segmentation by billing location does not necessarily match the debtor's location.

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
c) Insurance revenue by type of insurance		
Credit insurance	1,103,152	1,046,699
Guarantees	50,668	54,415
Single risk	32,115	31,613
TOTAL INSURANCE REVENUE	**1,185,935**	**1,132,727**

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
d) Net income from banking activities		
Financing fees	34,153	34,832
Factoring fees	36,831	35,029
Other	-385	762
TOTAL NET INCOME FROM BANKING ACTIVITIES	**70,599**	**70,623**

/ NOTE 26 / Claim expenses

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Paid claims, net of recoveries	-548,609	-558,953
Claims handling expenses	-26,460	-25,744
Change in claims reserves	-30,275	45,970
TOTAL	**-605,344**	**-538,727**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

◆ Claims expenses by period of occurence

	DEC. 31, 2015			DEC. 31, 2014 *		
(in thousands of euros)	GROSS	OUTWARD REINSURANCE AND RETROCES-SIONS	NET	GROSS	OUTWARD REINSURANCE AND RETROCES-SIONS	NET
Claims expenses – current year	-814,974	165,188	-649,786	-787,122	164,324	-622,798
Claims expenses – prior years	209,630	-43,387	166,243	248,395	-60,765	187,630
TOTAL	**-605,344**	**121,801**	**-483,543**	**-538,727**	**103,559**	**-435,168**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

/ NOTE 27 / Expenses from banking activities

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Charges to allowances for receivables	-1,845	-744
Reversal of allowances for receivables	4,700	3,198
Losses on receivables not covered by allowances	-2,851	-1,347
Losses on receivables covered by allowances	-4,700	-3,153
Cost of risk	**-4,696**	**-2,046**
Operating expenses	**-14,094**	**-11,066**
TOTAL EXPENSES FROM BANKING ACTIVITIES	**-18,790**	**-13,112**

"Cost of risk" corresponds to the risk-related expense on credit insurance operations conducted by factoring companies, which includes net additions to provisions, receivables written off during the year, and recoveries of amortised receivables.

/ NOTE 28 / Overheads by function

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Commissions	-162,016	-141,887
Other acquisition costs	-112,032	-120,993
TOTAL ACQUISITION COSTS	**-274,048**	**-262,880**
Administrative costs	**-269,956**	**-269,119**
Other current operating expenses	**-81,652**	**-74,509**
Investment management expenses	**-2,124**	**-2,039**
Claims handling expenses	**-26,460**	**-25,744**
TOTAL	**-654,240**	**-634,290**
of which employee profit-sharing	*-7,439*	*-7,497*

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Acquisition, administration costs and other current operating expenses	-654,240	-634,290
Expenses from banking activities, excluding cost of risk	-14,094	-11,066
Expenses from other activities	-44,892	-47,338
TOTAL	**-713,226**	**-692,694**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

Total overheads includes general insurance expenses (by function), expenses from other activities and expenses from banking activities. It came out at €713,226 thousand for the year-end closing 2015 *versus* €692,694 thousand for the year-end closing 2014 with IFRIC 21 adjustments.

In the income statement, claims handling expenses are included in "Claims expenses" and investment management expenses are shown in "Investment income, net of management expenses (excluding finance costs)".

/ NOTE 29 / Income and expenses from ceded reinsurance

(in thousands of euros)	DEC. 31,2015	DEC. 31,2014
Ceded premiums	-267,863	-260,233
Change in unearned premiums provisions	2,153	-6,440
Expenses from ceded reinsurance	**-265,710**	**-266,673**
Ceded claims	123,389	143,055
Change in claims provisions net of recoveries	-1,588	-40,558
Commissions paid by reinsurers	92,499	95,515
Income from ceded reinsurance	**214,300**	**198,013**
TOTAL	**-51,410**	**-68,660**

/ NOTE 30 / Investment income, net of management expenses (excluding finance costs)

Investment income by category

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Investment income	51,421	38,950
Change in financial instruments at fair value though income	-41,095	-42,949
o/w hedged by currency derivatives on "Colombes" mutual funds (1)	*-40,158*	*-42,941*
Net gains on disposals	2,846	7,372
o/w hedged by currency derivatives on "Colombes" mutual funds (1)	*-417*	*-1,181*
Additions to/(reversals from) impairment	54	-1,435
Net foreign exchange gains	42,569	43,714
o/w hedged by currency derivatives on "Colombes" mutual funds (2)	*39,830*	*44,695*
Investment management expenses	-2,704	-2,883
TOTAL	**53,091**	**42,769**

(1) At December 31, 2015, the significant change of the euro-dollar caused significant impacts on the accounts, which were almost entirely hedged by foreign exchange derivatives. The residual impact was -€1,161 thousand.

(2) The €39,830 thousand foreign exchange gains from the Colombes funds consisted of €35,757 thousand in realised gains and €4,073 thousand of unrealised gains.

Investment income by class

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Property	2,265	1
Equities	14,240	10,041
Fixed income	33,435	35,431
Derivatives	-43,730	-47,082
Sub-total	**6,210**	**-1,609**
Management expenses	-2,704	-2,883
Net foreign exchange gains/(losses)	42,569	43,714
Dividends	4,887	2,933
Additions to provisions for investments in non-consolidated companies	975	264
Net gains/(losses) on investments in non-consolidated companies	1,154	349
TOTAL	**53,091**	**42,769**

/ NOTE 31 / Other operating income and expenses

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Other operating expenses	-3,275	-11,809
Stamp duty – Coface Re	-326	
Compensation for American agent	-1,889	
Total other operating expenses	**-5,490**	**-11,809**
Other operating income	1,258	1,872
Total other operating income	**1,258**	**1,872**
TOTAL	**-4,232**	**-9,937**

At December 31, 2015, other operating expenses concern mainly compensations paid to sales representatives within the framework of the plan of restructuration and densification of the distribution network led in the United States.

At December 31, 2014, an exceptional expense of €7,962 thousand has been recorded in other operating expenses as fees linked to the IPO, commissions and fees paid to Natixis Interépargne, as well as the contribution paid to the employees having acquired shares.

/ NOTE 32 / Income tax expense

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014 *
Income tax	-59,762	-29,715
Deferred tax	10,926	-30,652
TOTAL	**-48,836**	**-60,367**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

Tax proof

(in thousands of euros)	DEC. 31, 2015		DEC. 31, 2014 *	
Net income for the year	**126,239**		**125,024**	
Non-controlling interests	888		825	
Income tax expense for the year	48,836		-60,335	
Share of net income of associates	2,157		2,136	
Pre-tax income for the year and share in net income of associates	**173,806**		**184,048**	
Tax rate		34.43%		34.43%
Theoretical tax	-59,841		-63,368	
Income tax expense for the year	-48,836	28.10%	-60,335	32.78%
Difference	**-11,005**	**6.33%**	**-3,033**	**1.65%**
Impact of differences between Group tax rates and local tax rates	11,601	6.67%	12,584	6.83%
Specific local taxes	-3,882	-2.23%	-5,654	-3.07%
o/w French corporate value added tax (CVAE)	*-1,996*	*-1.15%*	*-2,145*	*-1.16%*
Tax reassessments	0	0.00%	-78	-0.04%
Tax losses for which no deferred tax assets have been recognised	-5,028	-2.89%	-3,944	-2.14%
Utilisation of previously unrecognised tax loss carryforwards	2,493	1.43%	3,290	1.79%
Dividends paid in France non deductible for tax purposes (5%)	-1,488	-0.86%	-460	-0.25%
Other differences	7,309	4.21%	-2,705	-1.47%

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

The tax losses for which no deferred tax assets have been recognised are coming mainly from the Hong Kong entity.

The other differences include a correction of tax expenses in Italy for €7 million.

/ NOTE 33 / Share in net income of associates

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Cofacrédit	2,157	2,136
TOTAL	**2,157**	**2,136**

OTHER INFORMATION

/ NOTE 34 / Breakdown of net income by segment

Premiums, claims and commissions are monitored by country of invoicing. In the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located.

Geographic segmentation by billing location does not necessarily match the debtor's location.

Reinsurance income, which is calculated and recognised for the whole Group at the level of Compagnie française d'assurance pour le commerce extérieur, has been reallocated at the level of each region.

Income taxes by segment have been calculated based on this monitoring framework.

Analysis of 2015 net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE
Revenue	**330,275**	**461,188**	**120,205**
o/w Earned Premium	*223,021*	*348,497*	*89,099*
o/w Factoring	*62,163*	*0*	*8,436*
o/w Other insurance-related services	*45,091*	*112,691*	*22,669*
Claims-related expenses (including claims handling costs)	-106,223	-81,526	-35,554
Cost of risk	-4,480	0	-216
Commissions	-22,735	-50,168	-4,736
Other internal general expenses	-123,890	-164,914	-38,163
UNDERWRITING INCOME BEFORE REINSURANCE*	**72,947**	**164,580**	**41,535**
Income/(loss) on ceded reinsurance	-3,289	-39,476	-4,753
Other operating income and expenses	-24	-2,397	-239
Net financial income excluding finance costs	16,887	11,288	5,632
Finance costs	-653	1,591	-60
OPERATING INCOME INCLUDING FINANCE COSTS	**85,869**	**135,585**	**42,115**
Share in net income of associates	0	2,157	0
NET INCOME BEFORE TAX	**85,869**	**137,742**	**42,115**
Income tax expense	-27,925	-39,978	-8,448
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**57,945**	**97,765**	**33,667**
Non-controlling interests	-2	-2	-832
NET INCOME FOR THE PERIOD	**57,942**	**97,763**	**32,835**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities*

MEDITER-RANEAN & AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC	GROUP REINSURANCE	COGERI	HOLDING COMPANY COSTS	INTER-ZONE	GROUP TOTAL
248,162	**131,317**	**83,481**	**121,130**	**738,935**	**27,877**	**0**	**-773,038**	**1,489,531**
209,682	*116,915*	*80,210*	*118,643*	*738,935*	*0*	*0*	*-739,067*	*1,185,936*
0	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*70,599*
38,479	*14,402*	*3,270*	*2,487*	*0*	*27,877*	*0*	*-33,970*	*232,997*
-101,965	-65,800	-90,996	-119,341	-514,081	0	-3,779	513,920	-605,344
0	0	0	0	0	0	0	0	-4,696
-26,982	-28,943	-9,256	-24,473	-196,509	0	0	201,788	-162,016
-77,952	-29,736	-22,965	-30,828	0	-27,343	-36,476	29,640	-522,627
41,263	**6,838**	**-39,736**	**-53,512**	**28,344**	**534**	**-40,255**	**-27,690**	**194,848**
-4,277	19	4,749	3,874	-36,601	0	0	28,344	-51,410
-68	-1,886	558	9	0	-36	0	-149	-4,232
9,823	2,225	13,130	-6,883	0	1,453	-1,148	682	53,091
-421	-846	-212	-313	0	-273	-16,117	-1,187	-18,491
46,320	**6,350**	**-21,511**	**-56,824**	**-8,256**	**1,678**	**-57,520**	**0**	**173,806**
0	0	0	0	0	0	0	0	2,157
46,320	**6,350**	**-21,511**	**-56,824**	**-8,256**	**1,678**	**-57,520**	**0**	**175,963**
-7,143	-1,991	3,815	4,675	2,843	-578	19,804	6,090	-48,837
39,177	**4,359**	**-17,697**	**-52,149**	**-5,414**	**1,100**	**-37,716**	**6,090**	**127,127**
-2	0	-51	2	0	0	0	0	-888
39,175	**4,359**	**-17,748**	**-52,147**	**-5,414**	**1,100**	**-37,716**	**6,090**	**126,239**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities*

Analysis of December 31, 2014 – IFRIC 21 restated net income by segment

(in thousands of euros)	NORTHERN EUROPE	WESTERN EUROPE	CENTRAL EUROPE
Revenue	**345,519**	**468,142**	**118,317**
o/w Earned Premium	*235,951*	*354,673*	*84,753*
o/w Factoring	*61,535*	*0*	*9,088*
o/wOther insurance-related services	*48,033*	*113,469*	*24,476*
Claims-related expenses (including claims handling costs)	-123,244	-123,493	-57,425
Cost of risk	-1,661	0	-430
Commissions	-21,544	-43,979	-4,149
Other internal general expenses	-136,832	-168,040	-38,063
UNDERWRITING INCOME BEFORE REINSURANCE*	**62,237**	**132,630**	**18,250**
Income/(loss) on ceded reinsurance	-11,035	-44,702	423
Other operating income and expenses	-1,350	-1,835	-184
Net financial income excluding finance costs	12,464	18,642	4,262
Finance costs	-1,234	-833	-14
OPERATING INCOME INCLUDING FINANCE COSTS	**61,082**	**103,901**	**22,736**
Share in net income of associates	0	2,136	0
NET INCOME BEFORE TAX	**61,082**	**106,037**	**22,736**
Income tax expense	-18,600	-38,313	-4,477
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**42,482**	**67,725**	**18,259**
Non-controlling interests	-2	-1	-767
NET INCOME FOR THE PERIOD	**42,480**	**67,723**	**17,492**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities*

MEDITERRANEAN & AFRICA	NORTH AMERICA	LATIN AMERICA	ASIA-PACIFIC	GROUP REINSURANCE	COGERI	HOLDING COMPANY COSTS	INTER-ZONE	GROUP TOTAL
228,445	**113,135**	**76,164**	**97,027**	**312,178**	**27,711**	**0**	**-346,102**	**1,440,536**
191,079	*100,617*	*70,525*	*95,175*	*312,178*	*0*	*0*	*-312,223*	*1,132,727*
0	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*70,623*
37,366	*12,519*	*5,639*	*1,853*	*0*	*27,711*	*0*	*-33,879*	*237,186*
-114,221	-24,295	-42,268	-48,899	-187,699	0	-3,645	186,463	-538,727
0	0	0	0	0	0	0	46	-2,046
-22,537	-25,737	-8,953	-19,865	-77,378	0	0	82,256	-141,886
-73,018	-25,372	-24,152	-28,735	0	-27,412	-32,301	30,901	-523,024
18,669	**37,731**	**791**	**-471**	**47,101**	**299**	**-35,946**	**-46,437**	**234,853**
-1,996	-7,362	-2,257	-4,020	-44,812	0	0	47,101	-68,661
1,274	-62	-1,079	-29	0	0	-6,664	-8	-9,937
3,135	-1,399	7,344	838	0	-463	-722	-1,332	42,769
-364	-794	-144	-24	0	-169	-12,075	675	-14,975
20,718	**28,114**	**4,655**	**-3,706**	**2,289**	**-333**	**-55,407**	**0**	**184,049**
0	0	0	0	0	0	0	0	2,136
20,718	**28,114**	**4,655**	**-3,706**	**2,289**	**-333**	**-55,407**	**0**	**186,185**
-12,146	-8,891	-143	39	-788	85	19,077	3,823	-60,335
8,572	**19,223**	**4,512**	**-3,667**	**1,501**	**-248**	**-36,330**	**3,823**	**125,850**
-1	-1	-52	0	0	0	0	0	-825
8,571	**19,222**	**4,460**	**-3,667**	**1,501**	**-248**	**-36,330**	**3,823**	**125,025**

* *Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities*

/ NOTE 35 / Earnings per share

	DEC. 31, 2015		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD *(in thousands of euros)*	EARNINGS PER SHARE *(in thousands of euros)*
Basic earnings per share	157,059,527	126,238	0.80
Dilutive instruments	0	0	0
DILUTED EARNINGS PER SHARE	**157,059,527**	**126,238**	**0.80**

	DEC. 31, 2014 *		
	AVERAGE NUMBER OF SHARES	NET INCOME FOR THE PERIOD (IN €K)	EARNINGS PER SHARE *(in €)*
Basic earnings per share	157,004,360	125,025	0.80
Dilutive instruments	0	0	0
DILUTED EARNINGS PER SHARE	**157,004,360**	**125,025**	**0.80**

* *Restated pursuant to IFRIC 21 (see Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014").*

/ NOTE 36 / Group's headcount

(in full time equivalent)	DEC. 31, 2015	DEC. 31, 2014
Northern Europe	740	747
Western Europe	1,354	1,373
Central Europe	458	458
Mediterranean & Africa	397	392
North America	116	120
Latin America	229	216
Asia-Pacific	117	117
TOTAL	**3,410**	**3,424**

At December 31, 2015, the number of employees of fully consolidated companies was 3,410 full-time equivalents *versus* 3,424 at December 31, 2014, down -0.40% (-14 FTEs) year-on-year, mainly in Western Europe.

/ NOTE 37 / Off-balance sheet commitments

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Commitments given	**924,417**	**419,655**
Endorsements and letters of credit	909,853	410,100
Property guarantees	7,500	7,500
Financial commitments in respect of equity interests	5,569	282
Obligations under finance leases	1,495	1,773
Commitments received	**1,228,810**	**1,086,961**
Endorsements and letters of credit	121,146	115,737
Guarantees	145,989	134,724
Credit lines linked to commercial paper	600,000	500,000
Credit lines linked to factoring	358,900	334,000
Financial commitments in respect of equity interests	2,776	2,500
Guarantees received	**409,216**	**305,323**
Securities lodged as collateral by reinsurers	409,216	305,323
Financial market transactions	**55,699**	**36,829**

The Endorsements and letters of credit amounting to €909,853 thousand for the year ended December 31, 2015 correspond mainly to:

- a joint guarantee of €380,000 thousand in favor of COFACE SA subordinated notes' investors (10 year maturity);
- a joint guarantee of €500,000 thousand given to banks financing the factoring business.

The securities lodged as collateral by reinsurers are concerning Coface Ré for €104,639 thousand and Compagnie française pour le commerce extérieur for €304,577 thousand.

/ NOTE 38 / Operations carried out on behalf of the French government

Some Coface operations are covered by a government guarantee pursuant to Article L.432-2 of the French Insurance Code *(Code des assurances)*.

This essentially concerns the following activities, which are aimed at supporting and developing French export trade:

- credit insurance, providing coverage for an exporter or its bank against the risk of non-repayment of an export loan;
- foreign investment insurance, protecting against political risk, ownership risk and inability to collect the income generated by investments abroad;
- foreign exchange insurance, against the risk of depreciation in export billing currencies;
- prospecting insurance, which protects SMEs against the risk of their prospecting activities in foreign markets failing to produce results;
- exporter risk insurance, which protects banks against the insolvency of an exporter for which they have issued guarantees (such as for the reimbursement of advance payments) or to which they have granted a prefinancing loan.

The risks associated with these operations are fully and irrevocably covered by the French government.

Consequently:

- these operations do not have to be recognised in Coface's balance sheet or income statement: only the related management fees received are recognised in the income statement based on the volume of business and the quality of the services provided to both policyholders and the French government;
- Coface keeps separate accounting records for these operations, as provided for in Article 37 of the 1997 Amended French Finance Act. An agreement between Coface and the French government sets out the terms and conditions applicable for keeping these accounting records and for their audit and certification by one or more Statutory Auditors;
- without prejudice to the rights of holders of receivables arising from government-guaranteed operations, no creditor of Coface other than the French government can claim any rights whatsoever over the assets and entitlements included in these specific accounting records, even under Act 85-98 of January 25, 1985 relating to the court-ordered receivership and liquidation of companies, Act 84-148 of March 1, 1984 relating to the prevention and out-of-court settlement of companies' financial difficulties, or Articles L.310-25 and L.326-2 to L.327-6 of the French Insurance Code.

The French government announced on July 29th, its decision of transferring the French State public guarantees activity to the Bpifrance group (see Note 2 "Significant events").

/ NOTE 39 / Related parties

Natixis holds 41.32% of the Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

	NUMBER OF SHARES	%
Natixis	64,853,870	41.32%
Public	92,097,771	58.68%
TOTAL	**156,951,641**	**100.00%**

◆ Relations betwwen the Group's consolidated entities and related parties

The Coface Group's main transactions with related parties concern Natixis and its subsidiaries.

The main related-party transactions are as follows:

- financing of a portion of the factoring activity by Natixis SA;
- financial investments with the BPCE and Natixis groups;
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below:

CURRENT OPERATING INCOME	DEC. 31, 2015			
(in thousands of euros)	NATIXIS GROUP (EXCL. DISCONTINUED OPERATIONS)	NATIXIS FACTOR	ELLISPHÈRE (EX-COFACE SERVICES)	ALTUS GTS INC. (EX-COFACE COLLECTIONS NORTH AMERICA, INC.)
TOTAL REVENUE AND INCOME FROM ORDINARY ACTIVITIES	**-2,511**	**1**	**-2**	
Revenue (net banking income, after cost of risk)	-2,510			
Investment income/(loss), net of management expenses	-1	1	-2	
TOTAL CURRENT INCOME AND EXPENSES	**-183**	**96**	**-430**	**79**
Claims expenses	-11	6	-16	-31
Expenses from other activities			-137	-4
Policy acquisition costs	-90	48	-125	
Administrative costs	-53	27	-112	114
Other current operating income and expenses	-29	15	-40	
CURRENT OPERATING INCOME/(LOSS)	**-2,694**	**97**	**-432**	**79**

RELATED-PARTY RECEIVABLES AND PAYABLES	DEC. 31, 2015					
(in thousands of euros)	BPCE GROUP	NATIXIS GROUP (EXCL. DISCONTINUED OPERATIONS)	NATIXIS FACTOR	ELLISPHERE	KOMPASS INTERNATIONAL	ALTUS GTS INC. (EX-COFACE COLLECTIONS NORTH AMERICA, INC.)
Financial investments	**34,757**	**20,576**				
Other assets			**56**		**175**	**82**
Other receivables			56		175	82
Cash and cash equivalents		**668**				
Liabilities relating to insurance contracts						**85**
Payables arising from banking sector activities		**119,869**				
Amounts due to banking sector companies		119,869				
Other liabilities		**60**		**93**		
Other payables		60		93		

The €119,869 thousand in financing liabilities due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business in 2015 year-end closing.

CURRENT OPERATING INCOME	DEC. 31, 2014				
(in thousands of euros)	NATIXIS GROUP (EXCL. DISCONTINUED ENTITIES)	NATIXIS FACTOR (EX FACTOREM)	ELLISPHERE (FORMERLY COFACE SERVICES)	KOMPASS INTERNATIONAL	ALTUS GTS INC. (FORMERLY COFACE COLLECTIONS NORTH)
TOTAL REVENUE AND INCOME FROM ORDINARY ACTIVITIES	**-4,081**		**-223**	**-1**	**6**
Revenue (net banking income, after cost of risk)	-4,219				
Revenue or income from other activities			-204		6
Earned premiums			-16		
Fees and commission income					
Investment income/(loss), net of management expenses	138		-3	-1	
TOTAL CURRENT INCOME AND EXPENSES	**-499**		**-522**	**-124**	**-97**
Claims expenses	-32		-21	-8	-166
Expenses from other activities			-123		-26
Policy acquisition costs	-274		-170	-68	
Administrative costs	-118		-162	-29	95
Other current operating income and expenses	-75		-46	-19	
CURRENT OPERATING INCOME/(LOSS)	**-4,580**		**-745**	**-125**	**-91**

RELATED-PARTY RECEVABLES AND PAYABLES	DEC. 31, 2014					
(in thousands of euros)	BPCE GROUP	NATIXIS GROUP (EXCL. DISCONTINUED OPERATIONS)	NATIXIS FACTOR (EX FACTOREM)	ELLISPHERE (FORMERLY COFACE SERVICES)	KOMPASS INTERNATIONAL	ALTUS GTS INC. (FORMERLY COFACE COLLECTIONS NORTH AMERICA, INC.)
Financial investments	**15,006**	**10,443**				
Other assets			**91**	**138**	**175**	**63**
Receivables arising from insurance and reinsurance operations			2			
Other receivables			89	138	175	63
Cash and cash equivalents		**4,685**				
Liabilities relating to insurance contracts						**76**
Payables arising from banking sector activities		**164,835**				
Amounts due to banking sector companies		164,835				
Other liabilities		**1,993**	**6**	**385**		
Current taxes		1,880				
Other payables		113	6	385		

The €164,835 thousand in financing liabilities due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business in 2014 year-end closing.

◆ Off balance sheet commitments – related parties

	DEC. 31, 2015	DEC. 31, 2014
(in thousands of euros)	NATIXIS GROUP (WITHOUT ABANDONNED ENTITIES)	NATIXIS GROUP (WITHOUT ABANDONNED ENTITIES)
Commitments given	**151,753**	
Endorsements and letters of credit	151,753	
Commitments received	**203,119**	**349,585**
Endorsements and letters of credit	55,507	49,585
Credit lines linked to commercial paper	147,612	300,000

/ NOTE 40 / Key management compensation

(in thousands of euros)	DEC. 31, 2015	DEC. 31, 2014
Short-term benefits	3,041	2,366
(Gross salaries and wages, incentives, benefits in kind and annual bonus)	-	-
Post-employment benefits	-	-
Other long-term benefits	735	940
Statutory termination benefits	-	-
Share-based payment	-	-
TOTAL	**3,776**	**3,306**

The Group Management Committee is composed of seven members at December 31, 2015 and eight members at December 31, 2014. One member of the Group Management Committee changed of position at December 1, 2015. The line "Short-term benefits" is calculated on a pro-rata basis.

The line "Other long-term benefits" corresponds to the free share distribution to the eight members of the Group Management Committee at the allocation date (no pro-rata calculation).

A total of €212.3 thousand was paid out in directors' fees to the members of the Board of Directors in 2015.

/ NOTE 41 / Breakdown of audit fees

	KPMG				DELOITTE				TOTAL			
(in thousands of euros)	2015	%	2014	%	2015	%	2014	%	2015	%	2014	%
Auditor services												
■ COFACE SA	239	18	159	8	239	14	159	7	478	16	318	7
■ Subsidiaries	980	74	905	46	1,137	67	1,389	58	2,117	70	2,294	53
Services directly related to the Statutory Auditors' assignment												
■ COFACE SA	38	3	764	39			763	32	38	1	1,527	35
■ Subsidiaries	20	2	8		314	19	11		334	11	19	
TOTAL AUDIT FEES	**1,277**	**96**	**1,836**	**94**	**1,690**	**100**	**2,322**	**97**	**2,967**	**98**	**4,158**	**96**
Legal, tax, social advice												
■ COFACE SA												
■ Subsidiaries	17	1	54	3			65	3	17	1	119	3
Other services												
■ COFACE SA												
■ Subsidiaries	32	2	69	4					32	1	69	2
TOTAL OTHER SERVICES AND ADVICE	**49**	**4**	**123**	**6**			**65**	**3**	**49**	**2**	**188**	**4**
TOTAL	**1,326**	**100**	**1,959**	**100**	**1,690**	**100**	**2,387**	**100**	**3,016**	**100**	**4,346**	**100**

Services directly related to the Statutory Auditor's assignment in 2015 are mainly related to the independent review of the internal model for Solvency 2.

The important amount of services directly related to the Statutory Auditor's assignment in 2014 are due to the fees on the IPO (Initial Public Offering).

/ NOTE 42 / Events after the reporting period

Coface's Board of Directors held a meeting on January 15, 2016, under the chairmanship of Laurent Mignon, and appointed Xavier Durand as new Chief Executive Officer (CEO). This appointment takes effect after the Board's meeting of February 9, 2016, which validates the financial statements for the year-end 2015. Mr. Jean-Marc Pillu will stay as Coface's CEO until that date.

This announcement does not impact the financial statements of the Group as at December 31, 2015.

The severance payment of Mr. Jean-Marc Pillu, granted by the Board of Directors of January 15, 2016, amounts to €1,979 thousand and it will be recorded on the financial statements of the year-end 2016.

/ NOTE 43 / Risk management

The sections forming an integral part of the Group's financial statements that relate to risk management are presented in the sections in Chapter 2, in paragraph 2.4.3.

/ NOTE 44 / Relationship between parent company and subsidiaries

The main operational subsidiary of the Coface Group is the Compagnie française d'assurance pour le commerce extérieur (*la Compagnie*). This subsidiary, which is wholly owned by the Company, is a public limited company *(société anonyme)* under French law, with share capital of €137,052,417.05, registered with the Nanterre Trade and Companies Registry under number 552 069 791.

The main flows between Coface SA, the listed parent company, and *la Compagnie* are as follows:

- Financing:
  - Coface SA and *la Compagnie* have granted each other two ten-year loans;
  - In net terms, Coface SA finances *la Compagnie*;
  - *la Compagnie* stands as surety for the bond issue floated by Coface SA;
  - A two-way cash flow agreement exists between COFACE SA and *la Compagnie*;
  - COFACE SA delegates to *la Compagnie* management of its commercial paper programme and of its cash management.
- Dividends:

  la Compagnie pays dividends to Coface SA.
- Tax consolidation:

  la Compagnie forms part of the tax consolidation group headed by Coface SA.

The table below summarises the interim balance of *la Compagnie* and its principal financial flows:

(in thousands of euros)	LISTED COMPANY	COMPAGNIE FRANÇAISE POUR LE COMMERCE EXTÉRIEUR (INCLUDING BRANCHES)	OTHER ENTITIES	ELIMINATIONS	TOTAL
Revenue	2,901	1,486,737	788,717	-788,825	1,489,530
Total current income and expenses	13,987	183,287	71,329	-72,074	196,529
Net income	-2,889	79,152	49,976		126,239
Fixed assets	1,820,791	4,531,489	718,665	-4 133,412	2 937,533
Indebtedness outside the group	387,392	-	5,202		392,594
Cash and cash equivalent	80	210,085	186,672		396,837
Dividends paid to the quoted company	-	80,008	-		80,008

4.3 Financial statements

4.3.1 BALANCE SHEET

Assets

(in euros)	NOTE	DEC. 31, 2015	DEC. 31, 2014
Fixed Assets			
Intangible assets	4.1.1	3,980,355	5,209,299.38
Interests in related companies	4.1.2	1,487,744,457	1,447,744,457
Loans to affiliates and subsidiaries	4.1.3	324,074,167	324,038,188
		1,815,798,979	**1,776,991,944**
Current Assets			
French government and other authorities			939,615
Current account Tax Consolidation		1,730,821	
Current account Coface Finanz		418,324,299	353,822,746
Miscellaneous receivables		6,852,719	6,682,939
	4.1.4	**426,907,839**	**361,445,300**
Investment securities	4.1.5	618,354	343,541
Treasury shares	4.1.6	2,680,522	861,258
Cash at bank and in hand	4.1.7	80,044	171,593
Prepaid expenses	4.1.8	112,500	4,889
		430,399,260	**362,826,581**
Deferred charge	4.1.9	2,641,026	2,971,155
Loan reimbursement premiums	4.1.10	1,538,848	1,731,204
		4,179,874	**4,702,359**
TOTAL ASSETS		**2,250,378,113**	**2,144,520,884**

Equity and liabilities

	NOTE	DEC. 31, 2015	DEC. 31, 2014
Equity			
Capital		786,241,160	786,241,160
Share capital premiums		347,370,166	422,830,623
Other reserves (RL+RAN)		67,924,043	70,703,079
Income for the year		73,048,606	-2,779,036
	4.2.1; 4.2.2	**1,274,583,976**	**1,276,995,826**
Provisions for liabilities and charges			
Provision for charges	4.2.3	2,122,318	1,340,779
		2,122,318	**1,340,779**
Debts			
Bank borrowings and debts		418,065,103	351,952,226
Other bond issues		391,756,250	391,756,250
Sundry borrowings and debts		162,625,567	121,075,172
Trade notes and accounts payables		755,380	876,165
Tax and social liabilities		114,715	115,240
Other payables		354,804	409,226
	4.2.4	**973,671,819**	**866,184,280**
TOTAL EQUITY AND LIABILITIES		**2,250,378,113**	**2,144,520,884**

4.3.2 INCOME STATEMENT

(in euros)	NOTE	DEC. 31, 2015	DEC. 31, 2014
Operating income		**992,028**	**5,943,605**
Operating expenses		**-4,151,810**	**-7,917,255**
Other purchases and external expenses		-1,645,321	-5,400,703
Income tax, taxes and similar payments		-2,677	2,866
Employee-related expenses		-42,567	-54,200
Other expenses		-993,872	-1,556,279
Depreciations and amortisations		-1,467,373	-908,939
INCOME FROM OPERATIONS	**5.1**	**-3,159,782**	**-1,973,651**
Financial income		**96,028,145**	**14,849,342**
Investments income		80,007,634	0
Other financial income		16,019,355	14,783,506
Income from SICAV sales		1,157	65,836
Financial expenses		**-21,684,711**	**-15,663,964**
Interest and similar expenses		-21,492,355	-15,471,608
Depreciations and amortisations		-192,356	-192,356
FINANCIAL RESULT	**5.2**	**74,343,434**	**-814,622**
Non-recurring income		**134,374**	**9,237**
Non-recurring expenses		**-241**	
NON-RECURRING INCOME	**5.3**	**134,133**	**9,237**
Income tax	**5.4**	**1,730,821**	
NET INCOME FOR THE YEAR		**73,048,606**	**-2,779,036**

4.4 Notes to the parent company financial statements

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/ NOTE 1 / Significant events

Buyback of treasury shares

On May 18, 2015, the Combined Shareholders' Meeting of COFACE SA, in its eighth resolution, delegated to the Board of Directors the authority to set up a share buyback programme over a period of 18 months. The Board of Directors used this delegated authority on July 31, 2015 and selected Natixis to implement this contract in accordance with European Regulation No. 2273/2003 of December 22, 2003 (the European Regulation).

Accordingly, between July 31, and August 28, 2015, COFACE SA purchased 235,220 shares at the share price of €9.02. These shares are to be used in the bonus share plans.

Tax consolidation group

On January 1, 2015, COFACE SA opted for the tax consolidation regime which allows it to constitute a tax consolidation group with subsidiaries in which it holds more than 95% of their equity: Compagnie française d'assurance pour le commerce extérieur, Cofinpar, Cogeri and Fimipar.

The tax consolidation agreements binding the parent company to its subsidiaries are all strictly identical and stipulate that:

- each company shall calculate its tax as if there were no tax consolidation, and the parent company alone shall be liable for the payment of corporate income tax;
- the parent company shall recognise tax savings in income and shall not reallocate them to subsidiaries unless the subsidiary leaves the tax consolidation group.

The option is valid for five years starting from January 1, 2015.

Board of Directors

The COFACE SA Board of Directors co-opted two new directors at its meeting of May 5, 2015: Linda Jackson, Chief Executive Officer of Citroën, member of the Executive Committee of PSA Peugeot Citroën, and Martine Odillard, Chief Executive Officer of the Chargeurs group.

The Board of Directors therefore now has two new independent members and will benefit from their rich experience in international companies operating in diverse, innovative sectors.

As at December 31, 2015, the COFACE SA Board of Directors was composed of the following members: Laurent Mignon (Board Chairman), BPCE, represented by Marguerite Berard-Andrieu, Jean Arondel, Jean-Paul Dumortier, Eric Hemar, Linda Jackson, Pascal Marchetti, Sharon MacBeath, Martine Odillard, Laurent Roubin, and Olivier Zarrouati.

Events since the close of the year

The Coface Board of Directors' meeting held on January 15, 2016, and chaired by Laurent Mignon, appointed Xavier Durand as the Chief Executive Officer. This appointment became effective after the Board meeting of February 9, 2016, held to approve the 2015 financial statements. Jean-Marc Pillu continued to act as Coface CEO until that date.

This announcement had no impact on the financial statements of Coface as at December 31, 2015.

/ NOTE 2 / Accounting principles, rules and policies

◆ Accounting principle and methods

The financial statements for 2015 have been prepared in accordance with generally accepted gaap and the French chart of accounts.

(Regulation 99-03 of April 29, 1999 of the Accounting Regulation Committee), in accordance with the principles of prudence and business continuity.

Financial assets

Investment securities are reported in the balance sheet at cost. A depreciation is recorded when the realisable value (determined according to the restated equity, income, future outlook and value in use for the Company) is less than the acquisition value.

Receivables and payables

Receivables and payables are valued at their face value. They are depreciated through a provision in an effort to account for potential collection difficulties.

Investment securities

Units in money-market funds (SICAV) are recorded at their acquisition price according to the FIFO (first-in first-out) method. Unrealised losses or gains resulting from an evaluation of the portfolio at the close of the financial year are reintegrated (or deducted) for calculating the tax income.

Start-up costs

According to Article 432-1 of the general accounting plan, the stock market listing costs incurred by the Company may be recorded as start-up costs.

These costs are amortised over five years, with the first and last year amortised *prorata temporis* in accordance with the general accounting plan (PCG) instructions (Article 361-3).

Issuing charges

According to the general accounting plan (Article 361-2,) the costs linked to the hybrid debt issued must be in principle distributed according to the characteristics of the loan. These costs were recorded in deferred charges and amortised on a straight-line basis for the term of the loan, *i.e.* 10 years.

◆ Permanent nature of methods

The financial statements for the year are comparable to those of the previous year (consistency of accounting methods and time period principle).

The Balance Sheet, the Income statement and notes are expressed in euros.

/ NOTE 3 / Other disclosures

Consolidating entity

COFACE SA has been fully consolidated since 2007 by Natixis whose head office is located at

30, Avenue Pierre Mendes France 75013 Paris.

Staff and managers

COFACE SA has no staff on its payroll and has no pension commitment.

Off-balance sheet commitments

- Commitments received: €600 million

This entails six credit lines unused as at December 31, 2015 linked to the issue of commercial paper for an amount of €600 million (€500 million as at December 31, 2014) taken from Natixis, Société Générale, BNP Paribas, CACIB, BRED and HSBC.

- Commitments given: €1,000 million

On March 19, 2012, COFACE SA issued a joint surety bond in favour of Coface Finanz, a company held indirectly by COFACE SA, for the sums that will be due by Coface Factoring Poland as reimbursement for the loan granted to the latter, for a maximum amount that changed from €350 million to €500 million in April 2015.

This joint surety bond did not have to be exercised from 2012 to 2015.

In April 2015, COFACE SA issued a joint surety bond to hedge the commitments of Coface Finanz and Coface Factoring Poland for the bilateral credit lines taken out from five banks and amounting to €500 million.

/ NOTE 4 / Analyses on the main balance sheet items *(in euros)*

◆ Assets

4.1.1 Intangible assets

	GROSS 2015	AMORTISATION	NET 2015
Set-up costs	5,696,410	1,716,055	3,980,355

Set-up costs include IPO (initial public offering) costs amortised over five years.

4.1.2 Interests in related companies and companies with capital ties

RELATED COMPANIES	DEC. 31, 2014	ACQUISITIONS	DISPOSALS	DEC. 31, 2015
Compagnie française d'assurance pour le commerce extérieur	1,337,719,300			1,337,719,300
Coface Ré	110,025,157	40,000,000		150,025,157
	1,447,744,457	**40,000,000**		**1,487,744,457**

4.1.3 Loans to affiliates and subsidiaries

RELATED COMPANY	AMOUNT	INTERESTS	TOTAL
Compagnie française d'assurance pour le commerce extérieur	314,000,000	10,074,167	324,074,167
	314,000,000	**10,074,167**	**324,074,167**

On March 27, 2014, COFACE SA granted a subordinated intra-group loan to Compagnie française d'assurance pour le commerce extérieur for €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year.

4.1.4 Other receivables

	DEC. 31, 2015	UP TO ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DEC. 31, 2014
French government and other authorities				939,615
Current account Tax Consolidation	1,730,821	1,730,821		
Current account Coface Finanz	418,324,299	418,324,299		353,822,746
Miscellaneous receivables	6,852,720	4,730,402	2,122,318	6,682,939
Coface Factoring Poland	104,615	104,615		
Natixis liquidity agreement	4,510,423	4,510,423		4,147,979
Other receivables	2,237,682	115,364	2,122,318	2,534,961
	426,907,840	**424,785,522**	**2,122,318**	**361,445,300**

The item "other receivables" in miscellaneous receivables primarily consists of expenses to be recharged in connection with the award of bonus shares for €2,122,318.

4.1.5 Investment securities

	PURCH. VAL.	MARKET VAL.	UNREALISED CG
6 Money-market SICAV Natixis Cash Euribor	618,354	618,366	11

4.1.6 Treasury shares

NUMBER OF SHARES HELD	DEC. 31, 2014	ACQUISITIONS	DISPOSALS	DEC. 31, 2015
Liquidity agreement	80,819	3,144,906	3,164,354	61,371
Bonus Share Awards		235,220		235,220
	80,819	**3,380,126**	**3,164,354**	**296,591**

Liquidity agreement

With effect from July 7, 2014, Coface appointed Natixis to implement a liquidity agreement for COFACE SA shares traded on Euronext Paris, in accordance with the Charter of Ethics of the French financial markets association (Association française des marchés financiers – AMAFI) dated March 8, 2011, and approved by the AMF on March 21, 2011.

The Group allocated €5 million to the liquidity account for the purposes of the agreement, which is for a period of 12 months and was renewed by tacit agreement in July 2015 (see Note 4.1.4).

The liquidity agreement is part of the share buyback programme decided by the Board of Directors' meeting of June 26, 2014 (see the characteristics of the share 2015-2016 buyback programme in paragraph 7.2.1.2).

Share buyback agreement:

See Note 1.1.

At December 31, 2015, the Group's own shares held in treasury had a gross and net value of €2,680,522, broken down as follows:

- liquidity agreement: €558,204;
- award of Bonus Shares: €2,122,318.

4.1.7 Cash at bank and in hand

	DEC. 31, 2015	DEC. 31, 2014
Natixis	80,044	171,378
HSBC		215
	80,044	**171,593**

4.1.8 Prepaid expenses

	DEC. 31, 2015	DEC. 31, 2014
CACIB: fees		4,889
Moody's: issuer rating and programme	112,500	
	112,500	**4,889**

4.1.9 Deferred charges

	GROSS 2015	AMORTISATION	NET 2015
EXPENSES LINKED TO SUBORDINATED DEBT	**3,301,283**	**660,257**	**2,641,026**

Deferred charges include costs linked to the issuance of the subordinated debt amortised over a period of 10 years.

4.1.10 Loan reimbursement premiums

	GROSS 2015	AMORTISATION	NET 2015
Premium linked to subordinated debt	1,923,560	384,712	1,538,848

The premium linked to the subordinated debt is amortised over 10 years.

Liabilities

4.2.1 Changes in equity

	DEC. 31, 2014	ALLOCATION OF INCOME	EXTRAORDINARY CASH DISTRIBUTION	INCOME FOR THE YEAR	DEC. 31, 2015
Share capital	**786,241,160**				**786,241,160**
Number of shares	157,248,232				157,248,232
Share premium	**422,830,623**		**-75,460,456**		**347,370,166**
Legal reserves	**70,703,079**				**70,703,079**
Retained earnings		**-2,779,036**			**-2,779,036**
Income for the year	**-2,779,036**	**2,779,036**		**73,048,606**	**73,048,606**
TOTAL	**1,276,995,826**	**0**	**-75,460,456**	**73,048,606**	**1,274,583,976**

COFACE SA's total equity amounted to €1,274,583,976.

In accordance with the decision taken by the Annual Shareholders' Meeting of May 18, 2015, net income for 2014 was allocated to retained earnings and an extraordinary dividend of €0.48 per share was paid at the end of May 2015, for a total amount of €75,460,456.

4.2.2 Composition of capital

	DEC. 31, 2015		INCREASE/ DECREASE	DEC. 31, 2014	
Number of shares		**157,248,232**			**157,248,232**
Nominal value *(in €)*		5			5
Shareholders: Financial market and other	58.33%	91,718,823		58.46%	91,922,573
Natixis	41.24%	64,853,870	1	41.24%	64,853,869
Group Employee funds	0.24%	378,937	-12,022	0.25%	390,959
Treasury shares	0.19%	296,591	215,772	0.05%	80,819
Directors' loaned shares:		11	-1		12
BPCE			*-1*		*1*
Individuals		*11*			*11*

4.2.3 Provisions for liabilities and charges

	DEC. 31, 2015	ADDITIONS	REVERSALS	DEC. 31, 2015
Provision for bonus share award	1,340,779	781,539		2,122,318
	1,340,779	**781,539**		**2,122,318**

4.2.4 Debts

	UP TO ONE YEAR	1-5 YEARS	BEYOND 5 YEARS	DEC. 31, 2015	DEC. 31, 2014
Bank borrowings and debts	**418,065,103**			**418,065,103**	**351,952,226**
31 Commercial paper: discounted fixed rate	417,962,205			417,962,205	351,867,462
CP accrued interests	102,898			102,898	84,764
Other bond issues	**11,756,250**		**380,000,000**	**391,756,250**	**391,756,250**
Subordinated bonds			380,000,000	380,000,000	380,000,000
Accrued interests	11,756,250			11,756,250	11,756,250
Sundry borrowings and debts	**12,625,567**		**150,000,000**	**162,625,567**	**121,075,172**
Borrowing Cie française d'assurance pour le commerce extérieur			150,000,000	150,000,000	110,000,000
Accrued interests on Coface borrowing	201,250			201,250	147,583
Cash advance Cie Française and accrued interest	12,424,317			12,424,317	10,927,589
Trade notes and accounts payables	**755,380**			**755,380**	**876,165**
Tax and social liabilities	**114,715**			**114,715**	**115,240**
Other debts	**354,804**			**354,804**	**409,226**
	443,671,819		**530,000,000**	**973,671,819**	**866,184,280**

After approval by the Banque de France on November 6, 2012, COFACE SA issued on November 13, 2012, commercial papers for €250 million (maturing 1 to 3 months). This programme, intended to refinance in part the factoring portfolio in Germany, was rated F1 and P2 by the Fitch and Moody's rating agencies.

The amount raised was fully loaned to Coface Finanz through a cash agreement and all fees incurred were recharged.

In October 2015, this programme, carried by Société Générale, amounted to €600 million through six banks.

As at December 31, 2015, €418 million had been used.

After the subordinated note issue, rating agencies Fitch and Moody's confirmed the Group's Insurer Financial Strength ratings at AA- and A2 respectively.

On March 27, 2014, COFACE SA completed the issue of subordinated debt in the form of bonds for a nominal amount of €380 million (corresponding to 3,800 bonds with a nominal unit value of €100 thousand), maturing on March 27, 2024 (10 years) and an annual interest rate of 4.125%.

In December 2014, COFACE SA borrowed €110 million from *la Compagnie* for Coface Ré. In June 2015, COFACE SA borrowed an additional €40 million to top up funds sent to Coface Ré (see Note 4.1.2).

Trade notes and accounts payable mainly comprise Statutory Auditors fees that have not yet been billed.

/ NOTE 5 / Analyses on the main balance sheet items *(in euros)*

Operating income

	DEC. 31, 2015	DEC. 31, 2014
Operating income	**992,028**	**5,943,605**
Commercial paper structuring costs	210,469	425,063
Transfer of expenses		3,301,283
Other income	781,559	2,217,259
Operating expenses	**-4,151,810**	**-7,917,255**
Other purchases and external expenses	**-1,645,321**	**-5,400,702**
Statutory Auditors' fees	-655,020	-318,157
Fees and Commissions linked to CP program	-324,300	-232,500
Sundry fees	0	-4,589
Coface Europe fees: 8 management mandates	-91,608	-105,108
Rebilling Group payroll costs and related expenses	-75,540	
Legal advertising costs	-7,138	-2,084
Natixis charges and commissions	-8,092	-7,674
Charges linked to the offer reserved for employees	-20	-876,480
Charges linked to initial public offering and listing	-400,459	-549,785
Charges linked to the issue of subordinated debt	1,300	-3,301,283
Licence fees	-80,243	
Sundry costs	-4,201	-3,042
Income tax, taxes and similar payments	**-2,677**	**2,866**
Employee-related expenses	**-42,567**	**-54,200**
Social charges on directors' fees	-42,567	-54,200
Other expenses	**-993,872**	**-1,556,279**
Directors' fees	-212,333	-215,500
Expenses linked to the bonus share award	-781,539	-1,340,779
Depreciations and amortisations	**-1,467,373**	**-908,939**
Amortisation of set-up costs	-1,137,244	-578,811
Amortisation of costs linked to subordinated debt	-330,128	-330,128
	-3,159,782	**-1,973,651**

The entry "Commercial paper structuring costs" in the amount of €210,469 corresponds to the recharging of the costs of managing this commercial paper.

The item "Other income" in the amount of €781,559 corresponds to the recharging of expenses linked to the free award of the shares acquired by COFACE SA in 2015.

Financial income

	DEC. 31, 2015	DEC. 31, 2014
Financial income	**96,028,145**	**14,849,342**
Investment income	**80,007,634**	
Dividend	80,007,634	
Other financial income	**16,019,355**	**14,783,506**
Sundry interests	50	142,303
Interests linked to the CP program	2,123,949	2,984,817
Income on guarantees	906,877	1,618,198
Loan interests	12,988,479	10,038,188
Income from SICAV sales	**1,157**	**65,836**
Income from SICAV sales	1,157	65,836
Financial expenses	**-21,684,711**	**-15,663,964**
Interest and similar expenses	**-21,492,355**	**-15,471,608**
Fees and Commissions linked to CP program	-1,982,966	-2,957,102
Interests on bond loan	-15,675,000	-11,756,250
Interests on borrowings	-3,018,111	-147,583
Interests on cash advance	-68,944	-28,006
Guarantees costs	-747,333	-582,667
Depreciations and amortisations	**-192,356**	**-192,356**
Reimbursement premium amortisation	-192,356	-192,356
	74,343,434	**-814,622**

Financial income primarily consists of the €80 million dividend received from Compagnie française d'assurance pour le commerce extérieur and €314 million in interest on a loan granted to Compagnie française d'assurance pour le commerce extérieur.

Financial expenses primarily consist of €380 million in interest on the bond loan and the €150 million loan taken out at the end of 2014 from Compagnie française d'assurance pour le commerce extérieur.

Non recurring result

	DEC. 31, 2015	DEC. 31, 2014
Non-recurring income	**134,374**	**9,237**
Gains on treasury share sales	59,390	9,237
On prior years	74,984	
Non-recurring expenses	**-241**	
	134,133	**9,237**

The non-recurring result consists of income on disposals of treasury shares managed under the liquidity agreement and the reversal of expenses accrued in prior years.

Income tax

	DEC. 31, 2015	DEC. 31, 2014
Accounting income before CT	**71,317,785**	**-2,779,036**
Deductions	-80,789,178	-1,349,849
■ Dividend Coface Europe (mother/daughter regime)	-80,007,634	
■ Bonus Share awards to be rebilled	-781,538	-1,340,779
■ Unrealised capital gain Dec. 31, 2014 from money-market SICAV	-7	-9,070
Reintegrations	4,781,931	1,340,785
■ Share of costs 5% on dividends	4,000,382	
■ Bonus Share award expenses	781,538	1,340,779
■ Unrealised capital gain Dec. 31, 2015 from money-market SICAV	11	7
Taxable income	**-4,689,462**	**-2,788,100**
Corporate tax (rates 33 1/3%)		
Corporate tax before tax consolidation	**0**	**0**
Tax consolidation income from consolidated companies	1,730,821	
Corporate income tax (income)	**1,730,821**	

The application of the tax consolidation agreement resulted in a consolidation gain of €1,730,821 for financial year 2015.

The Group's tax loss carryforward in the tax consolidation group amounted to €5,062,029, including €4,689,462 from COFACE SA, group leader, and €372,567 from Cofinpar.

COFACE SA's tax loss carryforward prior to the tax consolidation was €2,788,100 for 2014.

/ NOTE 6 / Information regarding related companies

The table below presents all balance sheet items and COFACE SA financial statement items regarding related companies:

	DEC. 31, 2015	DEC. 31, 2014
Balance Sheet – Assets		
Interests in related companies	1,487,744,457	1,447,744,457
Loans to affiliates and subsidiaries	324,074,167	324,038,188
Current account Tax Consolidation	1,730,821	
Ct Coface Finanz	418,324,299	353,822,746
Miscellaneous receivables	4,615,038	4,280,315
Cash at bank and in hand	80,043.68	171,378
Balance Sheet – Equity & Liabilities		
Sundry borrowings and debts	162,625,567	121,075,172
Trade notes and accounts payables	75,540	
Other payables	60,000	94,933
Income Statement		
Operating income	210,469	425,063
Operating expenses	-175,240	-112,937
Financial income	96,026,939	14,783,400
Financial expenses	-4,035,325	-1,134,967

/ NOTE 7 / Subsidiaries and Interests

					VALUE OF SECURITIES HELD			FISCAL YEAR 2015			
AT DEC. 31, 2015	CURRENCY	CAPITAL	RESERVES AND RETAINED EARNINGS *(in foreign currency)*	SHARE OF CAPITAL HELD *(in %)*	GROSS	NET	OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY	REVENUE	NET EARNINGS OR LOSS	DIVIDENDS RECEIVED OR RECOGNISED BY THE COMPANY *(in €)*	EXCHANGE RATE DEC. 31, 2015
Compagnie française pour le commerce extérieur 1, place Costes et Bellonte 92270 Bois-Colombes	EUR	137,052,417	985,166,495	99.995%	1,337,719,299.94	1,337,719,299.94	162,625,566.80	1,271,935,236	107,690,616	80,007,634	
Coface Ré SA Rue Bellefontaine 18 1003 Lausanne – SWITZERLAND	CHF	10,000,000	164,097,906	100%	150,025,157.42	150,025,157.42	-	352,822,335	2,470,700	-	1.0835

4.5 Five-year summary of Company results

NATURE OF INDICATIONS *(in euros)*	YEAR 2011	YEAR 2012	YEAR 2013 *	YEAR 2014	YEAR 2015
I - Year-end Capital					
a) Share capital	784,206,535	784,206,535	784,206,535	786,241,160	786,241,160
b) Number of issued shares	156,841,307	156,841,307	156,841,307	157,248,232	157,248,232
c) Number of bonds convertible into shares	-	-	-	-	-
II - Operations and income for the year					
a) Revenue excluding tax	-	197,200	192,675	2,642,322	992,028
b) Income before tax, depreciation, amortisation and provisions	5,872,988	2,547,020	69,956,078	-1,677,741	74,708,335
c) Income tax	2,505,799	845,350	1,176,604		-1,730,821
d) Income before tax, depreciation, amortisation and provisions	3,367,189	1,701,670	68,779,474	-2,779,036	73,048,606
e) Distributed profits	26,000,000	-	66,939,870	(1)	66,617,140 (2)
of which interim dividends	*26,000,000*		*65,089,142*		
III - Earnings per share					
a) Income after tax, but before depreciation, amortisation and provisions	0.02	0.01	0.44	-0.01	0.49
b) Income after tax, depreciation, amortisation and provisions	0.02	0.01	0.44	-0.02	0.46
c) Dividend paid to each share	0.17	-	0.43	0.00	0.42
IV - Staff					
a) Average number of employees in the year	-	-	-	-	-
b) Payroll amount	-	-	-	-	-
c) Amount of sums paid in employee benefits	-	-	-	-	-

* *Year 2013: A portion of the costs of structuring the commercial paper corresponding to commissions for non-use of lines of credit was reclassified under financial income for an amount of €1,188,000 raising revenue from €1,380,675 to €192,675.*
An extraordinary dividend of €227,000,000 was paid as voted by the Annual Shareholders' Meeting of April 14, 2014.

(1) *In 2014, an extraordinary dividend of €0.48 per share taken from the share premium, i.e., €75,479,151 was distributed as voted by the Annual Shareholders' Meeting of May 18, 2015 (including treasury shares).*

(2) *In 2015, a motion will be put to the vote at the Annual Shareholders' Meeting of May 19, 2016 regarding the ordinary distribution of €0.42 per share, amounting to a total of €66,617,140, together with an extraordinary distribution of €0.06 per share, (including treasury shares) i.e., €8,862,011, with the total amount deducted from the "share premium" account.*

4.6 Statutory Auditors' report on the consolidated financial statements [1]

Year ended 31 December 2015

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended 31 December 2015, on:

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

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

1 Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 "Reconciliation of the published and IFRIC 21 restated financial statement December 31, 2014", and Note 4 "Accounting principles", paragraph 4.1 "Applicable accounting standards" of the note regarding the effects of the application as of January 1, 2015 of the IFRIC 21 interpretation, "Levies". The application of this interpretation did not have a significant impact on the Coface Group.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)*, we bring to your attention the following matters:

- your group set up technical reserves to cover its commitments. Paragraph 4.6 of Note 4 "Accounting Principles", as well as Note 20 "Liabilities Relating to Insurance Contracts" and 43 "Risk Management" of the notes to the consolidated financial statements specify the estimation methodologies used. Based on the information available at the consolidated financial statements closing date, our assessment of technical reserves is based on the analysis of the calculation methodologies used as well as the assumptions made;
- gross written premiums as well as premium refunds that represent the credit insurance revenue are determined based on the principles described in paragraph 4.6 of Note 4 "Accounting Principles" of the notes to the consolidated financial statements.

  Those elements include estimated figures, in particular pipeline premiums and premium refunds to be paid. Based on the information available at the consolidated financial statements closing date, our assessment of premiums to be written and refunds to be paid is based on the analysis of the calculation methodology used as well as the assumptions made regarding Group past experience;
- financial investments are recognized and valued using the methods described in paragraph 4.6 of Note 4 "Accounting Principles" and in Note 7 "Insurance Business Investments" of the notes to the consolidated financial statements. We checked that, on the basis of the documentation prepared by the group, the valuation methods used had been correctly applied and then assessed, firstly, the data and assumptions used to value them and, secondly, the classification methods selected;
- impairment tests are performed on goodwill using the methods described in paragraph 4.6 of Note 4 "Accounting Principles" and in Note 5 "Goodwill" of the notes to the consolidated financial statements. We examined, firstly, the methods used to perform those tests on the Cash Flow Units basis and, secondly, checked the consistency of assumptions made with the business plan set up under group control.

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

3 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, April 11, 2016
The statutory auditors French original signed by
KPMG Audit
Department of KPMG S.A.
Francine Morelli
Partner

Neuilly sur Seine, April 11, 2016
The statutory auditors French original signed by
Deloitte & Associés
Damien Leurent
Partner

(1) *This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

4.7 Statutory Auditors' report on the Company's annual financial statements [1]

Year ended 31 December 2015

Ladies and Gentlemen

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended 31 December 2015, on:

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

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

1 Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*), we bring to your attention the following matters.

The assets of your company is mainly made up of "interests in related companies" for which the methods of valuation are set out in Note 2 "Accounting principles, rules and policies" of the notes to the annual financial statements.

We assessed the approaches and valuation methods of those assets used by the company, described in the annual financial statements and based on the information available to date, performed tests to check the implementation of these methods.

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

3 Specific verifications and information

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris La Défense, April 11, 2016
The statutory auditors French original signed by
KPMG Audit
Department of KPMG S.A.
Francine Morelli
Partner

Neuilly sur Seine, April 11, 2016
The statutory auditors French original signed by
Deloitte & Associés
Damien Leurent
Partner

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(1) *This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

MAIN RISK FACTORS AND THEIR MANAGEMENT WITHIN THE GROUP

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5.1 Risk Factors

Prior to making an investment decision in the shares of the Company, prospective investors should consider carefully all the information set out in this registration document, including in particular the risk factors detailed below. Such risks are, as of the date of this registration document, the risks that the Group believes, were they to occur, could have a material adverse effect on the Group, its business, its financial condition, its results of operations or prospects, and which are material in making an investment decision. Additional information concerning risk management is presented in paragraph 2.4.3 "Risk management". Prospective investors should nonetheless note that the risks described in this Chapter 5 (and paragraph 2.4.3) may not be comprehensive, and that there may be additional risks that are not currently known, or whose occurrence as of the date hereof is not considered likely to have a material adverse effect on the Group, its business, its financial condition, its results of operations or prospects.

5.1.1 RISKS RELATED TO THE ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENT OF THE GROUP'S BUSINESS SECTOR

5.1.1.1 Risks related to the macroeconomic situation

The Group is present in 67 countries and markets its services in nearly 100 countries and in the many sectors of the economy in which its policyholders operate. Given the nature of the Coface Group's business, its activity is directly influenced by the economic environment and by business activity at both a local level and a global level. Although the diversity of the sectors and regions in which the Group operates gives it some resistance to economic cycles, the Group's business activity is sensitive to changes in general macroeconomic conditions, global trade, levels of investment and consumption and to potential changes in economic policies that affect its policyholders.

Risk regarding premiums collected

The premium for a credit insurance policy is assessed on the revenue earned by the policyholder during the period covered by the credit insurance policy, on insured client risk receivables or on a capped insured receivable, each of which is a function of the revenue realized by the policyholder during the coverage period under its credit insurance policy. The total volume of premiums collected by the Group thus depends on the revenues of its policyholders, namely the sales volume effectively realised by its policyholders during the coverage periods under each of their respective credit insurance policies and covered by their policies.

The credit insurance policies of the Group furthermore entail a minimum fixed premium, which is calculated based on an estimated volume of sales to be made by a policyholder during the period covered by the credit insurance policy. This minimum is generally billed according to a quarterly schedule, with the first payment date being at the contract effective date. The volume of sales actually made by the policyholder, which allows to determine the final premium, is only known at the end of the period covered by the credit insurance policy. The amount of the final premium, assessed on the volume of sales made by the policyholder, is generally higher than the amount of the minimum fixed premium already billed. An adjustment premium, corresponding to the difference between the fixed premium already billed and the final premium, is thus charged to the policyholder. However, if the total premium calculated based on the volume of sales made by the policyholder is less than the amount of the fixed premium, the difference is retained by the Group.

Although a worsening of the economic environment could lead to an increase in the level of premiums received by the Group, resulting from the signing of new policies (either by new policyholders seeking coverage or by existing policyholders extending their coverage), or to an increase in the insurance premium rates, an economic slowdown, in particular within the eurozone where a large portion of the Group's policyholders are incorporated, could also result in reducing the volume of insurance premiums, due to an activity slowdown experienced by policyholders.

Risk regarding the level of loss

Difficult economic conditions, in particular in the eurozone where a large portion of policyholders are based, may cause an increase in payment delays and bankruptcies and thus in the frequency of claims, and possibly peak risks, in other words, abnormally high losses due to a single debtor or group of debtors, or even due to an accumulation of losses in a single country.

Although the Group's broad geographical spread and its diverse portfolio enhance its resistance to regional or segment-specific economic shocks, through a dilution effect across its entire business, the growing interconnection of economic sectors and financial mechanisms on a global scale expose credit insurers to the risk of having to cope with a global-scale economic crisis, which would limit the benefit of this dilution factor.

Adverse changes in the economic and business environment could in the future have a material adverse effect on the Group's business, financial position, solvency margin, operating results or prospects.

5.1.1.2 Risks related to world financial market conditions

The Group's business lines are sensitive to changes in the financial markets in France, Europe and the rest of the world. Numerous factors, including uncertainties about the solvency of certain sovereign issuers, the stability and solvency of financial institutions, the risk of future inflation or deflation in certain markets, as well as geopolitical tensions, have led to a liquidity shortage and increased the volatility of the financial markets, and could in the future continue to weigh on the markets and the overall economy, and thus on the business activities and the prospects of the Group. In addition, a liquidity shortage and the volatility of financial markets could have a material effect on the Group's investment portfolio, and more broadly, on the Group's financial income, primarily due to the size of the investment portfolio, which mainly comprises financial instruments whose value depends on the performance of the financial markets (see also paragraphs 2.4.3.3 "Internal control of investment management", 2.4.3.4 "Financial risk management" and 5.1.2.5 "Risks related to the investment portfolio" below).

Adverse changes in the financial markets could, in the future, have a material adverse effect on the business, the Group's financial position, solvency margin, share price trends, operating results or prospects.

5.1.1.3 Risks related to national and international policies and regulations applicable to the Group's activities

The Group operates in a strongly regulated environment, which differs according to the countries in which it performs its business. Its insurance business is subject to the control of local regulators, which can sometimes differ according to the country in which it is established.

The Group is headquartered in France; its activity is to a large extent governed by European directives and by French domestic regulations on non-life insurance. The supervisory and regulatory authority for the Group's insurance activities in France and the European Union is the Prudential Supervisory and Resolution Authority (the Autorité de contrôle prudentiel et de résolution, or "**ACPR**").

Most countries in which the Group operates apply the laws and regulations which govern in particular solvency standards, the level of capital and reserves, the multiplicity and diversification of financial investment portfolios, business conduct (including, in particular, requirements to hold relevant licenses and approvals), distribution practices, anti-money laundering rules, and the Know Your Customer protection rules.

These various regulations and supervisory measures have been strengthened in the wake of the financial crisis, both at the European level and outside the European Union. Some States have adopted or are in the process of adopting measures that constitute significant changes to the current framework, notably to strengthen the solvency of insurance companies. In this context, amendments to regulations applicable to the Group's insurance activities since January 1, 2016 have introduced new constraints or business operating rules for the Group. They have, in particular, increased its capital and liquidity requirements, financing costs and operating costs, which may limit the scope of its business and, more generally, constitute an obstacle to its development (see also Sections 2.4.3.6 "Liquidity and capital risk", 2.4.3.8 "Management of legal risk and compliance" and paragraph 5.1.1.4 "Risks related to the implementation of the Solvency II Regulations" below).

The Group also has factoring activities in Germany, where it is subject to specific regulations, and in Poland. In each of these two countries, a modification in the existing laws and regulations on factoring, in particular in terms of capital and liquidity requirements specific to non-banking factoring activities, could impact the course of these activities and the financial position of the Group.

A significant portion of the Group's business is subject to obtaining accreditation and licences issued by the public authorities in charge of supervising and controlling credit insurance and factoring activities. As part of its sustained and profitable growth strategy, the Group plans to continue establishing operations in new countries and will be required to obtain all the necessary approvals, licences and authorisations to carry out such activities. Any major difficulty encountered in obtaining such authorisations could delay or jeopardise the establishment of the Group in these new countries. In addition, the non-renewal, suspension or loss of any authorisations could have a material adverse effect on the Group's business, operating results, financial position and prospects.

Lastly, due to the rapid changes to the regulatory environment and the strict interpretation and application of the regulations by the regulatory authorities, the Group has become particularly vigilant about compliance issues. Despite implementing measures to comply with applicable regulations, the Group may become subject to regulatory investigations and possible sanctions. These investigations and sanctions could affect the Group's business, operating results, financial position, prospects and reputation.

More generally, the Group cannot guarantee that rapid and/or significant changes in the current regulations will not have an adverse effect on the future for its business, financial position, solvency margin, dividend policy, operating results or prospects.

5.1.1.4 Risks related to the implementation of the Solvency II Regulations

The Group primarily runs an insurance business. For insurers with their head office based in a European Union country, such as the Group, the regulation of their business falls under the "Solvency II" Directive which became applicable on January 1, 2016.

Solvency II seeks, in particular, to gain a better understanding of insurers' risks. As such, Solvency II includes Solvency Capital Requirements **("SCR")** that set minimum capital adequacy requirements for insurers for the purpose

of absorbing a major shock. These SCR may be calculated based on a standard formula set by the regulations or by a complete or partial internal model developed by the insurer and validated by the prudential regulator. In preparation for Solvency II, the Group, like the majority of other European insurers, nevertheless had to make a certain number of strategic choices. In particular, considering that the standard formula does not adequately represent the credit insurance risk profile, the Group chose to prepare and submit to the ACPR a partial internal model to calculate its capital requirements in the context of Solvency II, based on the Group's own risk management system. At the date of this registration document, the Group cannot be sure that its internal model will be validated by the ACPR or that the ACPR will not impose significant changes to the final formula. If its partial internal model is not approved, or if changes are imposed by the ACPR, such as the application of the standard formula defined by Solvency II or a modified formula in comparison to the partial internal model, it could require the Group to strengthen its capital and/or change its dividend policy (see also paragraph 2.4.3.6 "Liquidity and capital risk" and paragraph 1.2.6 "Regulatory environment").

Moreover, the implementation of Solvency II results in significant costs to the Group and could likewise lead to more significant costs and adaptation measures than anticipated. More generally, the implementation of Solvency II, due to the costs and uncertainties it involves, could thus have a material adverse effect on the financial position, solvency margin, dividend policy, income and thus the business and prospects of the Group.

◆ 5.1.1.5 Risks related to the competitive environment

The Group operates in a highly competitive market. The credit insurance market has a large number of players of very different sizes and statures, including Export Credit Agencies (or ECAs) created by States to encourage exports. The world credit insurance market is nevertheless dominated by three major players, including the Group, who are the only ones to have a global network and a significant footprint. The Group's main competitors in the credit insurance sector are two European groups: Euler-Hermes group (a company based in Paris belonging to the Allianz group, whose shares are listed on the Euronext Paris regulated market) and Atradius (an unlisted company under Dutch law which belongs to Grupo Catalana Occidente). In certain markets the Group competes with export credit agencies, leading players in their market, who have very significant or even monopolistic market shares, such as K-sure, an export credit agency in South Korea, or Sinosure, an export credit agency in China. Although it believes the credit insurance market to be characterised by strong entry barriers for new global players, the Group cannot rule out the possibility that new players, including those of significant size, will modify their strategy in order to enter certain markets on which the Group is present, thereby accentuating already intense competition. Likewise, in certain regions, the Group has to cope with competition from regional players that are smaller but benefit from a significant local presence.

There are also a number of alternative products to credit insurance, such as irrevocable and confirmed documentary credit, or stand-by letters of credit, or, in certain markets, factoring, which offer alternative coverage solutions to policyholders, who could decide to favour them over the services of the Group. In addition, an important source of competition comes from the companies themselves, which may opt to self-insure their credit risks, and to manage their receivables internally. An increase in credit insurance costs and in the conditions in which the Group proposes its other services, and more generally, unfavourable business practices in the credit insurance sector, could strengthen this trend and worsen the competitive environment.

Factoring, a market in which the Group is present in Germany and Poland, is a less concentrated market than credit insurance and is shared among banking players, such as Eurofactor or Deutsche Postbank (in Germany) or Raiffeisen Polska, Millenium or ING (in Poland) and nonbanking players, such as GE Capital (in Germany).

In recent years, the Group has experienced strong competitive pressure, particularly as to price in all its business segments and a broadening of the scope and nature of insurance coverage especially issued in Western Europe.

The Group's competitors in its various sectors of business could, due to their size, have financial, commercial, technical and human resources, or innovative capacity greater than those of the Group. These competitors could in the future continue to adopt aggressive pricing policies, diversify or expand service offerings or their supply chains, develop strategic or contractual relationships in markets in which the Group is present or seeks to expand, and thus increase competitive pressure.

In this context, the Group may need to adapt its services and tariffs or its underwriting risk policy, which could affect its profitability and/or lead to a loss of market share. Similarly, in the face of such competition the Group may struggle to implement its strategy for sustainable and profitable growth if it fails to offer prices, innovative products, services or quality of service at least comparable to those of its competitors. The more intensive competition could have a material adverse effect on the Group's business, financial position, operating results or prospects.

5.1.1.6 Risks related to the occurrence of exceptional events (acts of terrorism, natural disasters, pandemics, etc.)

Unforeseen events such as acts of terrorism, conflicts, the spread of pandemics such as the Ebola virus, a serious natural disaster, the potential consequences of global warming, or any other emergency situation, could adversely affect the business and financial condition of the Group due to the economic and financial consequences of indemnifying the resulting claims. These events could also cause a temporary disruption to the Group's business operations and result in significant losses to the extent they would not be, or would be insufficiently covered, by any relevant insurance policy, and if the Group's business continuity plans do not alleviate the consequences (see also paragraph 2.4.3.7 "Management of operational risks"). Such losses may relate to physical assets, financial assets, market positions or key employees. These events could likewise generate additional costs and an increase in expenses for the Group (in particular increased insurance and reinsurance premiums). Although the Group has not experienced such events in the past, it cannot be excluded that such events may occur in the future and have a material adverse effect on the Group's business, financial position, operating results or prospects.

5.1.1.7 Risks related to changes in accounting standards

The Group's consolidated financial statements are established in accordance with international standards, as adopted by the European Union. The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards) as well as their respective interpretations, as presented in Note 3 of Chapter 4.2 of the notes and appendices to the Group's consolidated financial statements.

The IASB (International Accounting Standards Board), which is the body in charge of the IAS/IFRS, published the final version of IFRS 9 in July 2014 and plans to publish phase 2 of IFRS 4 regarding insurance liabilities in the second half of 2016. Once adopted by the European Union, IFRS 9 will become applicable on or after January 1, 2018. The IASB published a draft presentation on December 8, 2015, currently under review, which deals in particular with the date of application of IFRS 9 for insurance companies.

These two important standard projects could have a significant impact on the recognition of liabilities linked to insurance policies and the classification of financial assets.

5.1.2 RISKS RELATED TO THE GROUP'S BUSINESS ACTIVITIES

5.1.2.1 Risks related to the solvency of debtors and policyholders, its assessment and the reliability of information relating to this solvency

The core business of the Group is credit insurance. The Group also offers factoring solutions in Germany and Poland. Assessing the credit risks related to these activities is an essential element of the Group's business. The credit risk includes:

- for credit insurance, the underwriting risk, inherent in the insurance business (namely, short-term credit insurance, special risks including Single Risk and surety bonds) under the Solvency II Directive; in other words, the risk of losses or of an unfavourable change in the value of insurance commitments, due to inadequate assumptions in terms of pricing and provisioning; and
- for the factoring business pursuant to the regulation issued on November 3, 2014, *i.e.* the risk incurred in the event of default by a counterparty or counterparties considered to be a single beneficiary.

The quality and reliability of information regarding debtor solvency is essential for managing the pricing policy and the risk underwriters' decision process. The Group, as with other players in the market, cannot exclude that it will face, in certain markets, difficulties in obtaining reliable and accurate information or debtor solvency data from the service providers that it may use.

Any lack of information or use of unreliable information regarding a debtor or the environment in which it operates, or a delay in the provision of such information, is likely to distort the evaluations and assessments used by the Group, and therefore the estimate of the related potential claims risk. Such risks relating to solvency assessments could have a material adverse effect on the Group's business, financial position, operating results, solvency margin and prospects.

Furthermore, if the credit insurance or factoring products that have been developed and sold by the Group seek to meet the needs of policyholders (or customers in the case of factoring activities) and their evolution in terms of coverage, the Group must likewise control the risks in terms of exposure, and thus of profitability. A poor assessment of debtor solvency (and, in cases of factoring and guarantee activities, of the Group's customers) at underwriting, and for credit insurance during the lifetime of the product, or even at the time of its renewal, could result in poor compatibility between the premium, the commitments made and the Group's management, and thus bring about a potentially significant risk of loss.

5.1.2.2 Risks related to the recognition of insurance technical provisions, depreciations and the assumptions used

The insurance policies managed by the Group's insurance subsidiaries meet the definitions of insurance contracts provided by IFRS 4. These contracts give rise to the recognition of technical provisions on the liabilities side of the balance sheet, which are measured based on French GAAP. A liability adequacy test is performed to verify that the insurance liabilities, as they appear in the consolidated financial statements, are sufficient to cover the future cash flows estimated at that date (see also paragraph 2.4.3.2 "Credit risk management" and Note 16 of Chapter 4.2 to the Group's consolidated financial statements).

The recognition of technical provisions requires the Group to carry out estimates. These are primarily based on statistics and assumptions about changes in events and circumstances related to the policyholders and their debtors, as well as their economic, financial, social, regulatory and also political environment. These estimates may turn out to be different or insufficient when compared to the actual events and circumstances subsequently observed, especially if they simultaneously affect the Group's main portfolios. The use of these assumptions requires a high degree of judgment by the Group's management bodies, which may affect the level of the provisions recognised and therefore may have a material adverse impact on the Group's financial position, operating results and solvency margin.

The Group holds financial investments for which there is no active market or the observable values are either limited or unrepresentative. Their fair value is then measured using valuation techniques based on assumptions that require a high degree of judgment. The valuations and estimates are revised when new information becomes available. In light of this information and in accordance with the accounting principles and methods as described in the Group's consolidated financial statements, the Group's management bodies use their judgment to analyse the causes of any decrease in the estimated fair value of securities, its prospects of short-term recovery and the level of provisions that is considered adequate for the resulting impairments. The impairments or additional provisions could have a material adverse effect on the Group's operating results, financial position and solvency margin.

5.1.2.3 Risks related to the geographical and sectorial distribution of debtors covered by the Group's insurance policies and its policyholders

The Group insures payment default risk for more than 40,000 policyholders in around 100 countries worldwide. The debtor risks covered by the Group's credit insurance policies are mainly located in Western Europe, notably in Germany, France, Italy and the United Kingdom. As at December 31, 2015, these four countries accounted for 40.7% of the Group's overall exposure from its credit insurance activities, with the whole of Western Europe representing 54.1% of the Group's total exposure. At the same date, debtors in non-OECD countries accounted for 18.3% of the Group's total exposure (see paragraph 2.4.3.2 "Diversification of the credit risk portfolio").

The Group is therefore particularly exposed to the risks and economic situations of these countries within the eurozone, and Western Europe in general. The persistence of a difficult economic situation, or the occurrence of new difficulties in these countries, and more generally in Western Europe, could increase the difficulties and worsen the financial position of the Group's debtors and policyholders operating in such countries. These factors could in return cause a considerable change in the Group's risk profile, and thus have a material adverse effect on its business, financial position, operating results or prospects.

In 2015, the Group revised its risk assessments for Brazil, Russia and China, in particular based on the increasingly tense global economic situation observed in all so-called emerging countries. The Group significantly reduced its overall exposure to these countries to anticipate the deterioration of the solvency of debtors in these countries.

The Group's debtor receivables insurance portfolio covers a broad range of business sectors. However, as of December 31, 2015, the construction, agro-food and chemistry sectors represented 40.3% of the Group's total exposure. A presentation of a breakdown of the Group's guaranteed debtor receivables by business sector appears in paragraph 2.4.3.2 "Diversification of the credit risk portfolio".

Similarly, the risks for some more sensitive sectors were revised in 2015 to anticipate the deterioration of the solvency of the most vulnerable players of these markets (steel industry, etc.). Despite the diversity of the business sectors of the Group's policyholders and debtors covered by its credit insurance policies, the Group cannot disregard the fact that a significant deterioration in the economic conditions in any given sector may impact its overall risk levels, as well as the volume of premiums received, and result in a material adverse effect on its business, financial position, operating results or prospects.

5.1.2.4 Risks related to overexposure to debtors or dependence on major policyholders

As of December 31, 2015, no debtor represented more than 1% of the Group's exposure and no policyholder accounted for more than 1% of the total premiums collected by the Group. Although the Group considers that the level of risk exposure regarding a major debtor is fairly limited, given their number and the diversity of risks that they present and the reinsurance underwritten, the occurrence of any significant risks linked to certain important debtors could affect the amount of indemnifications payable by the Group, and have a material adverse effect on its financial position and operating results.

5.1.2.5 Risks related to the investment portfolio

The Group holds an investment portfolio primarily comprised of financial instruments. The fair value of this investment portfolio as of December 31, 2015 totalled €2,527 million (excluding cash equivalents and investments in unconsolidated subsidiaries). The Group implements a diversification policy for its investment portfolio that aims to comply with the current legal and regulatory provisions, as well as obtain an optimal balance between risk and return (see also paragraphs 2.4.3.3 "Internal control of investment management", 2.4.3.4 "Financial risk management", as well as Notes 7, 29 and 30 to the Group's consolidated financial statements). The occurrence of any risks described below could nevertheless have a material adverse effect on the current and future revenue, the net income, cash and financial position of the Group.

Interest Rate risk

A significant portion of the Group's investment portfolio is invested in bonds. As of December 31, 2015, bonds represented 66.7% of the total fair value of its investment portfolio. . During a period when the rates drop, there is a risk that the average portfolio interest rate will drop (reinvestment occurring at lower rates), or that the duration of the portfolio will increase (making the portfolio more sensitive to a future rate change). Conversely, during a period when interest rates rise, there is a risk that the market value of the bond portfolio will drop, in which case the Group would have to record unrealised losses. Any significant variation in the value of the Group's bond portfolio, as a result of a change in interest rates, could have a material adverse effect on its net income, cash, solvency margin and financial position.

Counterparty risk

As of December 31, 2015, more than 84% of the bonds held by the Group had a rating of BBB or higher, given by at least one internationally recognised rating agency. At the same date, the portfolio exposure of the Group's investments was primarily geared towards countries in the eurozone, with the exception of Greece. Despite this risk selection policy, the Group cannot exclude that its investment portfolio might experience significant changes in value due to persistent current and potential future tensions on the financial markets, in particular with regards to sovereign debt. These defaults or feared defaults of public or private issuers, or of any other third party, other counterparties, financial institutions, clearing houses or stock markets, could disrupt the market, cause increased volatility of financial instruments, result in a chain reaction of defaults, or even lead to general illiquidity, and could lead the Group to record losses or impairments of invested assets, or unrealised losses that are significant or makes it unable to meet future funding needs to honour its commitments. Such losses or impairments could harm the investment value of the Group and reduce its profitability, having a material adverse effect on its current and future revenue, net income, cash, solvency margin and financial position.

Equities risk

As of December 31, 2015, 8.7% of the Group's investment portfolio was invested in equity mutual funds and stocks, exposing it to upward and downward changes in the stock market which in turn depend on many factors outside the Group. In the event of a drop in the values to which its portfolio is exposed, the Group could be obligated to record unrealised losses, or even significant impairments of assets, which could have a material adverse effect on its current and future revenue, net income, cash and its financial position (see paragraph 2.4.3.4 "Financial risk management").

5.1.2.6 Risks related to exchange rate fluctuations

The Group distributes policies in nearly 100 countries. Due to the international nature of its activities, the Group distributes policies in currencies other than those of the accounts of the issuing entities (premiums collected and claims paid). Similarly, its credit insurance contracts may cover invoices in various currencies.

Consequently, the Group's entities carry exchange rate risks on their balance sheets when they issue policies with premiums collected in a currency different from their accounting currency: in this case, they record liabilities that are indexed to a currency other than the one used in the rest of their balance sheet.

Furthermore, the Group, which releases its financial statements in euros, could be exposed to exchange rate risks, mainly due to the activities of certain foreign subsidiaries that operate in foreign currencies, primarily the US dollar, the pound sterling, the Hong Kong dollar and the Brazilian real. As of December 31, 2015, 37.1% of the Group's consolidated revenue was recorded in a currency other than the euro. The Group's capital is hence subject to the fluctuations of these exchange rates when consolidating the net positions of the various entities of the Group.

Finally, financial assets in a foreign currency that are in the Group's investment portfolio may be affected by fluctuations in the exchange rates of the currencies in which they are denominated (see also paragraph 2.4.3.4 "Financial risk management – foreign exchange risk"). These fluctuations could significantly affect the Group's financial income.

Although the Group can seek to reduce its exposure to foreign currency fluctuations through hedging activities, fluctuations in exchange rates and any related losses as part of its hedging activities could have a material adverse effect on its financial position, operating results and solvency margin.

5.1.2.7 Liquidity risks

The liquidity needs of the Group correspond, on the one hand, to coverage of its operating expenses, the settlement of claims and financial expenses and, on the other hand, to the liquidity needs of the factoring business in Germany and Poland. The main sources of liquidity for the insurance business are the insurance premiums received and the net income from investments. Liquidity to cover the financing needs of the factoring business totalled €1,965 billion as of December 31, 2015 and corresponded to drawdowns under bilateral credit lines of a maximum amount of €872.8 million, to issuances made under its commercial paper programme for a total maximum amount of €600 million and a factoring receivables securitisation programme in Germany for a total maximum amount of €1,195 billion. Any early termination of the securitisation programmes or related financing, in the event of default (see also paragraph 2.4.3.6 "Liquidity and capital risk" and Note 21 to the Group's consolidated financial statements) could have a material adverse effect on the Group's financial position.

As part of its financing policy, the Group accessed and should continue to access the capital and loan markets. In this respect, the Group cannot guarantee that it will be able to obtain sufficient financing or that the capital or loan market conditions, particularly the interest rates, and the perception on these markets of its financial condition and prospects, will be favourable enough to access the funds (bank financing or fundraising on financial markets) necessary to develop its business, in particular to cover its operating expenses, claims settlement and financial expenses. The Capital market has suffered, and could continue to suffer, from strong volatility or from disturbances limiting the availability of market financing. Such insufficient liquidity and/or prolonged access restrictions to these forms of funding could have a material adverse effect on its business, financial condition, results of operations or prospects.

5.1.2.8 Risks related to relations with reinsurers, the capacity of the reinsurance market and reinsurance costs

The theoretical level of exposure assessed by the Group is incompatible with the Group's available capital alone. This theoretical level of exposure is based primarily on the fact that a certain number of claims derived from this exposure will be passed on to reinsurers under a quota share treaty, bearing in mind that this transfer of risk to reinsurance companies does not exempt the Group from its commitments to pay its policyholders. Through non-proportional "excess claim and excess loss" cover, the Group has also implemented a reinsurance strategy against any potential extreme risks. In terms of its relations with reinsurance companies, the Group is subject to the creditworthiness risks of its reinsurers and the risk that it might be unable to obtain reinsurance treaties or obtain them on acceptable pricing terms.

The Group has established management procedures to assess the solvency of its reinsurers and maintain diversification in risk transfer to reinsurers (see also paragraph 2.4.3.2 "Credit risk management – intercompany risk sharing and reinsurance", as well as Notes 23 and 29 to the Group's consolidated financial statements). In spite of the financial crisis, no defaults among the Group's reinsurers were noted; one or more reinsurers of the Group could no longer be able to meet their financial obligations, which could lead to increased losses for the Group. Furthermore, the reinsurance capacities on the market and the prices of reinsurance treaties depend on the general economic situation and on many other factors, and could vary significantly. Therefore, even though such a situation has never occurred, the Group could have difficulties in obtaining reinsurance on commercially or financially acceptable terms, thereby increasing the risk of potential losses. In turn, this could lead the Group to change its pricing structures or its risk underwriting policy, which could negatively impact its profitability and competitiveness. The occurrence of any of these risks could have a material adverse effect on the Group's financial position, operating results, solvency margin, business and prospects.

5.1.2.9 Risks related to rating revision

The ratings on the ability to settle claims and of financial soundness are important elements in assessing the competitive position of insurance companies. The rating agencies regularly review their ratings and methodologies, and may consequently modify at any time the ratings that they have assigned. In the current economic environment, some rating agencies have downgraded their outlook for the insurance sector, and have downgraded the outlook and/or ratings of a growing number of companies. At the date of this registration document, the Group has maintained its ratings of AA- from Fitch and A2 from Moody's, which were confirmed in September and October 2015 respectively with stable outlooks.

However, even a potential downward revision of the outlook and/or of these ratings, could have negative effects for the Group, and cause:

- a deterioration in its competitive position;
- difficulties in distributing new credit insurance policies;
- the termination of certain existing credit insurance policies;
- an increase in reinsurance costs;
- significant financing difficulties or increasing financing costs, linked in particular to its securitisation programme and its related financing;
- the need to grant additional coverage for certain contracts;
- a negative effect on its relations with its creditors, commercial counterparties and distributor partners, in particular the fronters [1];
- a significant negative effect on public trust and the Group's reputation.

(1) *Partner issuing insurance policies for the Group in countries where the Group does not have a licence.*

A downgrading in the outlook and/or ratings could consequently have a negative impact on the business, liquidity level, financial position, net income, solvency margin and prospects of the Group.

5.1.2.10 Risks related to operational failures or inadequacies

The business of the Group relies very heavily on a set of complex processes, involving risks of operational malfunctions linked to many internal or external factors. These factors can be human, organisational, material, natural or environmental, including risks of inadequate procedures, errors, fraud or malicious acts by employees, policyholders or brokers, or non-compliance with internal and external regulations, intrusion or hacking. Although the Group pays particular attention to the quality of its services, the rigour of its internal processes and compliance with strict ethical values in the conduct of its business, it cannot exclude the occurrence of such failures.

Potential plaintiffs could try to hold the Group's employees, officers or companies responsible for such occurrences. The Group could be forced to pay damages or be subject to significant fines, and unfavourable media coverage. The occurrence of such events could affect the Group's reputation for reliability and integrity and thus affect its ability to retain the confidence of its policyholders and to attract new policyholders, causing a material adverse effect on its business, financial position, operating results and prospects.

5.1.2.11 Risks related to information systems

The Group's business relies very heavily on its information systems. The Group manages complex information systems (in particular for the collection and management of information on the creditworthiness of companies, management of product sales and services, centralization of its risk (pricing, invoicing, debt collection, management of claims disputes) and for its bookkeeping and reporting), which are essential for conducting its credit insurance business and additional services related to business information, factoring and debt management. IT tools and information systems are indeed essential components for all its business, in terms of the development and the quality of its commercial offers (business information, management and collection of debts, credit insurance offers, in particular pricing and underwriting decisions of the Group risk underwriters), as well as for management, back office, reporting and internal control procedures. Despite a policy to strengthen the back-up of its information systems and infrastructure, particularly in the context of Solvency II, and the availability of information systems backup for all its databases and emergency plans for its activities including priority information systems (see paragraph 1.4. "Information Systems" and 2.4.3.7 "management of operational risks"), it cannot be guaranteed that the tools, systems and the databases will not be destroyed or damaged as a result of an incident or failure of IT tools and information systems.

The Group may also be subject to targeted attacks on its IT networks. Techniques used to hack, disrupt (denial of service), degrade quality or sabotage the information systems are constantly evolving, and it is often impossible to identify them before an attack is launched. The Group could thus be unable to protect itself against such hacking techniques, or to quickly implement an appropriate and effective response system. It could be forced to face business interruptions, losses or damage to its databases, misappropriations of confidential information for which it could be held liable, particularly involving litigation or in a way that could negatively affect its reputation and image.

Any failure of IT tools or information systems, including as a result of hacking, could have a material adverse effect on the business, financial position, operating results or prospects of the Group.

In addition, in order to manage certain information systems that are essential to its business, the Group depends on a limited number of suppliers, particularly in regards to the databases related to its information systems. The contracts to supply these services are renewed or renegotiated periodically. An unfavourable change in the relationship with one of the suppliers, hardening of required conditions, a failure to comply with commitments specified in the contracts, non-renewal of these contracts, or a renewal under less favourable conditions than those previously applicable, a potential default by one of the suppliers or a potential increased concentration of providers, could bring about delays or significant costs, and generally have a material adverse impact on the business, financial position, operating results or prospects of the Group.

5.1.2.12 Risks related to the Group's international activities

The Group markets its services in 100 countries located in Europe, North America, Latin America, Asia, and a number of African countries. The diversity of the Group's geographical locations exposes it to various and sometimes unstable economic, financial, regulatory, commercial, social and political contexts that could have an influence on the solvency of its policyholders' debtors or, to a lesser extent, on the solvency of its policyholders themselves, its methods of intervention and marketing, as well as the management and monitoring of risks related to its credit insurance products.

The Group could be forced to cope with a number of external risk factors, such as:

- fluctuations in exchange rates and currency devaluations;
- Capital transfer restrictions;
- imposed restrictions related to embargoes;
- changes in legal and tax systems, including the regulations regarding transfer pricing and withholding tax on payments made by the entities of the Group;
- increase in interest rates;

- inflation, potential recessions and financial market volatility; or even
- political instability and the risk of terrorism and war.

The Group is furthermore present in countries where the legal systems are very diverse, and where the legal and dispute resolution systems sometimes present characteristics or levels of maturity different from those of its most important markets in Europe. In this context, it could encounter difficulties with regard to taking legal action or enforcing rulings.

In this context, the Group may face significant difficulties and its sustainable and profitable growth strategy may be affected by the environment in certain countries in which it operates, leading to a material adverse effect on its business, financial position, operating results or prospects.

5.1.2.13 Risks related to intermediated distribution of the Group's credit insurance policies

Although the Group has various distribution channels for its credit insurance policies and also its own sales teams, around two thirds of its sales activity is brokered, and depends on the existence and quality of its relationships with various partners who distribute credit insurance policies on its behalf, especially in countries where the Group does not have a direct presence (fronting) or does not have its own licence. The Group's network of partners is composed of insurance brokers, financial institutions and non-specialised business facilitators, with whom it often maintains long-term relationships that are not exclusive (see paragraph 1.2.1.1, "Credit insurance and related services – A multi-channel sales network that has been strengthened by an important network of partners and business contributors").

Any significant difficulty encountered in the management of its partnerships or in their development could have a direct impact on the Group's competitiveness and the implementation of its strategy for sustainable and profitable growth. The Group cannot rule out a drop in its business related to the breach or a renewal under less favourable terms of a partnership contract with third parties such as brokers, banks and multiple line insurers, or the bankruptcy of these partners. These difficulties, if they occur to a large extent, could have a material adverse effect on the Group's financial position, operating results or prospects.

5.1.2.14 Risks related to the Group's factoring business

As part of its factoring activity, the Group finances the trade receivables of companies by acquiring their trade receivables, either insuring or not these receivables against the risk of debtor's insolvency, and collecting them on its own account. In some cases, the Group has a right of recourse against the ceding company. For the financial year ended December 31, 2015, the factoring business represented €70.6 million in net banking income and €2.4 billion in purchased receivables. Within this context, the Group could bear risks related to invoice quality (risk of invoice dilution [1]) in the case of disputed or falsified invoices; client insolvency (*i.e.* ceding risk) where the client is unable to repay the cash advance made on outstanding invoices; or the solvency of buyers of products and services (see also paragraph 2.4.3.5 "Management of risks related to factoring", as well as Notes 8 and 26 to the Group's consolidated financial statements).

If these risks occur in any significant manner, they could have a material adverse effect on the financial position, solvency margin, operating results and thus prospects of the Group.

5.1.2.15 Risks related to relations with the French State

In application of the legal and regulatory provisions of the French Insurance Code *(Code des assurances), la Compagnie* is responsible for managing the public export credit insurance service on behalf of the French State. The procedures for managing this activity are specified in agreements signed with the French State (see paragraph 1.2.1.2 "Management of public procedures"). These provisions and agreements provide that:

- the French State guarantees la Compagnie for all insurance operations managed on its behalf. This involves risk insurance for exports that may be not insured by the market (hereafter **"public procedures"**);
- such operations are managed by *la Compagnie* on behalf of the French State, which bears the risk;
- these operations are recorded in separate accounts, and only the French State may invoke the rights over public operations, even in the event of the company's liquidation; *la Compagnie* does not bear any risk for the operations recorded in such accounts;
- *la Compagnie* is remunerated by the French State for managing the public credit insurance procedures, based on an agreement governing their financial relationship. The current agreement was signed in February 2012 for a period of four years, expiring in December 2015.

In February 2015, the French State announced the possibility of transferring the public procedures business line to Bpifrance. The principle of this transfer was confirmed by the French State on July 29, 2015 and ratified by the Amended Finance Act for 2015, law no. 2015-1786 of December 29, 2015, which stipulates that the transfer will occur on a date fixed by decree and no later than by December 31, 2016. The agreement signed between the French State and Coface on public procedures management will be extended until the effective date of the transfer.

Article R.442-6 of the French Insurance Code stipulates that the acquisition by any person, acting alone or in concert with others, of more than 10% of the share capital or voting rights of COFACE SA and/or *la Compagnie,* must be discussed by the Board of Directors of the company or companies concerned, and subject to the approval of the Minister of the Economy. This minister's approval is deemed to be granted unless the minister opposes it within a period of thirty days following the decision of the Board of Directors. The minister may oppose such acquisition of shares of more than 10% if it

(1) *Dilution translates the risk that the value of receivables transferred to the factoring company or the amount owed to the factoring company is lessened by any form of reduction or cancellation granted to the debtor.*

is "of a nature that would impact the interests of the country in terms of national defence or security of the energy and raw materials supplies." When interests have been acquired in disregard of these regulatory provisions, the holder(s) of the shares concerned cannot exercise their corresponding voting rights, and must sell the shares within a period of three months.

Lastly, the French State appoints a government commissioner to COFACE SA and to *la Compagnie*. The commissioner may oppose a decision of COFACE SA's Board of Directors when it is of a nature that would compromise the performance of the responsibilities entrusted by the government to Coface, or when it is of a nature that would harm the interests of the country, in terms of national defence or security of the supply of energy resources or raw materials. This veto right is exercised in comparable conditions at *la Compagnie* (for more information on this specific protection, see paragraph 1.2.1.2 "Public credit insurance procedures management" and Note 38 to the Group consolidated financial statements).

5.1.2.16 Tax risk

As an international group operating its business in many countries, the Group is subject to multiple tax regulations, and conducts its business lines globally in light of the various regulatory requirements, and with regard to its sales, financial and tax objectives.

To the extent that the current tax regulations in the various countries where the Group operates its business lines do not provide clearer or definitive guidelines, the structure of the Group, performance of its business and the tax system may be based, in certain circumstances, on its interpretation of the applicable tax regulations. The Group cannot guarantee that these interpretations will not be challenged by the relevant tax authorities, or that the applicable regulations in some of these countries will not be subject to changes, fluctuating interpretations and contradictory applications. More generally, any breach in the tax regulations of countries in which the Group, or companies of the Group, are located or operate, may result in adjustments, or the payment of late interest, fines and penalties. These elements could have a negative effect on the effective tax rate, cash and operating results of the Group.

5.1.2.17 Risks related to deferred tax assets

The Group records deferred tax assets for future tax savings resulting from the differences between deficits carried forward and the timing differences between the values of asset items in the consolidated financial statements, and those allocated when the taxable income is established. The effective realisation of these assets in future years depends on the tax laws and regulations, the outcome of current or future controls and disputes, and the expected future operating results of the entities concerned (see Note 22 "Deferred tax" in Chapter 4).

5.1.2.18 Risks related to the evaluation of goodwill and intangible assets

The occurrence of future events having an adverse impact on the Group may cause an impairment of certain intangible assets and/or goodwill. Any substantial impairment may have an adverse impact on the Group's financial position and operating results for the year in which such expenses are recognised.

5.1.2.19 Risks related to potential judicial, administrative or arbitral proceedings

In the normal course of business, the Group's entities could be involved in a number of judicial, administrative or arbitral proceedings, particularly following claims for compensation. Although as of today, no procedures of this type is likely to affect the business, financial position or operating results of the Group, there is no guarantee that in the future new procedures might not be brought against the Company or its subsidiaries. If applicable, claims for a significant amount could be made against the Company or its subsidiaries, and the outcome of these procedures could result in a significant degree of liability for the Group. In such a case, although the Group maintains a prudent level of provisions to guard against the cost of litigation, these proceedings could have a material adverse effect on the business, reputation, financial position, operating results and prospects of the Group.

5.1.3 RISKS RELATED TO THE COMPANY

5.1.3.1 Risks related to the control of the Company and its relations with Natixis

The Company's main shareholder is Natixis, which holds 41.24% of the Company's capital and voting rights as of December 31, 2015. Consequently, Natixis could significantly influence the Group's strategic decisions, and/or have all resolutions that are submitted for the approval of the Company's shareholders at the Ordinary or Extraordinary Annual Shareholders' Meetings accepted or rejected, particularly in regards to the appointment of members of the Board of Directors, the approval of the annual financial statements and the distribution of dividends, as well as the authorisation to proceed with capital increases or other issues of securities, merger or contribution operations, or any other decision requiring the approval of the Company's shareholders.

The Company has in the past benefited from Natixis' financial support. Even though the Company considers itself to be financially independent, it cannot be guaranteed that

the Company will not need additional support in the future, or that Natixis could continue to provide such financial support, given that Natixis has publicly announced its intention to reduce its shareholding in the Company.

Furthermore, it cannot be excluded that Natixis could find itself in a situation where its own interests and those of the Group or of other shareholders are in conflict, particularly in the case of a liquidity contract.

5.1.3.2 Risks related to the Company's holding structure

The Company is a holding company which performs its activities indirectly through operating subsidiaries, Compagnie française d'assurance pour le commerce extérieur and its subsidiaries, and has no credit insurance business or service of its own. As a holding company, the main sources of funds from the Company come from dividends paid by its subsidiaries, the proceeds of debt or equity issuances and amounts borrowed under bank or other loan facilities. The Group's operating subsidiaries hold its assets, and are at the source of almost all of the Group's profits and cash flows. If the profits of these operating subsidiaries were to fall, the profits and cash flows of the Group would be affected by this, and the impacted subsidiaries could be unable to honour their obligations, or pay, in part or in full, the dividends expected by the Company. The capacity of the Group's operating subsidiaries to make these payments depends on economic, commercial and contractual considerations, as well as on legal and regulatory constraints, which are linked to the solvency margin, thereby restricting the use of capital and in particular the distribution of dividends. It could also be affected by the various risk factors described in this paragraph. Were the equity of the Company and/or one of its subsidiaries to fall below the regulatory requirements, the insurance business regulators have significant means available to them to take action. For example, they may restrict or prohibit the signing of new contracts, prohibit the distribution of dividends and/or, in the most serious cases, require reorganisation or insolvency proceedings, in particular the opening of involuntary reorganisation or liquidation proceedings for such a subsidiary in France. Moreover, if the subsidiaries of the Group were not able to maintain an adequate level of equity with regard to the regulatory requirements and/or their competitive positions, the Company could be forced to support them financially, which could have a significant impact on the status of its liquidity position, consolidated net income and financial position. Any drop in profits or impossibility or inability of the Group's subsidiaries to make payments to other subsidiaries of the Group could have a material adverse effect on the Group's ability to distribute dividends, repay debt and fulfil its other obligations, which could have a material adverse effect on the Group's business lines, solvency margin, operating results, financial position and prospects.

5.2 Insurance policy

Since January 2015, the Group has set up its own insurance programme offering levels of cover that it considers commensurate with the risks inherent in its business operations, with leading insurance companies to cover its general and specific risks (professional civil liability, civil operating liability, director civil liability, material damage to operating assets, business travel accidents, cyber risks, etc.). The Group supplements this insurance cover locally, according to its needs or the specific regulatory requirements of certain countries.

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Aware of its responsibility, Coface strives for corporate, environmental and societal commitment. Coface's Human Resources (HR) policy is a reflection of its economic and social plan. It accompanies and accelerates the Coface Group's strategic transformations, while ensuring the development and commitment of its employees. The activity of Coface, a service sector company, has a limited impact on the environment. Coface is nevertheless fully committed to protecting the environment. On April 22, 2003, Coface joined the United Nations Global Compact and, under that framework, committed to support the ten principles of that pact within its sphere of influence, including those relating to the environment and sustainable development.

Carrying these principles even further, in July 2015 Coface's general management created the function of Group Corporate Social Responsibility (CSR) manager, which is handled by the Corporate Secretary in order to ensure the monitoring of actions undertaken and those to be undertaken in this field by all Coface entities worldwide. Lastly, in 2015 Coface drew up a medium-term company wide CSR plan under which it specifies the Group's social, environmental and societal values and makes a number of corresponding commitments to be implemented in the next three years.

6.1 Reporting standards and methods

The corporate, environmental and societal report was established to meet the obligations of Article 225 of the Grenelle II law of July 10, 2010 and its application decree No. 2012-557.

Reporting general organisational structure

The information presented in this document was produced internally on the basis of information provided by the heads of each area concerned. The social information and indicators were supplied by the Human Resources Departments of the entities in the reporting scope and by the responsible in charge of Personnel Reporting, and was coordinated by the Group Human Resources (HR) Department. The environmental information comes from the departments in charge of facilities management in the reporting scope. The societal information was supplied by the department responsible for compliance. These two latter categories of information were coordinated by the Group Legal, Compliance and Facilities Management Department.

Reporting period

Unless stated otherwise, all figures refer to financial year 2015, corresponding to calendar year 2015. Comparable data, on a like-for-like basis, is sometimes presented for previous years for the purposes of comparison.

Reporting scope

The information presented in this document was produced for the first time for financial year 2014 and the figures contained therein concerned the France scope, except for the Group's workforce, with an illustration of the policies, processes, tools, initiatives and actions at Group level. The France scope concerns (i) COFACE SA and (ii) its subsidiary, *Compagnie française d'assurance pour le commerce extérieur (la Compagnie)* (iii) excluding its second subsidiary, Coface Re, which is not registered in France.

Nevertheless, the Group plans to extend the reporting scope each reporting year. To this end, for financial year 2015, the reporting scope has been extended beyond France to include Germany. The Germany scope concerns the three German companies Coface Finanz GmbH, Coface Rating GmbH and Coface Debitorenmanagement GmbH as well as the German branch of *la Compagnie*.

At December 31, 2014, the France scope represented 24% of the Group's workforce and 20% of revenue. At December 31, 2015, the reporting scope represented 40% of the Group's workforce and 36.3% of revenue.

Methodological details on the information communicated

Social

- The social indicators, excluding the Group's workforce, concern the French and German scope in 2015. However, as mentioned above, the description of policies, processes and HR tools are defined at Group level.
- All figures concerning the workforce, seniority, age and diversity were obtained from Group HRD reporting, an online internal tool.
- The workforce figures provided relate to employees as at December 31, 2015 on open-ended or fixed-term contracts, excluding interns, work-study placements, temporary workers, and sub-contractors.
- Employees leaving the Group are accounted for during the financial year, whatever the reason for leaving: resignation, end of fixed-term contract, redundancy, termination by mutual agreement, end of probation period, retirement, or death.

- Workplace accidents and data on disabilities are reported in accordance with local regulations.
- Training in France and Germany includes in-house and external training. The figures specify the number of participants benefiting from training in 2015. The reported length of a training day is seven hours. E-learning language programmes are included in the training reporting. E-learning training programmes as well as training courses lasting less than one day are not yet included for Germany.

Environment

- The indicator figures are for the France scope, comprised of the Coface head office and regional departments in France, and the German scope, comprised of 11 sites, with the main office based in Mainz, and the others in Hamburg, Berlin, Hanover, Nuremberg, Düsseldorf, Bielefeld, Frankfurt, Köln, Karlsruhe, Stuttgart and Munich. The energy consumption scope includes the buildings open for the full year and not those opened or closed during the year.
- The greenhouse gas emissions have been calculated:
  - for energy consumption based, on emission factors reported by local suppliers – primarily for electricity – or the emission factors available in the French agency for sustainable development Base Carbone® database;
  - for transport based, on emission factors reported by suppliers.
- Paper consumption includes the paper bought for the printers and the internal reprography service (mainly paper certified PEFC, FSC and FSCMX). It does not include external communication actions or envelopes or other paper types.
- Water consumption is provided for the Bois-Colombes head office concerning France and for the Mainz office concerning Germany, as these two sites are the main buildings in the reporting scope; data on the other buildings are included in rental charges and are not therefore available. If the data for December is not available, the data is reported year on year from November N-1 to November N.

6.2 Social information

6.2.1 POLICY ON HUMAN RESOURCES AND PERFORMANCE DEVELOPMENT

Each year, the Group HR function reviews and shares with its contacts in the Coface regions and countries all its governance principles; these are presented together with the overall HR strategy. The goal is to adopt a common vision of the organisation of the function, its challenges and the application of its policies, in particular people reviews, succession plans in the compensation policy and HR assistance for business lines development.

6.2.1.1 General presentation of staff

In 2012, the Group built an HR reporting tool, which has been online since 2013. The database is updated in real time, and receives a steady flow of data from local HR managers in the countries where the Company is present. Consolidation of this information occurs on the last business day of the month, which allows monthly trend reports to be produced.

This reporting includes the individual data regarding contract, tool, activity and business, as well as length of service, for each legal entity in the Group.

Our tool also serves as a strategic planning tool for staff and skills, as it makes it possible to manage recruitment actions and internal mobility within the context of a reference budget. This broader perspective on local needs and the rapid determination of trends through dashboards has enabled HR reporting to gradually become an instrument for managing our effectiveness and talents.

At December 31, 2015, the Group employed 4,578 people based in 67 countries, compared to 4,602 at December 31, 2014. Among them, 1,567 were assigned to sales & marketing, 1,554 to support functions, 1,124 to information, disputes and debt collection and 333 to underwriting.

The table below presents the geographic breakdown of the Group's workforce at December 31, 2014 and 2015:

WORKFORCE	2015	2014	% OF TOTAL 2015
Northern Europe	918	941	20.1%
Western Europe	1,485	1,501	32.4%
Central Europe	709	709	15.5%
Mediterranean & Africa	564	556	12.3%
North America	117	123	2.6%
Latin America	394	386	8.6%
Asia-Pacific	391	386	8.5%
TOTAL	**4,578**	**4,602**	**100%**

The table below presents the breakdown of the Group's workforce by activity type at December 31, 2014 and 2015:

WORKFORCE	2015	2014	% OF TOTAL 2015	CHANGE 2015 *VS* 2014
Sales & Marketing	1,567	1,542	34.2%	2%
Support	1,554	1,583	33.9%	-2%
Information, Disputes, Debt Collection	1,124	1,140	24.6%	-1%
Underwriting	333	337	7.3%	-1%
TOTAL	**4,578**	**4,602**	**100%**	**-1%**

In France and Germany, the total workforce at December 31, 2015 was 1,821 employees and is broken down as follows:

	FRANCE		GERMANY
	2015	2014	2015
Open-ended contracts	99.6%	99%	99.9%
Fixed-term contracts	0.4%	1%	0.1%
Supervising managers	17.4%	17%	12.7%

In 2015, the Company welcomed 88 new hires on open-ended contracts in France and Germany, with 148 departures, including 43 resignations, 34 retirements and 16 redundancies.

6.2.1.2 Promoting diversity: fostering talent

Due to the nature of its business lines and their geographic coverage, the Group is a multicultural group with an extremely international focus. For the year ended December 31, 2015, more than 70 nationalities existed in the Group; this diversity is strengthened by the frequent integration of employees from other countries into the teams; to date, approximately 200 employees work outside their country of origin on a daily basis. This diversity is essential; it guarantees that the Group reflects the diversity of the business communities and clients that it serves. For example, employees based in France have 25 different nationalities.

The male/female balance (55% of women throughout the Group), as with the cultural diversity within the Company and within each Coface region, are assets for the Group, which has for several years taken steps towards promoting the internal mobility and access of its employees to roles of responsibility.

For the year ended December 31, 2015, the gender distribution was 56.5% of women in France and 53.0% in Germany. Women hold more than 40% of managerial positions in France and more than 15% in Germany.

2015	FRANCE	GERMANY
Women	56.5%	53.0%
Female managers – compared to total workforce	43.2%	15.2%
Men	43.5%	47.0%

At December 31, 2015, female representation within the Governance bodies was as follows:

- Board of Directors: 4 women for every 11 directors, or 36%.
- Executive Committee/Management Committee: women represent nearly 1/3 of Executive Committee members and are equally represented on the Management Committee.

The Group ranked 18th in the 2015 ranking of female participation in the 120 companies included in the SBF120 stock market index. This ranking was established by Ethics & Boards, an international observatory of the governance of listed companies. The criteria used for the ranking were the number of women on the Board of Directors, the number of women among senior managers and the implementation of proactive policies to promote male/female equality.

In Germany, Coface participated in the "*Girls'Day – Future Prospects for Girls*" event by allowing girls to visit its offices and find out about careers in credit insurance. This day was also an opportunity for these girls to meet influential women and potential role models to inspire them to pursue careers in businesses where women are underrepresented.

6.2.1.3 Work organisation

Coface scrupulously complies with local regulations and agreements regarding the organisation and duration of the working hours of its employees, and it does so in all countries where it is established, either directly or through subsidiaries or branches.

It is noteworthy that 12.4% of Coface's employees in France and Germany choose to work under a part-time contract for personal reasons; this is in addition to the flexible organisation offered by the Company under agreements related to working hours. No employee in France or Germany works according to staggered hours or at night.

In France, the absenteeism rate in 2015 is 3.3% for the active population (*i.e.,* excluding absences for long illness), versus 3.1% in 2014.

6.2.1.4 Honing our skills to foster success

In 2015, Coface strengthened its leadership culture by deploying its own leadership model throughout its HR processes (annual performance review criteria, integration into the Group's job descriptions). Defining these skills standards is a way of sharing the basics of our culture, nurturing the growth of our managers and employees and making each one accountable: managerial training is planned to this end. At the same time, and to support our ambitions, the Company provides for the transmission of knowledge and know-how thanks to the introduction of an innovative training and talent development policy. Thus, each employee is given the means to improve his/her performance and to acquire the knowledge needed to progress in the Company.

Training

Training at Coface plays an important role in view of the combined effect of the specific aspects of credit insurance and regulatory obligations. It is a major tool for developing employees' technical and behavioural knowledge, which leads the Group to broaden the employability of its teams and integrate new needs expressed by our customers and the economic realities of our markets. Coface employees are in touch with their environment and are able to support our business in line with strategic requirements and customer expectations.

In 2015, training actions were organised around two major strategic priorities: the continued development of commercial skills to improve our topline and acculturation to the new Solvency II Regulation (regulatory reform aimed at redefining the solvency margin of insurance companies depending on their risk profile).

However, employees with experience in the areas of underwriting, information, debt collection, back-office and disputes benefited from training modules adapted to their expertise. Designed by the Group's business teams, these modules are rolled out within Coface regions by internal trainers.

Furthermore, the Company implemented several initiatives to support the effectiveness and success of commercial teams. Organisational structures were reviewed and defined according to a single organisational model in order to make teams more professional and specialised; an extensive training programme was implemented in 2014 for the entire sales function (nearly 1,200 people worldwide). The Sales Force 1 programme, created for sales teams, includes a participant certification process. Certification includes an assessment based on a knowledge quiz, and measurement of the achievement of the goals set at the end of the classroom training. Managerial teams, namely the members of the Executive Committee and country managers, were also trained in 2015. The quality of the Group's training programmes was recognized by two silver trophies, awarded by the Brandon Hall Group, a renowned international organisation, and Actions Co in France.

Given the new regulations linked to "Solvency II", the Risk Department teams have designed an e-learning program aimed at training all Group employees, including new arrivals. The directives are then adapted to the major business lines such that each one can integrate Solvency II considerations into their daily practice. Launched in October 2015, the program is strictly monitored in order to achieve a 100% completion rate for all employees.

The Group is moving towards an extended use of its innovative e-learning solution. Each trainer can design their own remote training modules and distribute them independently. Development of this solution, which is available in all countries of the Group, is a sign of the Group's determination to anchor a strong digital culture and increases daily opportunities for exchange between learning communities. In 2015, 130 employees were identified as trainers, capable of integrating and enhancing our learning offering in seven languages.

The Group consistently strives for improvement and measures the impact and efficacy of its training programs through online evaluations the very next day after a training session, and three months after the session.

In France and Germany, nearly €832,000 was spent on employee training and 26,224 training hours delivered in 2015; 1,112 employees in France and Germany thus participated in at least one training course in 2015.

Performance management

In 2013, an annual interview process was rolled out online in 22 languages in all of the countries where the Group is established, in order to determine the strategic priorities and share standardised criteria for employee performance assessment. With nearly 98% of interviews completed at the start of 2015 within the Group, the campaign addressed a need of employees to exchange views with their manager and discuss clear, individual objectives for 2015, based on a sharing of the major strategic priorities for each function. Since 2014, the managerial cycle provides for a mid-year review of individual objectives.

At the end of 2015, the new annual interview campaign was launched, introducing a few new features on behavioural assessment, languages and mobility projects. This allows Coface to enhance its knowledge of its teams and plan for career changes that actually match organisational needs.

The results concerning performance and desired mobility served as a basis for the first Group people review, aimed at identifying key positions and those with high potential, while preparing for succession plans. Thus, 244 key positions were examined for the Group from the viewpoint of succession plans.

6.2.1.5 Compensation policy: encouraging individual and collective performance

Coface's compensation policy has the objectives of attracting, motivating and retaining the best talent. It encourages performance and strives to be competitive on the market, while respecting the Group's financial equilibrium. It is managed by the Group's HR Department and passed along in Coface regions and countries.

Structured in a clear and transparent manner, compensation seeks to match the Group's objectives and back its development strategy:

- **fixed compensation:** according to the abilities and expertise expected for a given position, this is reviewed annually with regard to market practices, individual contribution and internal equity in strict compliance with the constraints of the budgets allocated for the financial year. Decisions depend in particular on the individual appraisals established at the end of the year during the annual interview;
- **variable compensation:** the Group's variable policy takes individual and collective performance into account. For the Group's Key Managers, the policy mostly consists of quantitative objectives determined annually by the Executive Committee to ensure that individual objectives are consistent with the Group's strategic goals. In the interests of transparency, efficiency and data security, in 2015 the Group implemented an online bonus management tool, known as e-bonus, and completely revamped its bonus policy;
- **corporate benefits:** corporate benefits are determined by each of the Group's entities in an effort to closely address local concerns. The Group ensures practices are consistent, and guarantees a competitive level of social protection on the market, which is respectful of its employees worldwide;
- **bonus shares:** for the second consecutive year, the Group implemented a bonus share allocation plan. This plan, which is subject to attendance and performance conditions, aims to ensure that the interests of members of the Executive Committee are aligned with those of shareholders over the long term;
- **collective compensation (employee savings):** in 2015, the Group established a profit-sharing agreement in France with an initial term of one year, to be tacitly renewed up to three years, along with an incentive scheme with a duration of three years. These agreements benefit all employees working under a fixed or open-ended employment contract, who provide proof of more than three months' seniority within the companies forming part of the economic and corporate unit Compagnie française d'assurance pour le commerce extérieur – Fimipar (a fully-owned subsidiary of the Group). Profit-sharing is distributed in proportion to each employee beneficiary's salary. The incentive scheme is calculated based on four cumulative criteria linked to the evolution of certain financial indicators.

In addition to individual compensation, collective compensation in France allowed payment of an average amount of €3,574 and €1,526 through profit sharing and incentives respectively for 2014.

For several years now, the Company has been implementing a controlled wage increase policy, based primarily on the recognition of individual performance in a company undergoing significant change.

In 2015, individual increase and bonus measures represented 0.7% of total payroll (at December 31, 2015), with an individual average increase of 3.52%.

6.2.1.6 Employee opinion survey: a mechanism for listening and engaging

Coface strengthens employee satisfaction and commitment, notably through its opinion survey – Coface Opinions. Action plans have resulted in structural initiatives for the Group, such as, for example, the definition of a common standard for managerial skills. Created to inform each manager about appropriate behaviour to develop and engage teams, strengthen the effectiveness of our organisations and increase our operational achievements, the leadership model is now rolled out in HR processes (annual interviews, drafting of job descriptions, people reviews, etc.) in all entities.

6.2.1.7 Mobility and international development

After a complete audit of its population and practices, the Group completely revised its international mobility policy in 2015 with the principal goals of controlling legal, social and tax risks, optimising costs, clarifying rules and guaranteeing equal treatment in all its entities worldwide.

6.2.1.8 Social dialogue: defending the corporate plan

Bodies representing employees

The Group maintains high quality social dialogue with its European and national employee representative bodies. The implementation of this dialogue provides management and employee representatives with a forum for working towards the Group's success and sustainable development.

At least once a year, the European Works Council, which consists of 14 members representing employees from 23 European countries, meets to set forth the activity and future strategic guidelines for the Group. Throughout the year, there are also discussions between management and the European Works Council restricted committee regarding projects pending and the development of the organisation.

The Group believes that social dialogue is one of the cornerstones of its strategy to mobilise employee engagement. In an effort to create conditions for the Group's sustainable development, Coface is working to reconcile the Company's performance with a process of social progress. Actions implemented to promote CSR will be covered by a separate report at the European Works Council plenary meeting in 2016.

6.2.1.9 Collective bargaining and company-level agreements

The Group conducts regular discussions with the European Works Council, and in 2013 signed an agreement regarding the rights to information and consultation of the body, creating a restricted committee within it. On May 19, 2015, the restricted committee approved its internal rules of procedure, thus strengthening the principles of its governance.

In France, the companies in the Group's scope of consolidation primarily fall under the National Collective Agreement for Insurance Companies. As concerns the collective agreements, in addition to the periodic agreements relating to negotiations on employment compensation and conditions, the Group in France signed a certain number of company-level agreements with its representatives during the 2011-2015 period, which notably include an agreement relating to the generation contract (2013), and an agreement relating to professional equality (2012). Agreements concerning the employment of senior citizens and the Forward-Looking Management of Employment were also signed in 2014 in France. Locally, in accordance with each party's prerogatives, the employee-representative bodies are integrated into the processes of transforming organisations or establishing new processes, always striving to seek out agreements.

It is noteworthy that in 2014, in Germany, agreements regarding internal restructuring and a voluntary departure plan were negotiated; discussions leading to agreements on rolling out the online annual interview process were also conducted.

6.2.1.10 Day-to-day health and safety

The Group ascribes significant importance to employee health and hygiene. There are medical monitoring mechanisms in compliance with local regulations and healthcare coverage is offered to employees in all the entities.

As concerns service-sector employment, the identified risks more specifically concern occupational environment and professional transportation. To that end, certain entities have now taken initiatives to prevent these risks, notably as concerns their employees (training for driving on slippery roads, nutrition day, medical, dental and eye check-ups, etc.).

In 2015, our entity based in the United Kingdom launched a series of initiatives to support its new workplace well-being policy. Employees were able to sign up for a fitness programme, attend yoga classes and obtain an annual health check-up. For a healthy working environment, fruit baskets are provided for free access by all employees and managers are invited to attend a stress management course.

In the wake of the Paris terror attacks in November 2015, a Vigipirate surveillance plan was activated on the Bois-Colombes site and security measures were reinforced (check-point at main entrance to the building). The Group has undertaken to intensify security measures in each of its entities to ensure that employees are protected as much as possible against terrorist threats.

Six workplace accidents leading to days off were reported in France and Germany in 2015. No occupational illnesses have been declared.

In conjunction with the occupational physician, the Occupational Health and Safety Committee (OHSC) and the commission for the prevention of psychosocial risks, a set of indicators is monitored to spot trends, learn lessons, and implement action. Hence in 2015, following these works, specific arrangements were made in the building to reduce noise generated by places where people meet (coffee or vending machines).

Based on regular dialogue with employee representative bodies, the Company has improved working conditions to address the daily concerns of employees.

6.2.1.11 Equal treatment and access to employment: anti-discrimination measures

Disability

The Group is centred on the consulting, analysis, and customer relations businesses, and is thus able to welcome employees with disabilities. The Group ensures that employees with disabilities are integrated into all its business lines and countries and applies existing local provisions.

The lines of action in France and Germany are presented and discussed with the employee representation bodies on a regular basis. In 2015, a total of 45 employees were reported as employees with disabilities in the two countries.

Employment of senior citizens

France and Germany have an age pyramid with a large portion of the workforce aged over 50 years. On Coface's historic markets, this demonstrates team loyalty and the Company's proactive policy to recognise and retain the expertise of its employees.

As of December 31, 2015, the age ranges of employees in France and Germany were as follows:

AGE RANGES	PERCENTAGE OF STAFF IN FRANCE	PERCENTAGE OF STAFF IN GERMANY
< 30 years	9.5	8.0
30 to 40 years	17.8	28.8
40 to 50 years	28.7	31.6
> 50 years	44.0	31.6

In order to define suitable and innovative actions (transmission of knowledge, receiving and mentoring young people, career development of older employees, etc.), in December 2013 France signed an agreement relating to the generation contract (scheme implemented by the French State, aimed at encouraging the protection of employment for older employees, the sustainable insertion of young people and the transmission of skills inside the Company).

Respect for the fundamental conventions of the International Labour Organization

Since 2003, the Group has been a signatory of the United Nations Global Compact, which commits it to respecting the fundamental conventions of the ILO. Coface therefore ensures compliance with liberty of association and the right of collective bargaining, the elimination of professional and employment discrimination, elimination of forced or mandatory labour, and the effective abolition of child labour.

6.2.2 AGREEMENT PROVIDING FOR EMPLOYEE SHARE OWNERSHIP IN THE CAPITAL OF THE COMPANY

As part of its stock market listing, the Company proceeded with a share purchase offer in June 2014 reserved for employees. Nearly 50% of eligible employees participated in the offer and became shareholders, either directly or through the intermediary of the Coface Actionnariat mutual fund.

As of December 31, 2015, the Group's employees held 0.24% of the Company's capital.

6.3 Environmental Information

6.3.1 GENERAL ENVIRONMENTAL POLICY

The Company is fully committed to protecting the environment. Its approach to reducing its environmental footprint has significantly influenced on its real estate choices, most specifically in the choice of its head office, and the efforts rolled out to reduce its greenhouse gas emissions, consumption of energy and paper, along with other initiatives established in France and abroad which to encourage waste sorting and recycling, particularly for parts of obsolete IT equipment.

Moreover, within the context of the coverage provided on behalf of the French State, the Company makes credit insurance coverage and the investment of projects financed in the medium and long-term contingent upon compliance with environmental and corporate standards.

In compliance with the common approaches of the OECD on export credits benefiting from public support, and the duty of environmental and social due diligence, it is systematically evaluating the environmental and social impacts of

projects of more than €10 million, or projects located in environmentally and socially sensitive areas. These projects must simultaneously meet the standards of the host country and the relevant international standards, in particular those of the World Bank. This concerns environmental protection in the broad sense: controlled waste, protection of communities, biodiversity, cultural heritage, etc., along with the consideration of social impacts (worker protection, population displacement, human rights, etc.). At least 30 days before making the decision to cover them and in an effort to inform all parties concerned and to allow them to make any comments, Coface publishes the most important projects on its website (www.coface.fr/"public coverage" heading) with information regarding the environmental and social aspects. It then publishes the projects it covers, providing evidence that standards have been met.

Lastly, the Company is involved in the discussions held by OECD bodies to promote the financing of certain types of projects (for example, in renewable energies) and provide them with more favourable terms of coverage.

The Company launched a discussion in the last quarter of 2014 with the participation of all the regions where the Company operates, with the aim of developing a medium-term CSR plan, presented in paragraph 6.5 below.

In 2015, there was no environmental litigation and no indemnity was paid in application of a legal decision rendered in that subject area. Therefore, the Group neither established, nor guaranteed, nor provisioned for covering that risk.

◆ 6.3.1.1 Actions to raise employee awareness

In order to fully associate employees with this process, various actions were conducted to raise employee awareness. Therefore, the book of best practices that was distributed to all employees during the move to the Bois-Colombes premises notably emphasizes the importance of daily gestures for sustainable development, and in particular of reducing the consumption of paper, and sorting waste. Actions to raise employee awareness were developed at numerous establishments of the Company worldwide.

Examples include the campaign at Coface Romania to encourage employees to reduce their energy consumption in five areas of their day-to-day life (at work, leisure, travelling, at home and shopping) through a best ecological behaviour manual filled with ideas on saving energy. More broadly, the message of corporate environmental responsibility, and thus of each employee's responsibility, is disseminated by our teams worldwide, with countries such as Brazil being particularly active and innovative (use of products labelled as recyclable (pens, paper and cardboard), corporate gifts produced by companies committed to sustainable development, etc.).

◆ 6.3.1.2 Environmental features of the Group's buildings

Environmental aspects were a determining factor for Coface in choosing the building that has housed its head office in Bois-Colombes since June 17, 2013.

This building, which may host approximately up to 1,300 employees, is certified NF MQE (High Environmental Quality for Construction) and BREEAM (BRE Environmental Assessment Method). It thus incorporates current best practices in terms of the immediate environmental impact, construction materials and processes, and production of waste. This building has furthermore been certified "low consumption" (BBC); its standard energy consumption is thus limited.

The building preserves natural resources, thanks to limited water needs for green areas due to rooftop water recovery, and low consumption exterior lighting.

In Germany, the main office located in Mainz is certified "Ökoprofit" for its sparing use of energy resources.

In compliance with European regulations, Coface commissioned energy audits in France, Germany and Italy at the end of December 2015 for its buildings and vehicle fleets. The purpose of the audits was to study the energy use and greenhouse gas emissions of and from each building and vehicle fleet and draft recommendations for renovations to rationalise or reduce energy use.

These reports can, in particular, serve as the basis for future medium-term investments to reduce our carbon footprint.

6.3.2 WASTE MANAGEMENT

The Company's activity does not cause significant pollution. It has a very insignificant direct impact on the air, water and soil, and does not cause any significant noise pollution.

In Bois-Colombes, a local waste sorting policy, with dedicated waste containers for glass, paper and ordinary industrial waste (OIW), was established. A note was distributed to employees to raise awareness.

Several entities of the Company participate in programmes to recycle obsolete or out-of-use materials, and employees are called upon in some of them to participate by contributing materials to be recycled. This is how Coface US began participating in a programme to recycle obsolete computers. In 2014, more than 900 kg of materials were thus provided for these purposes. In 2015, Coface US maintained its efforts with 866 kg of equipment given for recycling.

Since 2013, Coface Romania has taken part in a national scheme with the association Recolamp called the Green Corner, which brings together 8,600 companies with the aim of collecting spent electronic equipment, batteries, fluorescent lights and light bulbs for recycling. A partnership was also established by Coface Romania with Ateliere Fara Frontiere to recycle printer cartridges and with the Foundation for the Promotion of Community Sanctions to recycle obsolete computer hardware.

Coface Chile joined an association (Sprapa) which promotes recycling.

Coface Romania also launched a forest protection initiative through a partnership with the Sistec association. Thanks to this initiative, paper, whether confidential or not, is stored and recycled, rather than thrown out. This initiative has already saved several dozen trees over the two years of its existence.

In Peru and Ecuador, only recycled paper is used.

Coface Austria established a certain number of measures to decrease the use of plastic (water is served in glass bottles, installation of a purified water cooler, to prevent employees from purchasing plastic bottles).

Since the Company's business does not release waste into the soil, no specific action was taken in that area.

6.3.3 CONSIDERATION OF NOISE DISTURBANCES

Coface's business does not cause noise pollution to third parties. Moving the head office to premises with an open floor plan led the Company to adopt a certain number of measures to preserve the calm, in the interest of its employees and customers.

The premises include numerous conference rooms or "bubbles" intended for professional discussions between employees, in order to limit noise in the common spaces at all times. The best practices for life on an open floor plan are disseminated among employees, emphasizing the various means which help limit noise disturbances: setting phones to go directly to messaging, adjustment or elimination of ring tones, favouring visual notifications, setting mobile phones to vibrate, and use of the bubbles.

6.3.4 SUSTAINABLE USE OF RESOURCES

◆ Water consumption

The Group only consumes water in the operation of its service-sector premises: air-conditioning, cooling of electronic equipment, cafeteria, maintenance, sanitary facilities and watering of green areas.

In 2015, water consumption totalled 44,334 m^3 for the entire reporting scope.

◆ Paper consumption

Coface is committed to reducing its consumption of paper. The Group has established a printing policy for its reporting scope which includes the following measures: setting printers to copy both sides of the paper by default, elimination of individual printers, encouraging staff to print only essential documents and to favour "economical" printing layouts. On the reporting scope, the Group also encourages the purchase of environmentally-friendly paper, certified FEFC or carrying an FSC label.

Campaigns were undertaken in several countries to reduce paper consumption. This resulted in an overall reduction in paper use at Group level by approximately 10% in 2015 compared to 2014, with the most significant reduction – outside the reporting scope – recorded in Italy thanks to a strict implementation of the printing procedure described above.

The Group has likewise engaged for several years in a policy to make its exchanges with its policyholders paperless, by using several tools, such as Cofanet, a secure tool that allows its customers to manage their policies online. Cofanet is available in 56 countries and a mobile app version of the tool known as "CofaMove" has been rolled out to allow policyholders to apply for approval or consult their client portfolio from their smartphones.

The dematerialisation of exchanges between Coface and its multinational customers also entails the use of "Dashboard", an exclusively on-line tool that offers policyholders a centralised monitoring of data for all trade receivables.

Coface's total paper consumption in France has therefore reduced significantly in recent years thanks to the dematerialisation of exchanges with policyholders and also thanks to better monitoring of printing and use of thinner paper. The drop was particularly significant in 2013, at 39 tons, a 28% drop compared to 2012, when it was 54 tons. The reported paper consumption in France amounted to 38 tons for 2014 and 42 tons for 2015, bearing in mind that in 2015, as part of efforts to keep costs under control, Coface performed numerous reprography tasks in house, when such tasks were previously outsourced.

Similarly in Germany, total paper consumption has fallen gradually every year since 2012, from 48 tons, to 45 tons in 2013, 31 tons in 2014 and 28 tons in 2015, representing an overall reduction of 42% in four years.

On the reporting scope, paper consumption in 2015 therefore amounted to 69.7 tons.

PAPER CONSUMPTION	FRANCE (in tons)	FRANCE CHANGE N/N-1 (as a %)	GERMANY (in tons)	GERMANY CHANGE N/N-1 (as a %)	TOTAL (REPORTING SCOPE) (in tons)	TOTAL (REPORTING SCOPE) CHANGE N/N-1 (as a %)
2012	54		48		102	
2013	39	-28%	45	-6%	84	-18%
2014	38	-3%	31	-31%	69	-18%
2015	42	11%	28	-10%	70	1%

Energy consumption

The Group's energy consumption concerns lighting, air-conditioning and heating of the premises.

The Group implements actions to reduce energy consumption, which translates to the environmental choices made in terms of real estate (see the features of the building housing the head office and the main office in Germany) which has allowed energy consumption to be significantly decreased.

REPORTED ENERGY CONSUMPTION IN 2014 FOR THE FRANCE SCOPE AND IN 2015 FOR THE REPORTING SCOPE

	FRANCE 2014 CONSUMPTION	FRANCE 2014 CO_2 EQUIV.	2015 REPORTING SCOPE CONSUMPTION	2015 REPORTING SCOPE CO_2 EQUIV.
Electricity	3,779 Mwh	78 T CO_2 eq.	5,802 Mwh	71 T CO_2 eq.
Gas	575 Mwh	116 T CO_2 eq.	692 Mwh	130 T CO_2 eq.
Surface area	30,900 m^2	30,900 m^2	63,431 m^2	63,431 m^2

In 2015, Coface sourced a total of 13.6% of its total energy use in France from renewable energy. Furthermore, the rooftop of the Coface Bois-Colombes head office in France has been fitted with around a hundred square metres of solar panels which reduce the use of gas to heat water for the washrooms and cafeteria, and resulted in a 50% cut in energy consumption from April to October 2015, compared to the same period in 2014.

In Germany, electricity consumption does not generate any greenhouse gas since Coface Germany has opted for an energy contract fully based on renewable energy sources.

As such, overall electricity and gas consumption in proportion to surface area fell between 2014 and 2015.

6.3.5 CLIMATE CHANGE

The Group has taken various initiatives in view of reducing its environmental footprint, in particular with regard to greenhouse gas emissions.

Travel policy

In 2014, the travel policy for Coface employees was modified as follows:

- in France, only train travel is authorised over certain distances, beyond which it may be preferable to travel by plane;
- generally, travel is limited, instead favouring telephone discussions or video conferencing. All of the main Coface sites worldwide are equipped with the appropriate means. At the head office, a remote attendance room was installed which allows effective, simultaneous discussions to take place between the Group's seven regions.

Other local initiatives can be highlighted: in Colombia, for example, employees are recommended to use public transport, which has led to a reduction in the number of parking spaces.

TYPE OF TRAVEL	TONS EQUIVALENT IN GREENHOUSE GAS EMISSIONS FOR THE FRANCE SCOPE IN 2014	TONS EQUIVALENT IN GREENHOUSE GAS EMISSIONS FOR THE REPORTING SCOPE IN 2015
Aeroplane	268	373
Train	3.48	3.05

In Germany, travel by train does not generate any greenhouse gases owing to the fact that Coface Germany agrees to pay a surcharge when purchasing train tickets from its travel agent. The surcharge offsets the consumptions generated by the journey.

Vehicle policy

Within the reporting scope, countries adopt initiatives to reduce fuel consumption, such as Coface in France which regularly renews its vehicles and which has implemented a vehicle policy comprising a limitation of CO_2 emissions to an average of 105g for each listed vehicle. Since the beginning of 2015, the new vehicles used consume less fuel since their CO_2 is, on average for the entire vehicle fleet, limited to 94g per kilometre per listed vehicle, which has helped to reduce CO_2 emissions by 15% in the last two years.

In Germany, the fuel consumption reduction policy is governed by specific clauses specified in the contract drawn up with the vehicle leasing agency, providing for maximum fuel consumption thresholds per vehicle.

TABLE OF 2014 AND 2015 CONSUMPTIONS

	FRANCE 2014		2015 REPORTING SCOPE	
NATURE OF FUEL	LITRES	TONS EQUIV. CO_2	LITRES	TONS EQUIV. CO_2
Diesel	230,913	635	691,119	1,741
4-star premium fuel	2,969	7	2,519	6
TOTAL		**642**		**1,747**

Other initiatives were implemented to reach this goal. In Austria, non-polluting printers use paper that is neutral with regard to carbon dioxide emissions.

To date, Coface's contribution to reducing greenhouse gas emissions has translated to limiting CO_2 emissions through the vehicle policy, and to limiting travel through the travel policy.

6.3.6 PROTECTING BIODIVERSITY

The building that houses the head office contributes to preserving biodiversity, to the extent that it has been established on a garden composed of plants from five continents. This garden, like the building itself, is respectful of the environment. Its plants promote the development of ecosystems and birdhouses facilitate the return of birds.

In addition, the Group's business lines have no impact on biodiversity.

6.4 Societal Information

6.4.1 REGIONAL, ECONOMIC AND SOCIAL IMPACT

6.4.1.1 Support to customer development

Credit insurance contributes by its nature to the development of economic exchanges by offering a safer framework for commercial transactions. The Group furthermore strives to offer its customers products that are best suited to their needs, in support of their development. It has made innovation a strategic cornerstone of its development, as illustrated by the marketing since 2014 of the EasyLiner offer targeted at SMEs in France and abroad, and accessible for online subscription. It has also established a system throughout the Group allowing potential claims to be best identified and processed.

6.4.1.2 Creation of links with the social fabric and local economy

With teams located in 67 countries for maximum proximity to the economic and social fabric, the Group favours the hiring of local employees, trained in the credit insurance businesses, and who have detailed knowledge of the business environment. It thus contributes to strengthening its expertise, while developing local players in the countries.

In addition to hiring employees and developing partnerships, Coface does not hesitate to propose and support initiatives intended for students, for example. This dialogue with universities and higher education takes various forms, such as courses taught by some of the Group's employees, the use of apprenticeship contracts and/or the establishment of partnerships.

In France, a specific partnership exists between Coface and the *École supérieure du commerce extérieur* business school (ESCE). For several years now Coface has a seat on the strategic orientation council of this school.

In partnership with the *Université Paris-Dauphine* (Master 218), Coface takes in final year students as interns each year, who can thus apply their education in a concrete way, and become prepare themselves to take on a job within the Company, if the opportunity exists.

The links established with ESCE and Paris Dauphine have likewise led several employees of the Company to teach in the context of the curricula. Lastly, these two institutions are beneficiaries of our apprenticeship tax payments.

Coface is also represented within Formatex, the organisation specialising in training companies in international business strategies and techniques, initially created by BUSINESSFRANCE and ESCE.

In the United States, an internship programme has been implemented to assist US students in getting to know the Company and to promote visibility of the brand. Close connections are established with student associations, meetings organised on campus, and internship offers disseminated online on the dedicated university sites. More than 350 students have applied. Since 2008, thirty students have been taken part in this programme in the United States.

6.4.2 PARTNERSHIPS AND CORPORATE PHILANTHROPY

6.4.2.1 Academic relations: promoting careers at Coface

Each year, the Group strengthens its "academic relations" with a selection of universities. In 2015, for example, Coface participated in a workshop at the Duoc-UC university in Chile to present the basics of credit insurance to the students. In 2015 Coface also organised, with the French university Paris-Dauphine, a seminar in Hong Kong for a group of students enrolled on the "insurance and risk management" course, to introduce them to the specific features of the market in that region. Lastly, in Italy, the Group gave three conferences in the universities of Siena, LUISS in Rome, and Carlo-Cattaneo-LIUCC in Castellanza. The purpose of these three conferences was to introduce students, through different case studies, to the role of credit insurance in the reliability of commercial trade.

6.4.2.2 Coface Trade Aid

In 2004 Coface created a non-profit association, Coface Trade Aid, the aim of which is to promote solidarity actions consistent with Coface's values. They are proposed by employees, whether they are individual initiatives or cooperative actions carried out with charities. These targeted actions aim to facilitate economic exchange, in particular between developed countries and emerging countries, and include initiatives aimed at education or integration into the employment world. They must seek to assist populations that, due to their economic or social position, are prevented from participating in these exchanges under normal conditions.

Coface Trade Aid targets specific, identified micro-projects, aiming to track them and be involved from start to finish. The projects, which are proposed by employees, are selected for their utility, effectiveness and ambition. Financial transparency, dynamism and the involvement of associations are likewise important criteria for selection.

Initially begun in France, Coface Trade Aid has been gradually extended to all countries of the Group, with the same aim of supporting local initiatives based on education, the learning of a profession, micro-financing or the facilitation of economic exchanges. In 2013, for the first time, Coface organised the "Coface Trade Aid Week", during which each Coface country was asked to mobilise teams to benefit associations. This operation was renewed in June 2014 as a single day, with the participation of 54 countries, and now constitutes a common, positive approach in all entities. The momentum continued at a significant pace in 2015.

The associations supported by Trade Aid include:

- APER – Pour les Enfants des Rizières (Vietnam)

  Purpose of the association: assist disadvantaged children, construct a protection centre for children's education.

- AVNES – Association Vietnam Entraide Solidarité (Vietnam)

  Purpose of the association: support local populations through projects based on sustainable development and micro-credit.

- Avenir et Partage (Burkina-Faso)

  Purpose of the association: provide educational assistance to children in difficulty, with adapted training curricula and support.

- Enfants du Mékong (Philippines)

  Purpose of the association: assist children in South-East Asia, establish development projects aimed at improving education and daily life.

- In Audio Veritas (France)

  Purpose of the association: re-educate profoundly deaf children with hearing aids and/or cochlear implants, with a view to their reinsertion into normal education.

- Les Amis de JNN (India)

  Purpose of the association: assist in the professional reinsertion of women from a slum in Mumbai.

- Les Enfants du Jasmin (Vietnam)

  Purpose of the association: support orphans in the Hué region for children's education and training.

- OSI – Orphelins Sida International (Benin and Côte d'Ivoire)

  Purpose of the association: assist the professional insertion of young AIDS orphans through the establishment of early childhood professional training.

- Pacha! (Bolivia)

  Purpose of the association: establish and support rural development projects in the Potosi region.

- Solidarité Technologique (Cameroon)

  Purpose of the association: promote work or self-employment for disadvantaged young people thanks to the recovery of second-hand IT equipment.

- Solidarités nouvelles face au chômage, Colombes branch (France)

  Purpose of the association: offer personalised support to job seekers through a network of voluntary coaches throughout France.

Other initiatives were launched in the area of solidarity or defence of climate change. Coface's Czech branch also supports an institution in charge of children with disabilities known as "Splnéné detské prani".

In Hong Kong, Coface participated in 2015 in the 22nd edition of the "Green Power Hike" to support renewable energy.

In Bulgaria, Coface has provided its support to victims of the floods in Serbia and Croatia by selling second-hand computers to staff. A call was likewise made to customers to support the Bulgarian Red Cross. In 2015, Coface organised a fundraising campaign for the pupils of a school for blind and vision-impaired children in Bulgaria. Thanks to the funds collected, Coface built race ramps in the school playground to enhance safety during sports activities.

Coface Trade Aid also provides its support to the Children's Memorial Health Institute, the largest and most modern of the paediatric hospitals in Poland.

In Vietnam, the Coface Trade Aid representative to the AVNES association travelled to Vietnam early 2015 to lend money to 12 families in the village of Vinh Hòa, district of Cho Lách, province of Ben Tre. After studying each project and the situation of the families, a sum of €4,800 was distributed and repayments have been scheduled over a two-year period with a rate of 0.6% corresponding to the rate applied by the State bank that helps the poor. Each of these families therefore received €400 to be used to plant fruit trees, especially coconut trees, well known in the region.

In India, the financial contributions paid by Coface Trade Aid in 2015 to the association "Les amis de JNN" were used to open a new crafts workshop for targeted women and, as a result, school their children.

Coface Spain provides its support to the CESA NGO, which promotes the integration of disadvantaged young people into the Company, within the context of training, in the area of IT technologies as well as the culinary arts. In 2015, and for the fourth consecutive year, some twenty or more Coface employees in Spain participated in the policy to raise awareness of social causes organised by this NGO and coaching activities for a group of people with disabilities during a rock-climbing session.

Coface Chile supports various works: Fondation Abrazante (for street children), and Conapivi (for young, visually-impaired children).

Coface employees fund and monitor these actions, for which the Group matches donations. The amount of donations collected in France and paid to the associations was €44,000 in 2014, and €46,000 in 2015, more than half of which was paid by the Company. This total amount has increased by more than 28% compared with 2013.

All regions now participate in this project through various initiatives, associating staff. The number of countries participating in at least one project in this framework rose from 45 in 2012 to 54 in 2014 and remained relatively stable in 2015.

6.4.3 SUBCONTRACTING AND SUPPLIERS

The use of subcontracting essentially concerns IT services, for which a little under two thirds of the workforce are external.

In connection with its business activity, Coface acts through a worldwide network of agents and partners who share the same goal of developing credit insurance solutions to facilitate domestic and export B to B trade on numerous markets by relying on the expertise of Coface and on its unique risk database. Selected for their competence and reliability, Coface agents and partners are required to follow the Group's commercial practices regarding product distribution; as such distribution must comply with the Group's defined rules and must be carried out under the Group's control in accordance with internal rules and procedures.

The Coface Code of Business Ethics takes into account issues related to potential conflicts of interest which could arise among employees, and draws their attention to the importance of avoiding any pressure due to gifts of excessive value, which must be declared to the Director of Compliance.

In the context of its relationships with suppliers, Coface established an internal policy of best practices in the field of procurement and standardised its general terms for suppliers and of services. These mostly include the best practices specified in the Coface purchase policy and attached to contracts signed with suppliers. Conditions for issuing calls for tenders were also standardised in 2015 to now include applicant assessment criteria based on the values upheld by corporate social responsibility. Lastly, Coface has set up a charter regulating its relationships with its suppliers. This charter includes a certain number of ethical principles, in particular respect for commitments similar to those that Coface has committed to adopt and promote as part of the United Nations Global Compact.

6.4.4 FAIR PRACTICES AND RESPECT FOR HUMAN RIGHTS

Within the context of controlling conflicts of interest, a Code of Business Ethics was created for all Group employees. Its aim is to promote among all Group employees the values of integrity that are needed to properly conduct their business within the Group. The Code of Business Ethics notably emphasises the importance of treating customers equitably by, on the one hand, avoiding conflicts of interest and, on the other, not using information in an employee's possession to the detriment of a customer, a potential customer, and co-contracting third parties.

With regard to lobbying, Coface does not habitually carry out any activity in this field and has no employee whose appointed duty or mission involves lobbying public or political entities. Nevertheless, any action undertaken in this respect should naturally be carried out in the context of the ethical rules laid down by Coface in the aforesaid Code of Business Ethics, which includes a number of anti-corruption rules.

Within the context of combating money laundering and corruption, in 2013 the Group strengthened the tools and roll-out of procedures that had been established since 2011, in order to best control all risks linked to financial security. These measures concern all entities, employees and customers of the Group.

An e-learning training programme was prepared in 2014 by the compliance and ethics teams in five languages and was rolled out in 2015 to employees with the aim of training them in detecting risks and attempts at fraud, fighting money laundering and acquiring the right reflexes when in doubt.

As concerns combating financial delinquency, the procedures that are regularly updated and locally transposed notably consist of a general procedure relating to the risk of money-laundering and to a KYC (Know Your Customer) procedure. These procedures are accompanied by several application sheets (sheet relating to the functioning of declarations of suspicion, sheet relating to the review of atypical transactions, procedure relating to the transfers of cash flows in case of an embargo, or within the context of anti-terrorism). In addition, specific anti-money laundering procedures have been established, notably as concerns sales and debt collection processes, as well as in terms of the archiving of files.

The procedures are implemented by the international network of correspondents in charge of compliance within the Group. To this end, they dispose of a secure intranet and a tool for identifying, classifying and monitoring our customer portfolio across all entities. In 2015, this intranet was enhanced with a feature allowing the control and update of client portfolios with respect to KYC procedures.

In its business lines, the systematic implementation of the diligence procedures described above allow Coface to avoid operations that are deemed suspect. Moreover, restrictions are applied in the area of arms trade guarantees, prohibiting coverage for companies active in the manufacturing of cluster bombs and/or anti-personnel mines.

Coface's business lines do not require specific measures regarding the health and safety of consumers.

However, Coface pays great attention to the security and confidentiality of data concerning policyholders and their clients. This is demonstrated through its choice of service providers, the conditions in which it stores data on policyholders and their clients, its implementation of and compliance with industry data protection standards (active and passive protection measures such as firewalls, and business continuity plans), and through the addition of specific contract clauses during both the pre-contractual and contractual phases.

As a member of the United Nations Global Compact, Coface follows the principles stated therein relating to the protection of human rights:

- to promote and respect protection of international human rights law in its sphere of influence; and
- to ensure that it is never complicit in human rights violations.

6.5 CSR initiatives envisaged in the medium term by Coface

Thanks to a discussion launched in the last quarter of 2014, which involved the participation of all the regions where Coface is established, the Company developed all along 2015 a medium-term CSR plan examined by the Board of Directors in December 2015. This plan includes the follow up of initiatives already existing at Group level and the launch of a certain number of new initiatives.

These initiatives concern corporate governance, clients and prospects in all Coface geographic regions of business, the Group's employees, our environmental footprint and our societal environment.

In this respect, a decision was made to strengthen Coface's CSR reporting by setting up a dedicated CSR page on the Coface website.

The Company also made a commitment to appoint CSR correspondents in each region charged with regularly collecting CSR data from each Coface entity and subsequently reporting the collected information to the Group level CSR officer.

With respect to our clients, the Company has made a commitment to raise the awareness of its policyholders and prospects about relevant environmental, social and governance issues through segment-specific economic studies on the Coface website, some of which will refer to CSR issues.

The Company will pursue and step up its social initiatives with a particular focus on defining a diversity policy that includes, in particular, the employment of people with disabilities.

Environmental reporting will be extended each year to new countries other than France and Germany, to improve the monitoring of the Group's carbon footprint and identify the investments required for better energy consumption.

Lastly, Coface Trade Aid will continue to benefit the Company's societal environment with its charity actions for economically underprivileged populations, with the determination to refocus its actions on local economic development through micro-financing and education for children.

6.6 Report of one of the Statutory Auditors, appointed as independent third party, on the consolidated corporate, environmental and societal information presented in the management report

Year ended December 31, 2015

To the Shareholders,

In our capacity as Statutory Auditor of COFACE SA, appointed as independent third party, accredited by the COFRAC under number 3-1049 [1] we hereby present to you our report on the consolidated social, environmental and societal information for the year ended December 31, 2015, presented in the management report (hereinafter the "CSR Information"), in accordance with the provisions of Article L.225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code and with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the French code of ethics governing the audit profession and the provisions of Article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

(1) Details available on www.cofrac.fr.

RESPONSIBILITY OF THE STATUTORY AUDITOR

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (opinion on the fair presentation of the CSR Information).

Our work involved the skills of five people and took place between November 2015 and February 2016, over a total of around four weeks. We were assisted in our work by our specialists in CSR.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated May 13, 2013 determining the manner in which the independent third party should carry out its work, and with ISAE 3000 [(1)] concerning our reasoned opinion on the fair presentation of CSR Information.

1 Statement of completeness of CSR Information

Nature and scope of work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programmes it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidation scope, *i.e.* the Company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French Commercial Code, within the limitations set out in the methodological information presented in the chapter "Reporting Standards and Methods".

Conclusion

Based on these procedures and taking into account the limitations mentioned above, regarding the restitution of reporting in particular, we attest that the management report includes the required CSR Information.

2 Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We conducted ten or more interviews with fourteen people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the social and environmental impact of its activities, its sustainable development strategy and best practice.

With regard to the CSR Information that we considered to be the most important [(2)]:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial data.

(2) Social indicators: Total headcount and distribution by gender, by age and by status (manager and non-manager), Number of recruitments, Number of departures with redundancies, Number of persons trained, Number of training hours.
Environmental indicators: Energy consumption, CO_2 emissions related to energy consumption (electricity, gas, domestic fuel, heating and cooling) and transportation (air, rail and road), paper consumption.
Other qualitative information: Organization of social dialogue, gender equality, environmental policy, combatting corruption.

- at the level of a representative sample of entities that we selected [1] on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and we performed tests of details, using sampling techniques, consisting in verifying the calculations made and reconciling the data with the supporting documents. The selected sample represents between 40% and 100% of the workforce, and 100% of quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, we did not identify any material anomalies likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.

Paris La Défense, on March 31, 2016

KPMG S.A.

Anne Garans

Partner
Climate Change and Sustainable Development Department

Francine Morelli

Partner

(1) *Coface France head office, COFACE Germany head office.*

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7.1 Memorandum and Articles of Association

7.1.1 CORPORATE NAME

The corporate name of the Company is “COFACE SA”.

7.1.2 LOCATION AND REGISTRATION NUMBER

The Company is registered in the Nanterre Trade and Companies Register under number 432 413 599.

7.1.3 DATE OF FORMATION AND DURATION

The Company was formed on August 7, 2000 for a term of 99 years as of the date of its registration in the Trade and Companies Register, save for early dissolution or extension.

7.1.4 REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGISLATION

Head office: 1, place Costes et Bellonte, 92270 Bois-Colombes, France.

Telephone number of head office: +33 (0)1 49 02 20 00.

Legal form and applicable legislation: public limited company (société anonyme) under French law with a Board of Directors.

7.1.5 ARTICLES OF ASSOCIATION

The Company’s Articles of Association were prepared in compliance with the legal and regulatory provisions applicable to corporations with a Board of Directors.

7.1.5.1 Corporate purpose (Article 2 of the Articles of Association)

The Company’s purpose is to perform any civil or commercial operations, operations involving moveable and real-estate property and financial operations, to take all direct or indirect shareholdings, and in general to perform any operations that are directly or indirectly linked to its corporate purpose.

7.1.5.2 Articles of association relating to the management and administrative bodies - General by-laws of the Board of Directors

(a) Articles of association

BOARD OF DIRECTORS

Composition of the Board of Directors (Article 12 of the Articles of Association)

The Company is administered by a Board of Directors consisting of at least three (3) and at most eighteen (18) members.

Term of functions — Age limit — Replacement (Article 12 of the Articles of Association)

The Board members serve for a term of four years. In case of a vacancy owing to the death or resignation of one or more directors representing the shareholders, the Board of Directors may temporarily replace these members between two General Meetings, in compliance with the terms of article L.225-24 of France’s Commercial Code. The Board must imperatively proceed to make temporary appointments within three months following the date of the vacancy if the number of directors falls below the minimum required by the Articles of Association, without however being lower than the legal minimum.

The number of directors who are aged 70 or over cannot exceed one third of the total number of serving directors. Should this proportion be exceeded, the oldest director shall be deemed to have resigned pursuant to the next Ordinary General Meeting.

The mandate of a director expires at the end of the Ordinary General Meeting that rules on the accounts of the previous financial year and is held in the year during which the director’s mandate is due to expire.

When a director is appointed to replace another director before the expiry of that director’s mandate, his mandate shall only last for the remaining duration of the mandate of his predecessor.

Directors may be re-elected without limitation, subject to legal and statutory provisions, in particular with regards to their age.

Directors are personally liable for the performance of their mandate, in accordance with commercial laws.

Directors' shares (Article 12 of the Articles of Association)

Each director must hold at least 500 of the Company's shares.

The Chairman of the Board of Directors (Article 13 of the Articles of Association)

The Board appoints a Chairman from among the individuals serving as members, for a period which cannot exceed his term of office as director.

The Chairman can be re-elected.

The age limit for performing the duties of Chairman is fixed at 65. When a serving Chairman reaches this age, he is considered to have resigned at the Ordinary General Meeting which rules on the accounts of the financial year during which the said Chairman turned 65.

The Chairman of the Board of Directors organises and guides the Board of Directors' work and reports on it to the Shareholders' General Meeting. He oversees the effective operation of the Company's corporate bodies and, in particular, ensures that the directors are in a position to fulfil their duties.

In the event of a temporary impediment or the death of the Chairman, the statutory and regulatory provisions are applicable.

Should it consider it necessary, the Board may appoint one or more Vice-Chairmen from the Directors who will, in the order of their own appointment, chair Board meetings in the event that the Chairman is absent or indisposed.

In the event of the absence or indisposition of the Chairman or Vice-Chairmen, the Board appoints, for each meeting, a member among those present to preside over it.

The amount and procedures for the remuneration of the Chairman and the Vice-Chairmen are fixed by the Board of Directors.

EXERCISE OF THE GENERAL MANAGEMENT

General Management (Article 14 of the Articles of Association)

The general management of the Company is handled either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer (CEO).

The Board appoints its Chairman and decides by a simple majority whether to grant him the powers of Chief Executive Officer (CEO) or whether to grant these powers to another person. This decision as to whether the mandates of Chairman and Chief Executive Officer (CEO) should be held by the same person or by two separate persons, as well as any subsequent change to this configuration, remains in force until a contrary decision is taken by the Board of Directors, which may then decide, by a simple majority, to opt for the other configuration of the powers of general management. The Board of Directors of the Company keeps the shareholders and third parties informed about this change in accordance with applicable law.

Where the general management is handled by the Chairman, legal and statutory provisions related to the Chief Executive Officer (CEO) apply to him.

Chief Executive Officer (CEO) (Article 15 of the Articles of Association)

The Board of Directors determines the duration of the Chief Executive Officer's (CEO) term and his remuneration.

The age limit for serving as Chief Executive Officer (CEO) is 65. Should a Chief Executive Officer (CEO) reach this age limit, he is deemed to have resigned pursuant to the General Meeting that is held to rule on the accounts of the financial year during which he reached the age limit.

The Chief Executive Officer (CEO) is invested with the broadest powers to act under all circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to those powers that the law expressly grants to the General Meetings of shareholders and to the Board of Directors.

He represents the Company in its dealings with third parties. The provisions of the Articles of Association or the decisions of the Board of Directors which limit the powers of the Chief Executive Officer (CEO) are unenforceable against third parties.

If the Chief Executive Officer (CEO) does not assume the duties of the Chairman of the Board of Directors and is not a director, then he attends Board meetings in a consultative capacity.

Deputy Chief Executive Officer (Article 16 of the Articles of Association)

At the request of the Chief Executive Officer (CEO), the Board of Directors can appoint a natural person to assist the Chief Executive Officer (CEO), with the title of Deputy Chief Executive Officer (CEO) (directeur général délégué).

The Board of Directors determines the remuneration of the Deputy Chief Executive Officer (CEO).

The age limit for performing the duties of Deputy Chief Executive is 65. When a serving Deputy Chief Executive reaches this age, he is considered to have resigned at the Ordinary General Meeting which rules on the accounts of the financial year during which he turned 65.

In collaboration with the Chief Executive Officer (CEO), the Board determines the scope and duration of the powers conferred upon the Deputy Chief Executive. The Deputy Chief Executive has the same powers vis-‡-vis third parties as the Chief Executive Officer (CEO).

If the Deputy Chief Executive is not a director, then he attends Board meetings in a consultative capacity.

Operation of the Board of Directors (Article 18 of the Articles of Association)

The Board of Directors meets as often as is required in the interests of the Company, and at least once per quarter.

Board meetings are convened by the Chairman. However, directors representing at least one third of the Board members may convene a meeting of the Board, detailing the agenda, if there has been no meeting for more than two months. Where the duties of the Chief Executive Officer (CEO) are not performed by the Chairman, the Chief Executive Officer (CEO) may also ask the Chairman to convene a Board meeting to consider a fixed agenda.

Board meetings are held either at the registered office or any other location indicated in the convening notice. The convening notice to attend is in the form of a simple letter addressed to the Board members. If there is a degree of urgency, the convening notice may be given by any other appropriate means, including verbally.

Meetings of the Board of Directors are presided by the Chairman of the Board of Directors or, should the latter be absent, by the oldest director present, or by one of the vice-Chairmen, if there are any.

A director may appoint another director, by means of a letter, to represent him at a session of the Board of Directors.

Each director may, during a given meeting, only have one proxy vote by virtue of the foregoing paragraph.

The meeting can only validly deliberate if at least half of the serving directors are present.

Decisions are taken by means of majority voting by those directors present or represented.

In the event of a split vote, the director chairing the meeting has the casting vote.

In compliance with applicable statutory and regulatory provisions, the Board's internal rules may provide that directors who take part in a meeting via videoconferencing or other telecommunication means that meet the technical requirements set by the prevailing statutory and regulatory provisions are deemed to be present for the purposes of the calculation of the quorum and the majority.

The Board may appoint a secretary who may but need not be one of its members.

Based on a proposal by its Chairman, the Board may decide to form among its members, or with the involvement of persons who are not directors, committees or commissions in charge of looking into matters that it or its Chairman shall refer to them for assessment; these committees or commissions exercise their powers under its responsibility.

The minutes of each session shall mention the names of the directors who are present or represented and the names of the directors who are absent, to act as evidence towards third parties.

Powers of the Board of Directors (Article 21 of the Articles of Association)

The Board of Directors determines the Company's business strategy and oversees its implementation. Subject to powers expressly assigned to the Shareholders' General Meetings and within the limitations of the corporate purpose, the Board deliberates on all matters relating to the effective operation of the Company and rules on all matters concerning it. The Board of Directors carries out the inspections and verifications which it judges necessary. The Chairman or the Chief Executive Officer (CEO) must send to each director all the documents and information needed for the accomplishment of his duties.

The internal rules of the Board of Directors determine which decisions are to be submitted to the prior authorisation of the Board of Directors in addition to those which must be submitted to it in accordance with the law.

Directors' Fees (Article 19 of the Articles of Association)

Independently of all reimbursement of costs or allocations for particular services which may be accorded, the directors may receive, in the form of directors' fees, remuneration recorded under overheads, the total amount of which is fixed by the General Meeting of shareholders. The Board divides the aforementioned remuneration among its members as it sees fit.

(b) Internal rules of the Board of Directors

The internal rules of the Board of Directors specify, on the one hand, the method of organisation and operation, the powers, rights and prerogatives of the Board and of the committees it has established (see Article 4, "Creation of committees – Joint provisions" and Article 1.2 "Operations subject to the prior authorisation of the Board of Directors" for a description of the various committees established and the limits on the powers of general management) and, on the other hand, the terms of control and evaluation of its operations.

The internal rules of the Board of Directors are partially included in this registration document and may be consulted online in the section entitled "Investors/Governance" of the corporate website at www.coface.com.

(c) Control and evaluation of the Board of Directors' operations (see paragraph 2.4.1.1)

Article 2 of the Board of Directors' internal rules provides for at least 1/3 of independent members, pursuant to the AFEP-MEDEF Code, within the Board of Directors.

Pursuant to Article 2.3.2 of the Board of Directors' internal rules, a director is considered to be independent if he does not maintain any relation of any kind whatsoever with the Company, management or the Coface Group, which could compromise the exercise of his free judgement or be of a nature to put him in a conflict of interest with management, the Company or the Coface Group.

The qualification of an independent member of the Board of Directors is discussed by the Appointments and Compensation Committee, which drafts a report on this subject for the Board. Each year the Board of Directors examines, in view of this report, before publication of the registration document, the status of each director with regard to the criteria of independence defined in Article 2.3.2 of the Board of Directors' internal rules. The Board of Directors must provide the findings from its examination to the shareholders in the annual report and at the Annual Shareholders' Meeting at which the directors are appointed.

In addition, in compliance with Article 3.5 of the Board of Directors' Articles of Association, at least once a year, an agenda is devoted to evaluating the operation of the Board, which is reported in the Company's annual report.

A formal evaluation of the Board of Directors is conducted every three years, and will be entrusted to the Appointments and Compensation Committee, potentially assisted by an outside consultant.

7.1.5.3 Rights, privileges and restrictions attached to the shares

Form of shares (Article 8 of the Articles of Association)

The Company's shares shall either be registered or bearer shares, at the discretion of each shareholder.

The ownership of the Company's shares shall result from their registration in an account in the name of their holder in the registers kept by the Company or by a duly authorised intermediary.

Voting rights (Article 11 of the Articles of Association)

Each share grants its holder the right to vote and be represented at General Meetings of shareholders, in accordance with the law and the Articles of Association.

As an exception of the allocation of a double voting right for any share that has been fully paid up, as proven by the registration by name of the bearer for two years, in the name of the same shareholder, provided for in article L.225-123, paragraph 3 of the French Commercial Code, each shareholder is entitled to the same number of votes as the number of shares that he/she owns or represents.

Right to dividends and profits (Article 11 of the Articles of Association)

Each share grants its holder the right to a share in any distribution of the Company's earnings, assets and proceeds from liquidation.

The rights and obligations attached to the shares follow them when they change hands.

Ownership of a share implies, as of right, acceptance of the Articles of Association of the Company and the decisions that are duly taken by General Meetings of shareholders.

Shareholders shall only bear liability to the extent of the nominal value of each share that they hold.

Whenever it is necessary to hold several shares in order to exercise a particular right, in the event of an exchange, grouping or allocation of shares, or as a result of an increase or a reduction of the share capital, a merger or other corporate operation, the owners of single shares or of an insufficient number of shares may only exercise this right provided that they arrange to group together and to buy or sell any shares as may be required.

The joint owners of shares shall be represented at General Meetings by one of their number or by a sole representative. Should the parties involved fail to agree over the appointment of their representative, the latter shall be appointed by a court order issued pursuant to a petition filed by the first joint owner to do so.

Unless otherwise agreed and notified to the Company, in the event of the division of ownership of a share, the voting right belongs to the beneficial owner (usufruitier) at Ordinary General Meetings and by the bare owner (nu-propriétaire) at extraordinary or special General Meetings. However, in any event, the reversionary owner has the right to take part in all General Meetings.

Payment of the dividend in shares (Article 24 of the Articles of Association)

The General Meeting ruling on the accounts for the financial year has the possibility to offer each shareholder, for all or part of the dividend payout, an option to receive the dividend in cash or in the form of shares. This option may also be granted in the case of interim dividends.

The procedures for dividend payments in cash are fixed by the General Meeting or, alternatively, by the Board of Directors.

Preferential subscription right

The Company's shares benefit from a preferential subscription right under the terms provided for by the French Commercial Code.

Limit on voting rights

No statutory clause restricts the voting right attached to the shares.

7.1.5.4 Amendment of shareholders' rights (Article 23 of the Articles of Association)

The Extraordinary General Meeting deliberates on all proposals emanating from the Board of Directors which entail modification to the Company's share capital or Articles of Association.

7.1.5.5 Annual Shareholders' Meetings (Article 23 of the Articles of Association)

Powers

The shareholders take their decisions in General Meetings which are designated as ordinary or extraordinary.

The Ordinary General Meeting takes all decisions which do not entail modification to the Company's share capital or Articles of Association. In particular, it appoints, replaces, re-elects and dismisses directors with the exception of those representing the employees. It also approves, rejects or corrects the accounts and rules on the breakdown and allocation of profits.

The Extraordinary General Meeting deliberates on all proposals emanating from the Board of Directors which entail modification to the Company's share capital or Articles of Association.

Convening notice and meeting location

General Meetings are convened as per the terms and conditions set forth in the law.

Meetings take place at the registered office or any other location indicated in the convening notice.

Access to and conduct of the meetings

Any shareholder may take part in the General Meetings in person or through a representative, in accordance with the prevailing regulations, upon presentation of suitable evidence of his identity and of his ownership of shares, by

registering his shares in the form prescribed by prevailing statutory and regulatory provisions.

Shareholders who take part in a General Meeting by videoconferencing or other telecommunication means or by remote transmission, including over the Internet, which enable them to be identified in accordance with the prevailing regulations, are deemed to be present for the purposes of the calculation of the quorum and the majority, subject to a decision taken by the Board of Directors to make use of such means of telecommunication and said decision being mentioned in the announcement or convening notice to attend the General Meeting.

Any shareholder may vote remotely or appoint a proxy in accordance with current rules and regulations, by means of a form drawn up by the Company and sent to the latter, including by electronic means or remote transmission, if this is permitted by the Board of Directors. This form must be received by the Company in accordance with regulatory requirements in order for it to be taken into consideration.

Chairmanship, committee, attendance sheet

Each General Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by a director appointed for that purpose by the Board.

Where the meeting is called by the Statutory Auditors or a legal officer, the meeting is chaired by the person or individuals issuing the notice to attend.

The duties of deputy returning officer (scrutateur) are performed by the two members present at the meeting who hold the largest number of shares and are willing to act in that capacity. The committee appoints the secretary; who is not necessarily a shareholder.

An attendance sheet is kept in accordance with statutory conditions.

Deliberations, minutes

The General Meetings deliberate subject to the quorum and majority conditions prescribed by statutory provisions. Voting is on a one-share, one-vote basis.

The deliberations are recorded in minutes entered in a special register and signed by members of the committee.

Copies or extracts of the minutes are certified as valid by the Chairman of the Board of Directors or the Secretary of the meeting.

Shareholders' right to information

Each shareholder has the right to receive disclosure of the documents required to enable him to make an informed decision and to form an informed opinion on the management and the operation of the Company. The latter has the obligation to make these documents available to them or to send them to them.

The nature of these documents and the terms under which they must be sent or made available are set by law.

7.1.5.6 Statutory clauses likely to have an impact on a change in control

None.

7.1.5.7 Crossing of thresholds and identification of shareholders (Article 10 of the Articles of Association)

In compliance with prevailing laws and regulations, the Company may ask any duly empowered body or intermediary for information about the identity, nationality and address of the holders of any securities that confer an immediate or deferred right to vote in its General Meetings of shareholders, as well as the number of securities that they each hold and any restrictions applicable to these securities.

Any natural or legal person who directly or indirectly possesses, alone or in conjunction with others, 2% of the share capital or voting rights (calculated in accordance with the provisions of articles L.233-7 and L.233-9 of the French Commercial Code and the provisions of the general rules of the AMF [French Financial Markets Authority]), or any multiple of this percentage, must notify to the Company the total number (i) of the shares and voting rights that he possesses directly or indirectly, alone or in conjunction with others, (ii) of the securities that provide deferred access to the share capital of the Company which he possesses directly or indirectly, alone or in conjunction with others, and the voting rights that are potentially attached to same, and (iii) of the shares that are already issued that this person may acquire by virtue of an agreement or a financial instrument mentioned in article L.211-1 of the French Financial and Monetary Code. This notification must take place by means of a letter sent by registered post with acknowledgement of receipt within four stock market days after the relevant threshold has been exceeded.

The obligation to inform the Company shall also apply, within the same timescales and on the same terms, whenever the shareholder's shareholding or voting rights fall to a level that is lower than any of the abovementioned thresholds.

Should a shareholder fail to comply with the obligation to declare the fact that it has exceeded or fallen below the abovementioned thresholds, then at the request of one or more shareholders who account for at least 2% of the share capital or voting rights of the Company, recorded in the minutes of the Shareholders' General Meeting, the shares which exceed the fraction that should have been declared are deprived of their voting rights for a period of two years from the date on which notification is effectively sent.

The Company is entitled to inform the public and bring to the attention of the shareholders either the information notified to it, or any failure to comply with the abovementioned obligation by the relevant person.

7.1.5.8 Specific clauses governing modifications to share capital

There is no specific stipulation in the Company's Articles of Association governing modifications to its capital.

Such capital may thus be increased, reduced or amortised in any manner authorised by law.

7.2 General information concerning the capital of COFACE SA

7.2.1 SHARE CAPITAL SUBSCRIBED AND SHARE CAPITAL AUTHORISED BUT NOT ISSUED

At the date of this registration document, the Company's share capital totals €786,241,160. It is divided into 157,248,232 shares with a par value of €5 (five), fully subscribed and paid-up, all of the same category.

In compliance with Article L.225-100, paragraph 7 of the French Commercial Code, the summary table below presents the delegations valid as of December 31, 2015 that have been granted by the Annual Shareholders' Meeting to the Board of Directors in the area of capital increases, by application of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

The table below summarises the resolutions voted on during the Combined Shareholders' Meeting of the Company dated June 2, 2014, as concerns capital increases.

RESOLUTION	SUBJECT OF THE RESOLUTION	MAXIMUM FACE VALUE	DURATION OF AUTHORISATION	USE AS OF DECEMBER 31, 2015
9th	Delegation of authority to the Board of Directors to decide on an increase in share capital through the incorporation of premiums, reserves, benefits or other (1)	€200 million	26 months	No
10th	Delegation of authority to the Board of Directors to decide on increasing share capital through the issue of shares and/or securities which provide access to the capital, with the preferential subscription right (1)	€250 million concerning capital increases (1) €500 million concerning debt securities (1)	26 months	No
11th	Delegation of authority to the Board of Directors to decide on increasing share capital through the issue of shares and/or securities which provide access to the capital by a public offer without preferential subscription right (1)	€250 million concerning capital increases (1) €500 million concerning debt securities	26 months	No
12th	Delegation of authority to the Board of Directors to decide on the issue, without preferential subscription right, of shares and/or securities which provide access to the capital through private investment as per Article L.411-2 II of the French Financial and Monetary Code (1)	€250 million concerning capital increases (1) €500 million concerning debt securities	26 months	Yes Board Meeting of Dec. 15 (2)
13th	Authorisation to the Board of Directors in the event of issue, without preferential subscription right, through public offers or private investments as per Article L.411-2 II of the French Financial and Monetary Code, for the purpose of setting the issue price according to the terms established by the Annual Shareholders' Meeting.	Up to a limit of 10% of the share capital per 12 months	26 months	Yes Board Meeting of Dec. 15 (2)
14th	Authorisation to the Board of Directors for the purpose of increasing the number of securities to be issued in the event of a capital increase, with or without preferential subscription right (1)	Limit prescribed by applicable regulations (to date, 15% of the initial issue) (1)	26 months	No

(1) The maximum overall face value of the capital increases likely to be made by virtue of this delegation are attributed to the total cap set at the amount of €250 million, as concerns immediate and/or future capital increases.

(2) Based on these two resolutions, the Board of Directors decided to make the contingent capital programme described in paragraph 3.6 of the registration document.

RESOLUTION	SUBJECT OF THE RESOLUTION	MAXIMUM FACE VALUE	DURATION OF AUTHORISATION	USE AS OF DECEMBER 31, 2015
15th	Delegation of authority to the Board of Directors for the purpose of issuing shares or securities providing access to the capital, without preferential subscription right, in compensation for contributions in kind concerning shares or securities which provide access to the capital (1)	€75 million concerning capital increases (1) €200 million concerning debt securities	26 months	No
16th	Delegation of authority to the Board of Directors with a view to increasing the share capital through a share issue, without preferential subscription right, following the issuance by the Company's subsidiaries of securities providing access to the Company's shares (1)	€250 million (1)	26 months	No
18th	Delegation of authority to the Board of Directors to decide on the issuance of shares reserved for members of an employee savings plan, without preferential subscription right in favour of said members	€15 million (1)	26 months	Yes Board Meeting of Dec. 6, 2014
19th	Delegation of authority to the Board of Directors to increase the share capital by issuing shares without preferential subscription right in favour of a specific category of beneficiaries	€15 million (1)	18 months	Yes Board Meeting of Dec. 6, 2014

(1) *The maximum overall face value of the capital increases likely to be made by virtue of this delegation are attributed to the total cap set at the amount of €250 million, as concerns immediate and/or future capital increases.*

The table below summarises the resolutions voted on during the Company's Combined Shareholders' Meeting on May 18, 2015, as concerns capital increases.

RESOLUTION	SUBJECT OF THE RESOLUTION	MAXIMUM FACE VALUE	DURATION OF AUTHORISATION	USE AS OF DECEMBER 31, 2014
11th	Delegation of authority to the Board of Directors to increase the share capital by issuing shares without preferential subscription right in favour of a specific category of beneficiaries	€15 million (1)	18 months	No

(1) *The maximum overall face value of the capital increases likely to be made by virtue of this delegation are attributed to the total cap set at the amount of €250 million, as concerns immediate and/or future capital increases.*

◆ 7.2.1.1 Shares not representing capital

None.

◆ 7.2.1.2 Independent control, holding and acquisition by the Company of treasury shares

(a) Description of the 2015-2016 buyback programme

A.1 INTRODUCTION

It is recalled that the Combined Shareholders' Meeting of June 2, 2014, in its fifth (5th) resolution, had previously authorised the Board of Directors to trade the Company's shares, in the context of the 2014-2015 share buyback programme. In its decision of June 26, 2014, the Board of Directors decided to implement the programme and accordingly, the Group entrusted Natixis, starting from July 7, 2014, with the implementation of the liquidity contract. The Group allocated five million euros (€5 million) to the liquidity account for the purposes of the agreement, which was valid for a period of twelve (12) months subject to tacit renewal.

The Company, listed on Euronext Paris – Compartment A –, wishes to continue with its Share Buyback Programme (the Programme), in accordance with the applicable regulation.

To this end, the Combined Shareholders' Meeting of May 18, 2015, again authorised, in its eighth (8th) resolution, the Board of Directors to subdelegate the implementation of a new Programme concerning the Company's shares (ISIN code FR0010667147). This Programme replaces the existing programme set up by the Combined Shareholders' Meeting of June 2, 2014.

A.2 MAIN FEATURES OF THE 2015–2016 BUYBACK PROGRAMME

Date of the Annual Shareholders' Meeting that authorised the Programme

The 2015-2016 Programme was authorised by the Combined Shareholders' Meeting of May 18, 2015, in its eighth (8th) resolution.

The Board of Directors meeting of July 28, 2015, pursuant to the authority granted to it by the Combined Shareholders' Meeting of May 18, 2015, in its eighth (8th) resolution, authorised COFACE SA, with subdelegation to the Chief Executive Officer (CEO), to trade the Company's shares through the "2015-2016 Share Buyback Programme", the main features of which are described below.

Breakdown of equity securities held as of December 31, 2015 by objective

At December 31, 2015, COFACE SA held 0.19% of its own share capital, representing 296,591 ordinary shares. On that date, the number of shares held could be broken down by objective as follows:

OBJECTIVES	NUMBER OF SHARES HELD
a) ensure liquidity and boost the market for the company's stock through an investment service provider acting independently within the context of a liquidity agreement, in compliance with the charter of ethics recognised by the French financial markets authority.	61,371
b) allocate shares to employees of the Company personnel, in particular within the context of:	
(1) employee profit-sharing schemes;	0
(2) any stock options plan of the Company, pursuant to the provisions of Article L.225-177 *et seq.* of the French Commercial Code;	0
(3) any savings plan in compliance with Article L.3331-1 *et seq.* of the Labour Code or any bonus shares pursuant to the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code;	235,220
additionally, performing all hedge operations relating to these operations, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or person acting by delegation of the Board of Directors.	
TOTAL	**296,591**

Objectives of the 2015-2016 Share Buyback Programme

The Company's shares may be purchased and sold, on the decision of the Board of Directors, in order to:

AUTHORISED OBJECTIVES
a) ensure liquidity and boost the market for the company's stock through an investment service provider acting independently within the context of a liquidity contract, in compliance with the charter of ethics recognised by the French financial markets authority;
b) allocate shares to employees of the Company, in particular within the context of: (1) employee profit-sharing schemes; (2) any stock options plan of the Company, pursuant to the provisions of Article L.225-177 *et seq.* of the French Commercial Code; (3) any savings plan in compliance with Article L.3331-1 *et seq.* of the Labour Code or any bonus shares pursuant to the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code; additionally, performing all hedge operations relating to these operations, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or person acting by delegation of the Board of Directors.
c) remit the Company's shares when exercising the rights attached to securities entitling bearers through reimbursement, conversion, trade, presentation of a warrant or in any other manner the allocation of the Company's shares pursuant to the current regulations; additionally, performing all hedge operations relating to these operations, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors;
d) keep the company's shares and subsequently transfer them as payment or exchange within the context of any external growth operations, and in compliance with the French financial market authority's accepted market practice;
e) cancel all or part of the stock thus purchased;
f) implement any market practice that may be authorised by the French financial markets authority and, more generally, perform all operations in compliance with applicable regulations.

Maximum capital share, maximum number, maximum purchase price and characteristics of the securities that COFACE SA plans on acquiring

Securities concerned

The Company's ordinary shares admitted to trading on Euronext Paris:

STOCK MARKET PROFILE	
Trading	Euronext Paris (compartment A), eligible for deferredsettlement service (SRD)
ISIN Code	FR0010667147
Reuters Code	COFA.PA
Bloomberg Code	COFA FP

Maximum share of the capital

The Board of Directors may authorise the purchase of a number of shares of the Company, not exceeding 10% of the total number of shares composing the share capital, or 5% of the total number of shares subsequently composing the share capital if it concerns shares acquired by the Company in view of keeping them and transferring them as payment or exchange under a merger, spin-off or contribution operation; acquisitions made by the Company may under no circumstances result in it holding more than 10% of the ordinary shares comprising its share capital at any time.

Maximum number

COFACE SA undertakes, as required by law, not to exceed the holding limit of 10% of its capital, corresponding, for information, to 15,724,823 shares at December 31, 2015.

Maximum purchase price

In accordance with the eighth (8th) resolution proposed and accepted by the Combined Shareholders' Meeting of May 18, 2015, the maximum purchase price per unit cannot exceed €20 per share, excluding costs.

The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allotment of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the incidence of these operations on the value of the Company's stock.

Additional information

The acquisition, disposal or transfer of these shares may be completed and paid for by all methods authorised by the current regulations, on a regulated market, multilateral trading system, a systematic internaliser, or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments or warrants or, more generally, securities entitling their bearers to shares of the Company, at the times that the Board of Directors will determine, excluding at the time of a public offer involving the Company's stock.

In accordance with legal and regulatory provisions, the Board of Directors shall have all powers, with the authority to subdelegate, in order to proceed with the permitted reallocations of repurchased shares in view of one of the programme's objectives, or one or more of its other objectives, or even in view of their disposal on or off the market.

Duration of the Buyback Programme

In accordance with the eighth (8th) resolution proposed and accepted by the Combined Shareholders' Meeting of May 18, 2015, this Programme will have a maximum duration of eighteen (18) months as from the said Meeting and may therefore be continued up to November 17, 2016 (included) at the latest or until the date of its renewal by an Annual Shareholders' Meeting held before that date.

This authorisation ends the authorisation granted by the fifth (5th) resolution adopted by the Annual Shareholders' Meeting of June 2, 2014.

(b) Liquidity Agreement

Since July 2014, the Company has entrusted Natixis with the implementation of a liquidity agreement in accordance with the code of ethics established by Amafi and the extension of which, based on the authorisation granted at the Shareholders' Meeting of May 18, 2015, was approved at the Board Meeting of July 28, 2015.

Under this agreement, in financial year 2015 the Company purchased 3,144,906 treasury shares and sold 3,164,354 treasury shares. At December 31, 2015 the liquidity agreement comprised the following resources: 61,371 COFACE SA securities and €4,510,423.

The table below shows the changes in share purchases and sales in 2015:

DATE	LIQUIDITY AGREEMENT				
	NUMBER OF SHARES PURCHASED	AVERAGE PURCHASE PRICE *(in €)*	NUMBER OF SHARES SOLD	AVERAGE SALE PRICE *(in €)*	TOTAL
January	204,704	10.94716	141,337	10.97847	144,186
February	390,502	11.10415	410,646	11.19506	124,042
March	400,458	10.51418	480,232	10.69133	44,268
April	284,139	11.17781	179,549	11.22333	148,858
May	219,423	10.64897	254,272	10.85302	114,009
June	271,612	10.33634	289,521	10.41135	96,100
July	382,767	10.09894	238,252	10.84897	240,615
August	314,162	8.82270	228,078	9.15628	326,699
September	147,255	7.99976	84,177	7.98003	389,777
October	180,503	7.75403	161,190	7.83085	409,090
November	136,512	8.59643	493,805	8.61110	51,797
December	212,869	9.10778	203,295	9.17287	61,371
TOTAL	**3,144,906**	**9.75902**	**3,164,354**	**9.91272**	**2,150,812**

(C) TREASURY SHARE TRANSACTIONS

The share purchase mandate from July 31, 2015 to September 15, 2015 was entered into with Natixis, to buy securities in view of their allocation under the Coface Group's "Long Term Incentive Plan" (LTIP).

Under this agreement, the Company purchased in financial year 2015, 235,220 treasury shares corresponding to 0.15% of the Company's share capital.

DATE	NUMBER OF SHARES PURCHASED	AVERAGE PURCHASE PRICE *(in €)*	TOTAL *(in €)*
TOTAL DECEMBER 31, 2015	**235,220**	**8,981**	**2,112,468.45**

The table below shows the change in treasury share distributions:

PLAN	LTIP		EXCEPTIONAL BONUS SHARES		TOTAL
	2014	2015	2014	2015	
Chief Executive Officer (CEO)	21,635	31,544	43,269	0	96,448
Executive Committee	57,207	75,256	0	0	132,463
Non-distributed shares	0	6,309	0	0	6,309
TOTAL NUMBER OF BONUS SHARES ALLOTTED	**78,842** [(1)]	**106,800**	**43,269**	**0**	**228,911**
OVERALL SHARE PACKAGE	**78,842** [(1)]	**113,109**	**43,269**	**0**	**235,220**

(1) At the publication of the 2014 Registration Document, the reported figure of 78,342 was a typographical error.

(d) Independent holding – Summary

The Shareholders' Meeting authorised the 2015-2016 share buyback programme on May 18, 2015 and the implementation was decided by the Board of Directors on July 28, 2015.

In the context of this share buyback programme, the treasury shares represent a total of 0.19% of the Company's capital, *i.e.* 296,591 shares at December 31, 2015 versus 80,819 shares at December 31, 2014. The overall face value amounts to €1,482,955.

DATE	TOTAL LIQUIDITY AGREEMENT	TOTAL LTIP	TOTAL TREASURY SHARES		
			TOTAL	% NUMBER OF CAPITAL SHARES *	VOTING RIGHTS*
As of December 31, 2015	61,371	235,220	296,591	0.19%	156,951,641

* *Number of capital shares = 157,248,232.*

7.2.1.3 Other instruments providing access to capital

Issuance of share subscription warrants:

On February 9, 2016, by virtue of the use of the delegations of authority granted by the Shareholders' Meeting (resolutions 12 and 13 voted on June 2, 2014) decided by the Board of Directors on December 15, 2015, Coface arranged with BNP Paribas Arbitrage a contingent capital line of €100 million, for a three-year term (which may be reduced to two years at the discretion of COFACE), available in one tranche and which can be exercised should certain extreme events occur.

The contingent capital line supplements the existing capital management and solvency tools by offering an effective and competitive solution in terms of costs (annual commission of 0.50%). It is part of a conservative capital management strategy in connection with pillar 2 of Solvency II and allows the Group to reinforce its financial strength to protect its business against extreme risks..

7.2.1.4 Conditions governing any right of acquisition and/or any obligation attached to the subscribed, but not paid-up capital

None.

7.2.1.5 Share capital of any company in the Group that is the subject of an option or agreement providing that it is placed under an option

None.

7.2.1.6 Pledge, guarantees and sureties granted on the Company's share capital

At the date of this registration document, the shares comprising the Company's capital are not the subject of any pledge, guarantee or surety.

7.2.1.7 History of capital

The only change to the Company's share capital in the last three years occurred in 2014 during the setup of an employee share ownership plan which resulted in two capital increases of €3,385,616, of which €2,034,625 was allocated to share capital and the balance to "share premiums".

7.3 Distribution of capital and voting rights

7.3.1 DISTRIBUTION OF CAPITAL

The table below breaks down the evolution of capital and voting rights of the Company over the last three years:

	AS OF DEC. 31, 2015				AS OF DEC. 31, 2014		AS OF DEC. 31, 2013	
	SHARES	%	VOTING RIGHTS	%	SHARES	VOTING RIGHTS	SHARES	VOTING RIGHTS
Natixis	64,853,870	41.24	64,853,870	41.32	64,853,869	64,853,869	156,841,295	156,841,295
Employees	378,937	0.24	378,937	0.24	390,959	390,959	N/A	N/A
Public	91,718,823	58.33	91,718,823	58.44	91,922,573	91,922,573	N/A	N/A
Independent holding (liquidity agreement and treasury share transactions)	296,591	0.19	0	0.00	80,819	0	N/A	N/A
Others	11	0.00	11	0.00	12	12	12	12
TOTAL	**157,248,232**		**156,951,641**		**157,248,232**	**157,167,413**	**156,841,307**	**156,841,307**

7.3.2 VOTING RIGHTS OF THE MAJORITY SHAREHOLDER

Natixis does not have any specific voting rights.

7.3.3 DECLARATION RELATING TO THE COMPANY'S CONTROL BY THE MAJORITY SHAREHOLDER

At the date of this registration document, the Company is controlled by Natixis.

In an effort to maintain transparency and inform the public, the Company established a set of measures which are in particular motivated by the recommendations of the AFEP-MEDEF Code. The Company in particular established an Audit Committee and an Appointments and Compensation Committee, composed of independent directors, in order to prevent conflicts of interest and to ensure that control by the controlling shareholder is not abusive (see paragraph 2.1.2. "Functioning of administrative and management bodies").

7.3.4 CROSSING OF THRESHOLD

Instances of crossing the regulatory thresholds (Article L.233-7 of the French Commercial Code) which were declared to the French Financial Markets Authority during 2015 and at the date of this document are as follows:

- On July 21, 2015, Allianz Global Investors Europe GmbH1 (Bockenheimer Landstrasse 42-44, D-60323 Frankfurt, Germany) acting on behalf of customers and funds in the context of a management mandate, exceeded the 5% thresholds on capital and voting rights and held, on behalf of said customers and funds, 16,017,252 shares, representing 10.19% of COFACE SA's capital and voting rights. On that date, Allianz declared as follows: "The acquisition of the securities of COFACE SA by Allianz Global Investors GmbH is connected to the company's usual portfolio management business carried out without the intention of implementing a specific strategy towards COFACE SA nor of exercising, in this respect, specific influence on the latter's management. Allianz Global Investors GmbH is not acting in concert with a third party and has no intention of taking control of COFACE SA nor requesting its appointment or that of one or several persons as director, member of the management board or supervisory board".

  On September 1, 2015, Allianz fell below the 10% capital and voting rights thresholds and held, on behalf of said customers and funds, 15,360,057 shares, or 9.77% of COFACE SA's capital and voting rights.

  On November 19, 2015, Allianz held, on behalf of said clients and funds, 12,528,481 shares, or 7.97% of the capital and voting rights of COFACE SA (crossing the statutory threshold of 2% or multiple of that percentage);

- On March 3, 2015, the Amundi Group corporation, through its management companies Amundi SA, Amundi Luxembourg, Société Générale Gestion SA, CPR Asset Management SA and Etoile gestion SA, which it controls, fell below the 5% thresholds on capital and voting rights, indirectly holding, on behalf of said funds, 7,460,079 shares, or 4.74% of COFACE SA's capital and voting rights.

  On December 29, 2015, Amundi Group fell below the statutory threshold of 2% of the capital and voting rights and indirectly holds 1,964,260 shares, or 1.24% of COFACE SA's capital and voting rights.

The Company presents below the declarations of statutory threshold crossings transmitted by the main shareholders. Coface is not responsible for checking the completeness of these declarations:

DATE OF RECEIPTS OF THE DECLARATION	DATE OF THRESHOLD CROSSING	CROSSING DIRECTION	SHAREHOLDERS	POSITION COFA-FR (SHARES)	CAPITAL HELD *(as a %)*
Sept. 28, 2015	Sept. 25, 2015	Above	Schroders plc	3,394,192	2.16%
Nov. 23, 2015	Nov. 16, 2015	Above	DNCA Finance	3,134,000	1.99%
Dec. 18, 2015	Dec. 16, 2015	Below	BNP Paribas Investment Partners	2,651,140	1.69%
Dec. 21, 2015	Dec. 15, 2015	Above	Wellington Management Group LLP	6,331,171	4.03%
Dec. 31, 2015	Dec. 30, 2015	Below	Aviva plc	9,424,501	5.99%

7.3.5 EMPLOYEE PROFIT-SHARING

As of December 31, 2015, the Group's employees held 378,937 shares, 168,430 of which were held in France through the Coface Actionnariat mutual fund. In total, employees have a 0.24% interest in the Company's capital.

7.4 Factors that may have an impact in the event of a public offer

In application of Article L.225-100-3 of the French Commercial Code, we specify the following points to you, which are likely to have an impact on a public offer:

- the structure of the capital as well as the known direct or indirect interests of the Company and all of the corresponding information is described in paragraph 7.3;
- there is no statutory restriction on the exercise of voting rights, with the exception of the elimination of voting rights, as concerns shares which exceed the portion that should have been declared, which are likely to be requested by one or more shareholders holding an interest which is at least equal to 2% of the capital or voting rights, in the event of a failure to declare that the statutory limit was exceeded;
- to the Company's knowledge, there are no agreements or other commitments that have been signed between shareholders;
- there are no instruments entailing special control rights;
- the voting rights attached to the shares of the Company held by staff through the company's Coface Actionnariat mutual fund are exercised by an authorised representative designated by the Supervisory Board of the fund to represent it at the Annual Shareholders' Meeting;
- the rules on appointment and revocation of members of the Board of Directors are the legal and statutory rules described in paragraph 7.1.5.2;
- the Company's Articles of Association are amended in compliance with the legal and regulatory provisions;
- there is no significant agreement entered into by the Company that would be amended or terminated in the event of a change in the Company's control;
- the principle of the transfer of public procedures (see paragraphs 1.2.1.2 "Public procedures management" and 5.1.2.15 "Risks related to relations with the French State") was approved by law no. 2015-1786 of December 29, 2015, the 2015 Amended Finance Act, which provides that the transfer will take place on a date set by decree and no later than by December 31, 2016.

7.5 Important contracts

No contract (other than those entered into in the normal course of business) has been signed by any entity of the Group that contains a significant obligation or commitment for the Group as a whole.

In February 2015, the French State announced that it was studying the possibility of transferring the public procedures business line (see paragraphs 1.2.1.2 "Public procedures management" and 5.1.2.15 "Risks related to relations with the French State") to Bpifrance. The principle of this transfer was confirmed by the French State on July 29, 2015 and ratified by law no. 2015-1786 of December 29, 2015, the Amended Finance Act for 2015, which stipulates that the transfer will occur on a date fixed by decree and no later than by December 31, 2016. The agreement signed between the French State and Coface on the public guarantees management procedures will be extended until the effective date of the transfer.

7.6 Draft report of the Board of Directors on the draft resolutions submitted to the Combined Shareholders' Meeting

The purpose of the draft report is to present the resolutions submitted by the Board of Directors to your Combined Shareholders' Meeting of May 19, 2016.

The presentation of Coface's financial situation, activity and results for the year ended, in addition to the information required by current legislative and regulatory provisions, are set forth in this 2015 reference document, to which you are invited to refer (accessible via the Coface website: www.coface.com).

These resolutions can be broken down into two groups:

- the first thirteen resolutions (from the 1st to the 13th resolution), which fall under the authority of the ordinary shareholders' meeting;
- the following thirteen resolutions (from the 14th to the 26th resolution), which fall under the authority of the extraordinary shareholders' meeting;

7.6.1 WITHIN THE AUTHORITY OF THE ORDINARY SHAREHOLDERS' MEETING

◆ Approval of the 2015 financial statements – *(1st and 2nd resolutions)*

In the first two resolutions, the Ordinary Shareholders' Meeting is asked to approve the Company financial statements (1st resolution), followed by the consolidated financial statements (2nd resolution) of COFACE SA for 2015.

◆ Appropriation of results – *Dividend payment – (3rd resolution)*

The purpose of the third resolution is to allocate COFACE SA's corporate result and approve the payment of dividends.

The Company financial statements of COFACE SA present net income of €73,048,606 at December 31, 2015 and, considering the negative retained earnings of –€2,779,036, a distributable profit of €66,617,140, after allocation to the legal reserve.

The third resolution proposes:

- allocating €3,652,430 to the legal reserve;
- paying shareholders a total of €75,479,151 [(1)] which breaks down as follows:
  - €66,617,140 corresponding to the distributable income,
  - an additional €8,862,011 taken from the share premium.

The total payment per share will be €0.48, which corresponds to 60% of the consolidated net income per share of the year just ended.

The Shareholders' Meeting grants full authority to the Board of Directors to determine the final overall amount of the distributed sums according to the number of treasury shares held by the Company as of May 25, 2016, to proceed with the necessary adjustments, in particular to adjust the amount of €8,862,011 to the share premium based on the dividends actually paid out and, more generally, take all necessary steps to ensure successful completion of the operations included in this resolution.

For beneficiaries who are private individuals residing in France for tax purposes, the fraction of this payment corresponding to the distributable profit shall be

(1) This amount is calculated based on the total number of shares comprising the Company's share capital, including treasury shares, and will be adjusted according to the number of shares held by the Company as at May 25, 2016.

automatically taken into account to determine their overall income subject to the progressive income tax and will be eligible for a 40% abatement of the gross amount received (Article 158-3-2 of the French General Tax Code). With the exception of beneficiaries who are private individuals residing in France for tax purposes who have applied for exoneration under the conditions of Article 242 quater of the French General Tax Code, the paying institution will deduct the flat rate withholding tax set out under Article 117 *quater* du French General Tax Code. All of the Company's shares qualify for this tax treatment.

Pursuant to the provisions of Article 112-1° of the French General Tax Code, the fraction of the payment corresponding to the deduction from the share premium is not considered as taxable distributed income as this sum represents for shareholders a reimbursement of the share premium, given that all profits and reserves other than the legal reserve have been already distributed. With regard to the above-mentioned tax provisions, this sum is considered as a reimbursement of a contribution.

All shareholders, and in particular those domiciled or established outside of France, as concerns regulations applicable in the country of residence or establishment, are asked to contact their usual adviser to determine, through a detailed analysis, the tax consequences to be drawn in consideration of the amounts collected for this distribution.

In accordance with the legal provisions, we remind you that for the three financial periods prior to 2015, the following amounts were distributed:

YEAR	NUMBER OF REMUNERATION SHARES	TOTAL AMOUNT *(in €)*
2012	156,841,307	0
2013	156,841,307	293,939,870 (2)
2014	157,248,232 (1)	75,479,151 (1) (3)

(1) Including treasury shares.

(2) This amount includes an exceptional distribution of €227 million to Natixis, payment of which was made on May 3, 2014.

(3) It is recalled that this entire dividend was paid in the form of an exceptional distribution of cash sums deducted from the issue premium. The actual amount paid was €75,460,456.

The dividend ex-date will be May 25, 2016. Payment will start on May 27, 2016.

Shares held by the Company on May 25, 2016 are not entitled to dividends.

◆ Determination of the amount of Directors' fees allotted to members of the Board of Directors – *(4th resolution)*

A proposal is submitted to the General Meeting of shareholders to slightly raise the amount of the fees allotted to Directors in 2015 and increase it to €400,000.

This increase was not made with the intention to raise the amount paid to each director, but rather to ensure sufficient funds to cope with a higher number of audit committee and/or appointments and compensation committee meetings.

◆ Authorisation to the Board of Directors to trade its own shares – *(5th resolution for the ordinary session and 14th resolution for the extraordinary session)*

In this 5th resolution, the Board of Directors requests the General Meeting of shareholders to authorise the purchase of a number of shares in the Company that may not exceed 10% of the total number of shares composing the share capital or 5% of the total number of shares subsequently composing the share capital in the case of shares acquired by the Company with a view to keeping them and transferring them as payment or exchange under a merger, spin-off or contribution operation, noting that the acquisitions made by the Company may under no circumstances result in it holding more than 10% of the ordinary shares comprising its share capital at any time.

Shares may be purchased in order to: a) ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently within the context of a liquidity contract in compliance with the Charter of Ethics recognized by the French Financial Markets Authority, b) allot shares to corporate officers and to employees of the Company and other Group entities, and in particular within the context of (i) profit-sharing, (ii) any stock option plan of the Company, pursuant to the provisions of Article L.225-177 *et seq.* of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 *et seq.* of the French Labour Code or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code, as well as performing all hedging operations relating thereto, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting upon its delegation, c) transfer the Company's shares when the rights attached to the securities are exercised, rights which entitle their bearers directly or indirectly through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to an allocation of shares of the Company within the context of the current regulations, as well as to perform all hedging operations relating thereto, under the conditions provided for by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors, d) keep the Company's shares and transfer them subsequently as payment or exchange within the context of potential external growth operations, and in accordance with the market practices accepted by the French Financial Markets Authority, e) cancel all or part of the securities thus purchased or f) implement all market practices accepted by the French Financial Markets Authority and, more generally, perform all operations in compliance with current regulations.

The maximum purchase price per unit may not exceed €18 per share, excluding costs. The Board of Directors may nevertheless, for operations involving the Company's capital, particularly a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allotment of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the incidence of these operations on the value of the Company's stock.

The acquisition, disposal or transfer of these shares may be completed and paid for by all methods authorised by current regulations, on a regulated market, multilateral trading system, a systematic internaliser, or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments or warrants or, more generally, securities entitling their bearers to shares of the Company, at times to be determined by the Board of Directors.

In accordance with legal and regulatory provisions, the Board of Directors, if your Shareholders' Meeting so authorises it, shall have all powers, with the authority to subdelegate, in order to proceed with the allocations and, if necessary, permitted reallocations of repurchased shares in view of one of the programme's objectives, or one or more of its other objectives, or even in view of their disposal on or off the market.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the 8th resolution of the Shareholders' Meeting of May 18, 2015, be granted for a period of eighteen (18) months as from your Shareholders' Meeting.

In the 14th resolution, the Board of Directors also requests the General Meeting of shareholders to authorise, for a period of 26 months, with the authority to subdelegate, a reduction of the share capital by the cancellation, within the limit of 10% of the share capital by periods of 24 months, in one or several operations, of all or a portion of the shares of the Company acquired under the repurchase programme authorised by the Shareholders› Meeting.

◆ Ratification of the co-opting of two directors – *(6th and 7th resolutions)*

The 6th and 7th resolutions seek ratification by the Shareholders' Meeting of the co-optations of Linda Jackson, voted by the Board Meeting of May 5, 2015 to replace Laurence Parisot, and that of Martine Odillard to replace Nicole Notat, voted by the same Board Meeting of May 5, 2015.

These two terms will expire at the end of the Shareholders' Meeting convened in 2017 to approve the financial statements for the year ended December, 2016.

◆ Regulated commitments and agreements – *(8th to 12th resolutions)*

The 8th resolution concerns the approval of regulated commitments and agreements, in application of Article L.225-38 *et seq.* of the Commercial Code (with the exception of regulated commitments and agreements the approval of which is subject to specific resolutions), authorised by the Board of Directors in financial year 2015 and subsequent to this date until the Board Meeting of February 9, 2016. These commitments and agreements are presented in the Statutory Auditors' special report, in addition to those previously concluded in 2015 which remain valid and which do not require further approval by the Shareholders' Meeting.

The relevant regulated agreements and commitments for COFACE SA are:

- the authorisation given at the Board meeting of February 17, 2015 for the issuance by COFACE SA to Natixis of two bonds for €50 million and €100 million. We recall that in order to be independent from Natixis and diversify financing sources for the factoring business in Germany and Poland, COFACE sought to replace the two financing lines historically provided by Natixis with other bilateral lines.

  Hence the bilateral credit lines concluded with a certain number of banks including Natixis, for a total amount of €500 million. These loans mature between one to three years. Accordingly, the credit lines negotiated with Natixis have been reduced to €50 million (versus €200 in 2014) and €100 million (versus €300 million in 2014). They were signed under market conditions.

  In response to requests from banks, COFACE SA has guaranteed the reimbursement of bilateral credit lines by its two factoring subsidiaries. These surety bonds bear interest at a per annum rate of 0.2%.

  This is the context in which the Board of Directors authorised the issue of two surety bonds with respective amounts of €50 million and €100 million for Natixis;
- the authorisation given at the Board meeting of July 28, 2015 for the signature with Natixis of an agreement regarding the subscription by the latter of a backup line for an amount of €120 million in connection with the commercial paper issuance programme set up in 2012. This programme is also intended to ensure the financing autonomy of the factoring business. The original programme, for an initial amount of €250 million, was raised to €500 million in 2013. Given that it was entirely used, the programme was renewed and raised to €600 million in 2015. In this framework, Natixis's back-up line was raised in due proportion from €100 million to €120 million and extended for a period of two years, under market conditions;
- the authorisation given by the Board meeting of November 2, 2015 for the conclusion of a tax consolidation agreement between COFACE SA and its French subsidiaries, following the exit of COFACE SA from the Natixis tax consolidation group. COFACE SA opted for the tax consolidation scheme, as from the financial period starting from January 1, 2015, pursuant to Article 223 A et seq. of the French General Tax Code. The Compagnie française d'assurance pour le commerce extérieur companies, and each of the other French subsidiaries, agreed to become members of the consolidation group thus established with COFACE SA. The purpose of this agreement is to set forth, as from the period starting on or after January 1, 2015, the breakdown of tax expenses within the consolidation group formed by COFACE SA and its French subsidiaries. Each subsidiary is liable for the amount of tax it would have paid if it had not become a member of the consolidation group. This agreement contains favourable mechanisms for the Group: payment of corporate income tax on comprehensive income obtained by adding together the positive and negative earnings of the companies in the consolidation group and neutralising the Group's internal transactions.

The 9th resolution requests from the Shareholders' Meeting, pursuant to Article L.225-42-1 of the French Commercial Code, approval for the agreement reached with Jean-Marc Pillu, Chief Executive Officer, upon the termination of his duties with effect from February 9, 2016 and authorised by the Board of Directors on January 15, 2016.

This agreement concerns the gross severance pay of €1,978,804 (see paragraph 2.2.11 of the Registration Document).

The conditions for the payment of this indemnity have been met. It is recalled that this indemnity is due provided Mr. Pillu does not leave the company at his own initiative and that the performance criteria have been achieved:

1. achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
2. provided that the combined ratio after reinsurance of the Company is at most 95% on average for the three financial years preceding the departure date.

- the first condition has been fulfilled: achievement of the annual objectives of up to 92.7% for 2013, 151.2% for 2014 and 74.1% for 2015, corresponding to an average of 106%, exceeding the 75% objective; and
- The second condition has been fulfilled: the Company's combined ratio after reinsurance was 82.5% for 2013, 79.7% for 2014 and 82.8% [(1)] for 2015, or an average of 81.7%, below the 95% objective.

Pursuant to the decision of the Board meeting of May 13, 2014, to calculate the amount of the severance pay for two years of fixed and variable compensation:

- the reference salary for the fixed portion is the salary of the current year at the date of termination of duties, representing a gross fixed annual salary in 2016 of €500,000, as decided by the Board meeting of February 17, 2015;
- The reference salary for the variable portion shall be the average of the variable shares collected during the last three years preceding the termination of duties, *i.e.*, €489,402 before tax (average of €417,285 for 2013, €680,400 for 2014 and €370,521 for 2015).

Accordingly, given the context of Jean-Marc Pillu's departure and, in particular, the average level of achievement by Jean-Marc Pillu in the three previous years of his objectives established at 106%, the severance pay corresponds to a gross amount of €1,978,804.

The 10th resolution concerns the exceptional compensation awarded to Jean-Marc Pillu in the context of the initial market offering and concerning the allocation of 43,269 bonus shares, deliverable on July 1, 2016 subject to his presence in the company, authorised by the Board Meeting of June 26, 2014. The Board's decision specified that the presence condition would be automatically removed in the event of dismissal during the vesting period, with Mr. Pillu retaining the right to receive his shares on July 1, 2016, on the understanding that the two-year retention period would still apply. A decision was made to carry on with this exceptional compensation in the form of shares in order to align the interests of the Chief Executive Officer (CEO) with those of shareholders and of the Company.

The 11th and 12th resolutions concern the approval by the Shareholders' Meeting of the two commitments taken in favour of Xavier Durand, authorised by the Board Meeting of January 15, 2016.

The 11th resolution seeks your approval for a benefit granted to Xavier Durand, the new Chief Executive Officer (CEO), for his new duties.

Given his arrival during the financial year and from outside the Group, it is proposed that the variable compensation allotted to Xavier Durand for 2016 be guaranteed for up to 80% of the target variable compensation (€575,000) provided that Xavier Durand continues to be the Company's Chief Executive Officer (CEO) on the date of the Board meeting called to approve the financial statements for 2016.

It is specified that this amount would be included in the 2016 variable compensation of Xavier Durand if Mr. Durand exceeds 80% of his target variable compensation and that this amount will be paid according to the terms comprising a portion of deferred compensation, pursuant to Solvency II, in application of the terms to be defined at a subsequent Board Meeting, based on a proposal by the Appointments and Compensation Committee.

The 12th resolution seeks your approval for the terms of the severance pay for Xavier Durand authorised by the Board of Directors at its meeting of January 15, 2016.

Mr. Xavier Durand shall benefit, in the event his corporate term ends, from severance pay equal to two years' (fixed and variable) salary. The reference salary used for the fixed portion shall be the salary for the current financial year on the termination date of his duties. The reference salary for the variable portion will be the average of the variable portions received for the three years preceding the termination date of his duties (or of the two years concerned since he came into office in the event of departure before December 31, 2018). This severance pay shall be due if the following performance criteria have been met:

- achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
- provided that the combined ratio after reinsurance of the Company is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the compensation shall be due. If none of the conditions above has been met, no indemnity shall be due.

No compensation shall be paid by the Company if the corporate term is ended at Mr. Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence.

(1) *Excluding the non-recurrent effect of tax liabilities in Italy.*

Opinion on components of the compensation due or allotted to Mr. Jean-Marc Pillu, Chief Executive Officer (CEO), for the year ended December 31, 2015 – *(13th resolution)*

In accordance with the recommendations of the AFEP-MEDEF Corporate governance code revised in November 2015 and referred to by COFACE SA, the 13th resolution seeks to submit to the Shareholders' meeting for its opinion, the components of compensation due or allotted to Mr. Jean-Marc Pillu in respect of the financial year ending December 31, 2015.

For details about this compensation, please refer to Chapter 2 of the Registration Document.

7.6.2 WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

The 14th to 25th resolutions propose that your Shareholders' Meeting grant the Board of Directors several delegations of authority to increase the Company's share capital, if necessary. The potential implementation of these delegations, if adopted, might be impossible if the price of Coface stock were to fall below its nominal value. Indeed, according to the law, new equity securities cannot be issued at a lower price than the share's nominal value, which is currently five euros for the Coface share. The nominal value of the Coface share is, moreover, particularly high compared to values normally found in this sector.

Capital reduction not justified by losses by decreasing the par value of shares and allocation of the amount of the reduction to the share premium account – *(15th resolution)*

The purpose of the 15th resolution, therefore, is to propose the reduction of the Coface share's par value to a level comparable to that of the majority companies in the market. The resolution therefore proposes a reduction from €5 to €2, a purely technical operation that has no consequence on shareholder rights. The share capital would therefore be reduced by €471,744,696, and drop from €786,241,160 to €314,496,464. This capital reduction would not change the number of shares comprising the share capital (157,248,232 shares on the date hereof). The amount of the capital reduction would then be allocated to a "Share premium" sub-account and would be unavailable.

Share capital reduction by cancellation of the treasury shares held by the Company – *(14th resolution)*

The 14th resolution requests authorisation for the Board of Directors to reduce the share capital by cancelling the treasury shares, within the limit of 10% of the share capital amount existing on the date of cancellation by 24-month periods, and to allocate the difference to the available premiums and reserves of its choice.

The Board of Directors proposes that this authorisation, which cancels and replaces that granted by the eighth resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of 26 months as from your Shareholders' Meeting.

Delegations of authority and authorisations granted to the Board of Directors to execute operations involving the Company's capital – *(16th to 25th resolutions)*

Under the 16th to 25th resolutions, the Board of Directors requests that the Shareholders› Meeting renew the financial authorisations granted by the Shareholders› Meetings in 2014 and 2015.

Your Company would then have new authorisations providing it with the speed and flexibility necessary to arrange the financial resources required to implement the development strategy of Coface Group, as and when opportunities emerge on financial markets and in the interests of the Company and its shareholders.

As a consequence of the 15th resolution, the caps are presented before and after adjustments linked to the planned share capital reduction to the extent where such reduction affects the nominal caps of the authorised capital increases.

The table below presents a summary of the financial delegations (excluding employee share ownership schemes which are covered by the 23rd, 24th and 25th resolutions), presented to the Shareholders› Meeting for adoption. Each of these delegations (other than those covered by the 23rd and 24th resolutions) includes the proviso that the Board of Directors may not use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer.

RESOLUTION	SUBJECT OF THE DELEGATION	MAXIMUM NOMINAL AMOUNT	DURATION OF AUTHORISATION
16th	Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalised	(i) €80,000,000 if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €200,000,000 if the 15th resolution is not adopted by the Shareholders' Meeting	26 months
17th	Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued	Regarding the capital increases: (i) €120,000,000 if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €300,000,000 if the 15th resolution is not adopted by the Shareholders' Meeting (1) Regarding the debt securities issues: €500,000,000 (2)	26 months
18th	Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, in the context of a public offer	Regarding capital increases: (i) €45,000,000 if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €115,000,000 if the 15th resolution is not adopted by the Shareholders' Meeting (1) Regarding debt securities issues: €500,000,000 (2)	26 months
19th	Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, through the private placements specified in Article L.411.2 II of the French Monetary and Financial Code	Regarding capital increases: (i) €30,000,000 if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €75,000,000 if the 15th resolution is not adopted by the Shareholders' Meeting (1) Regarding debt securities issues: €500,000,000 (2)	26 months
22nd	Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued as compensation for contributions in kind	Regarding capital increases: (i) €30,000,000 if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €75,000,000 if the 15th resolution is not adopted by the Shareholders' Meeting(1) Regarding debtsecurities issues: €200,000,000 (2)	26 months

(1) Delegation subject to the total cap for capital increases of (i) €120,000,000 if the 15th resolution is adopted or (ii) €300,000,000 if the 15th resolution is not adopted.

(2) Delegation subject to the total cap for debt securities issues of €500,000,000.

The corresponding draft delegations are detailed below:

Capital increase through incorporation of reserves, profits or premiums – *(16th resolution)*

Under the 16th resolution, the Board of Directors requests that the Shareholders' Meeting delegates authority to increase the capital by incorporating, reserves, profits or premiums, within the limit of a maximum nominal amount (i) of €80 million (€80,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €200 million (€200,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting, a cap that is independent and separate from the cap of the other resolutions submitted to the vote of the Shareholders' Meeting. The capital increases

that may result from this resolution may be carried out at the discretion of the Board of Directors, either through the allocation of bonus shares, or by raising the par value of existing shares or a combination of the two execution methods based on terms that are yet to be determined.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the ninth (9th) resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from your Shareholders' Meeting.

◆ Issuance of shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, with preferential subscription right for shareholders – *(17th resolution)*

Under this 17th resolution, the Board of Directors requests that the Shareholders' Meeting authorises the issuance of shares and/or capital securities providing access to other capital securities and/or entitlement to the allocation of debt securities and/or transferrable securities giving access to equity securities to be issued, with preferential subscription right, within the limit of a maximum nominal amount (i) of €120 million (€120,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €300 million (€300,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting.

The other shares and/or equity securities giving access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities giving access to equity securities to be issued pursuant to a delegation may in particular include debt securities or be associated with the issuance of such securities, or allow their issuance as intermediate securities.

The nominal amount of the debt securities that may be issued pursuant to this delegation may not exceed €500 million (€500,000,000) on the date of this issue.

Shareholders may exercise their preferential subscription right to the shares or transferrable securities issued, under the conditions provided by law, on a reducible and, if planned by the Board of Directors, irreducible basis.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the tenth (10th) resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from your Shareholders' Meeting.

◆ Issuance of shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, without preferential subscription right for shareholders – *(18th, 19th and 20th resolutions)*

The Board of Directors requests that the Shareholders' Meeting authorises the issuance of shares and/or equity securities providing access to other equity securities and/or transferrable securities providing access to equity securities to be issued, without preferential subscription right of the shareholders to the shares or transferrable securities thus issued. In accordance with the recommendations of the AMF, these issues are covered by two separate resolutions, depending on whether they are carried out through public offers (18th resolution) or through the offers specified in Article L.411-2 II of the French Monetary and Financial Code, namely through private placements for qualified investors (19th resolution).

Indeed depending on market conditions, the nature of the investors concerned and the type of securities issued, to ensure that your Company is well positioned to seize opportunities offered by the market, our Board of Directors thinks that it may be useful to have the possibility of resorting to capital increases without preferential subscription rights for shareholders, while subjecting such increases, however, to more restrictive caps than the caps for capital increases with preferential subscription rights.

The nominal amount of the capital increases likely to be made pursuant to the 18th resolution cannot exceed (i) €45 million (€45,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €115 million (€115,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting, on the understanding that this cap would be factored into the overall nominal cap provided for capital increases under the 17th resolution. This cap seems reasonable and provides the Company with the necessary means to act given its level of market capitalisation.

The total nominal amount of the capital increases likely to be made pursuant to the 19th resolution cannot exceed (i) €30 million (€30,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €75 million (€75,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting, on the understanding that this cap would be factored into the overall nominal cap provided for the capital increases under the 17th resolution.

The Board of Directors would have the authority to issue, via public offers (18th resolution) and/or private placements (19th resolution), shares and/or equity securities providing access to other equity securities and/or transferrable securities providing access to equity securities to be issued, which might consist in particular of debt securities or be associated with the issue of such securities, or their issue as intermediate securities. The nominal amount of the debt securities that may be issued by virtue of the 18th and 19th resolutions would be factored into the cap of €500 million, set by the 17th resolution.

In the context of the 18th resolution concerning the issue, via public offers, shares and/or equity securities providing access to other equity securities and/or transferrable securities providing access to equity securities to be issued, the Board of Directors may implement a priority subscription right in favour of shareholders, on a reducible or irreducible basis, under the conditions set out by the regulations.

The issue price of shares issued on the basis of the 18th and 19th resolutions would be set under the legislative and regulatory conditions in force at the time of the issue, which currently provide for a price at least equal to the weighted average price of the Company's share in the last three stock exchange trading sessions preceding its setting, with a maximum discount of 5%, if necessary.

Pursuant to the provisions of Article L.225-136 of the French Commercial Code, the 20th resolution proposes to authorise the Board of Directors, within the limit of a nominal amount of 10% of the share capital, by 12-month periods, to set the

issue price according to the terms below: the share price shall not be lower, at the discretion of the Board of Directors, than (a) the average price of the share on the regulated market of Euronext Paris, weighted by the volumes at the last stock exchange session preceding the setting of the issue price, minus a maximum discount of 10%, where applicable, or (b) at the average price of the share on the Euronext Paris regulated market, weighted by the volumes, over a maximum period of six months preceding the day on which the share price is set, and minus a maximum discount of 10%, where applicable.

The use of the authority described above would allow the Company, given the volatility of markets, to benefit from any opportunities to proceed with the issue of securities when the market conditions are not right for carrying out an issue under the price conditions set by the 18th and 19th resolutions.

The Board of Directors proposes that these delegations, which would supersede those granted by the 11th, 12th and 13th resolutions of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from the Shareholders' Meeting.

◆ Authorisation to the Board of Directors to increase the amount of issues with or without preferential subscription rights – *(21st resolution)*

Subject to the adoption of the 16th, 17th, 18th and 19th resolutions relating to capital increases with or without preferential subscription rights for shareholders, the 21st resolution proposes that the Shareholders' Meeting authorise the Board of Directors, for a duration of 26 months and with the ability to subdelegate under the legal and regulatory conditions, to raise the number of securities to be issued for each of the issues to be decided pursuant to the 17th, 18th, 19th and 20th resolutions of the Shareholders' Meeting, under the conditions provided by the applicable legislative and regulatory provisions on the day of the issue (*i.e.* currently, within 30 days from the closure of the subscription, within the limit of 15% of each issue and at the same price as the price retained for the initial issue). It is specified that the total nominal amount of the capital increases likely to be carried out pursuant to this 21st resolution shall be factored into the total nominal cap specified for capital increases under the 17th resolution.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the 14th xresolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from the Shareholders' Meeting.

◆ Issuance of shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, as compensation for contributions in kind, within the limit of 10% of the share capital – *(22nd resolution)*

Under the 22nd resolution, the Board of Directors requests that Shareholders' Meeting delegates authority to issue shares and/or capital equity securities providing access to other equity securities and/or transferrable securities providing access to equity securities to be issued, as compensation for contributions in kind granted to the Company and comprised of equity securities or transferrable securities providing access to capital, within the limit of a capital increase nominal amount (i) of €30 million (€30,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €75 million (€75,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting, in addition to the legal limit of 10% of the Company's share capital, which would be factored into the overall nominal cap for the capital increases set by the 17th resolution.

The nominal amount of the debt securities that may be issued by virtue of this resolution would be factored into the cap of €500 million (€500,000,000), set by the 17th resolution.

This delegation would imply deletion, in favour of the holders of transferrable securities tendered as contributions in kind, of the preferential subscription right of shareholders to the shares or securities thus issued.

The Board of Directors proposes that this authorisation, that would supersede the authorisation granted by the 15th resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from the Shareholders' Meeting.

◆ Capital increases reserved for employees – *(23rd and 24th resolutions)*

Under the 23rd resolution, we propose that you delegate to the Board of Directors, for a period of 26 months, with the ability to subdelegate, your authority for the purpose of increasing the share capital by issuing the Company's shares reserved to the members of a company savings plan, within the limit of a maximum nominal amount (i) of €8 million (€8,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €20 million (€20,000,000) if the 15th resolution is not adopted by the Shareholders' Meeting, on the understanding that the nominal amount for any capital increase carried out in application of this delegation would be factored into the total nominal cap specified for capital increases set out in the 17th resolution of the Shareholders' Meeting and that the cap for this delegation would be the same as that of the 24th resolution.

This decision would cancel the preferential subscription right of shareholders in favour of the said employees, former employees and corporate officers eligible for the shares thus issued, allocated free of charge, as appropriate.

The subscription price of the issued shares shall be determined under the conditions specified by the provisions of Article L.3332-19 of the French Labour Code, on the

understanding that the maximum discount calculated in relation to the average of the share's traded prices during the last 20 sessions preceding the decision setting the opening date of the subscription, may not exceed 20%. The Board of Directors may reduce or cancel the aforementioned discount, if it considers it necessary, in particular in order to take account of the legal, accounting, tax and social treatments applicable in the country of residence of some beneficiaries. The Board of Directors may likewise decide to allot bonus shares to subscribers of new shares, in substitution of the discount and/or as an employer matching contribution;

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the 18th resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of twenty-six (26) months as from your Shareholders' Meeting.

As a continuation of the 23rd resolution, we propose, under the 24th resolution, that you delegate to the Board of Directors, for a period of 18 months, with the ability to subdelegate under the conditions provided for by law, the power to make one or several capital increase(s) reserved for (i) the employees and/or corporate officers of the Company and/or companies related to the Company within the meaning of the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code and having their registered office based outside France; or (ii) one or several mutual funds or other entity, having a legal personality or not, subscribing on behalf of the persons designated in the previous paragraph.

This decision would cancel shareholders' preferential subscription right to the shares issued within the context of this 24th resolution, for the benefit of the category of beneficiary defined above.

Such a capital increase would have the aim of allowing employees, former employees, and corporate officers of the Group who reside in various countries, to benefit, taking into account the regulatory or tax restrictions that could exist locally, from conditions that are as close as possible, in terms of economic profile, to those that would be offered to the other employees of the Group within the context of the use of the 23rd resolution.

The nominal amount of the capital increase likely to be issued in the context of this delegation would be limited to a nominal amount (i) of €8 million (€8,000,000) if the 15th resolution is adopted by the Shareholders' Meeting or (ii) €20 million (€20,000,000) if the 15th resolution is not adopted by the Meeting, on the understanding that the nominal amount of any capital increase carried out in application of this delegation would be factored into the total nominal cap specified for capital increases described in the 17th resolution of your Shareholders' Meeting, and that the cap for this resolution would be the same as that of the 23rd resolution.

The subscription price of the shares issued in application of this delegation may not fall more than 20% below the average price of the listed share during the 20 trading sessions preceding the decision determining the opening date of the subscription, nor may it exceed this average, and the Board of Directors may reduce or eliminate the 20% discount noted above if it deems it appropriate in order to, in particular, take into account the legal, accounting, tax and corporate schemes applicable in the countries of residence of some beneficiaries. Furthermore, in the event of an operation carried out in the context of this resolution at the same time as an operation carried out in application of the 11th resolution, the subscription price of the shares issued in the context of this resolution may be identical to the subscription price of the shares issued on the basis of this resolution.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the 11th resolution of the Shareholders' Meeting of May 18, 2015, be granted for a period of eighteen (18) months as from your Shareholders' Meeting.

◆ Allocation of bonus shares to employees and/or corporate officers of the Company or related companies – *(25th resolution)*

In accordance with the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code, we propose that you authorise the Board of Directors to subdelegate, for a period of 38 months as from the date of your Shareholders' Meeting, the allocation free of charge, once or several times, of the Company's existing or future shares for the benefit of certain employees and officers of the Company and its related companies as defined by Article L.225-197-2 of the French Commercial Code. The final allocation of these shares will be partly or wholly contingent on performance conditions.

The total number of shares allocated pursuant to this authorisation may not exceed 1% of the number of shares comprising the Company's share capital on the date of the Board of Directors' decision to allocate them, and the aggregate nominal amount of the capital increases that might result thereof would be factored into the total nominal cap provided for capital increases in the 5th resolution of the Shareholders' Meeting.

Any performance share allocations made in the context of this proposed resolution would become final after a vesting period of at least three years with no retention period. The purpose of this performance share vesting period is to allow evaluation of the performance criterion underlying the final vesting of the shares over a long period, in alignment with the Company's objectives.

The Board of Directors proposes that this authorisation, which would supersede the authorisation granted by the 20th resolution of the Shareholders' Meeting of June 2, 2014, be granted for a period of thirty-eight (38) months as from your Shareholders' Meeting.

◆ Powers – *(26th resolution)*

This resolution is intended to grant the powers required to complete the formalities consecutive to your Shareholders' Meeting.

7.7 Resolutions subject to the approval of the Combined Shareholders' Meeting of May 19, 2016

7.7.1 DRAFT AGENDA

For details of this draft, we urge you to refer to paragraph 7.6 "Draft Board of Directors' report on the draft resolutions submitted to the Combined Shareholders' Meeting" of this Registration document.

Within the authority of the Ordinary Shareholders' Meeting:

- Report of the Board of Directors and report of the Statutory Auditors on the Company's operations during the year ended December 31, 2015
- Report of the Chairman of the Board of Directors
- Approval of the financial statements for 2015
- Approval of the consolidated financial statements for 2015
- Appropriation of earnings and distribution by deduction from the "share premiums" line
- Determination of the annual Directors' fees package allotted to members of the Board of Directors
- Ratification of the cooptation of two directors
- Authorisation to the Board of Directors to trade the company's shares
- Special report of the Statutory Auditors and approval of the agreements and commitments mentioned in Article L.225-38 *et seq.* of the French Commercial Code
- Special report of the Statutory Auditors and approval of the regulated commitments mentioned in Article L.225-42-1 of the French Commercial Code taken in favour of Mr. Jean-Marc Pillu and Mr. Xavier Durand
- Advisory opinion on components of the compensation due or allotted to Mr. Jean-Marc Pillu, Chief Executive Officer (CEO), for the year ended December 31, 2015

Within the authority of the Extraordinary Shareholders' Meeting:

- Authorisation to be given to the Board of Directors to reduce the share capital by cancelling treasury shares
- Capital reduction not justified by losses through decreasing the par value of shares and allotment of the amount of the reduction to the share premium account
- Delegation of authority to be given to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be capitalised
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities providing access to equity securities to be issued
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities providing access to equity securities to be issued, in the context of a public offer
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing, without preferential subscription right, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, through private placements mentioned in Article L.411.2 II of the French Monetary and Financial Code
- Authorisation to be given to the Board of Directors, within the limit of 10% of the capital per year, in the event of issue without preferential subscription right, through public offers or private investments as per Article L.411-2 II of the French Financial and Monetary Code, for the purpose of setting the issue price according to the terms established by the Annual Shareholders' Meeting
- Authorisation given to the Board of Directors to increase the amount of issues with or without preferential subscription right
- Delegation of authority to be given to the Board of Directors to increase the share capital through the issue of shares and/or equity securities providing access to other equity securities and/or which provide entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued as compensation for contributions in kind
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing, without preferential subscription right, shares of the Company reserved for members of a company savings plan
- Delegation of authority to be given to the Board of Directors to increase the share capital by issuing shares without preferential subscription right in favour of a specific category of beneficiaries
- Authorisation to be given to the Board of Directors for the purpose of allocating free of charge, existing shares or yet to be issued shares, to certain employees and officers of the Company and its related companies
- Powers for formalities

7.7.2 DRAFT RESOLUTIONS TO BE SUBMITTED TO THE COMBINED SHAREHOLDERS' MEETING

Within the authority of the Ordinary Shareholders' Meeting:

First resolution – *(Approval of the financial statements for 2015)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having taken due note of the report of the Chairman of the Board of Directors relating to the composition, conditions for preparing and organising the work of the Board of Directors, as well as the internal control and risk management procedures established by the company, the Board's report on the company financial statements and the management report relating thereto, and the Statutory Auditors' report relating to the financial statements for 2015, approves said statements as they were presented for that year, which consisted of the balance sheet, income statement and schedule, as well as the operations reflected in these company financial statements and summarised in these reports.

Second resolution – *(Approval of the consolidated financial statements for 2015)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having taken due note of the report of the Chairman of the Board of Directors relating to the composition, conditions for preparing and organising the work of the Board of Directors, as well as the internal control and risk management procedures established by the company, the board's report on the consolidated financial statements and the management report relating thereto, and the Statutory Auditors' report relating to the consolidated financial statements for 2015, approves said statements as they were presented for that year, which consisted of the balance sheet, income statement and schedule, as well as the operations reflected in these consolidated financial statements and summarised in these reports.

Third resolution – *(Appropriation of earnings – Dividend payment)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings,

- duly notes that the financial statements for the year ending December 31, 2015 show a profit of €73,048,606;
- decides, in accordance with the law, to deduct from this amount, €3,652,430 to allocate to the legal reserve;
- duly notes that, considering the previous retained earnings of less than -€2,779,036 and the sums carried to the legal reserve, the distributable profit amounts to €66,617,140;
- decides to deduct €8,862,011 from the "share premium" item;
- decides to allocate a total payment of €75,479,151 (1) to shareholders, corresponding to the distributable profit of €66,617,140 plus the deduction of €8,862,011 from the share premium, which represents a payment of €0.48 per share.

After distribution, the retained earnings account will stand at 0.

For individuals residing in France for tax purposes, this dividend shall be automatically taken into account to determine their overall income subject to the progressive income tax scale and will be eligible for a 40% abatement on the gross amount received (Article 158-3-2 of the French General Tax Code). With the exception of beneficiaries who are private individuals residing in France for tax purposes, who have applied for exoneration under the conditions of Article 242 quater of the French General Tax Code, the paying institution will deduct the flat rate withholding tax set out under Article 117 quater of the French General Tax Code. All of the Company's shares are eligible for this tax treatment.

The Shareholder's Meeting recalls, in compliance with the legal provisions, that the dividends distributed for the three preceding years were as follows:

YEAR	NUMBER OF SHARES	TOTAL AMOUNT OF DIVIDEND PAID *(in €)*
2012	156,841,307	0
2013	156,841,307	293 939 870 (2)
2014	157,248,232 (1)	75,479,151 (1) (3)

(1) Including treasury shares.
(2) This amount includes an exceptional distribution of €227 million to Natixis, payment of which was made on May 3, 2014.
(3) It is recalled that this entire dividend was paid in the form of an exceptional distribution of cash sums deducted from the issue premium.

The ex-dividend date shall be May 25, 2016 and payment will occur on May 27, 2016. The shares held by the Company on May 25 are not entitled to dividends.

The Shareholders' Meeting grants full powers to the Board of Directors to determine the final total amount of the distributed sums according to the number of treasury shares held by the Company as at May 25, 2016 and proceed with the necessary adjustments, especially to adjust the amount

(1) This amount is calculated based on the total number of shares comprising the Company's share capital, including treasury shares, and will be adjusted according to the number of shares held by the Company as at May 25, 2016.

of €8,862,011 debited from the share premium on the basis of the amount of the projected dividend payment, and more generally do everything necessary to ensure the correct execution of the operations presented in this resolution.

Fourth resolution – *(Directors' fees)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, has decided to set up the amount of directors' fees to be allotted to the Board of Directors at €400,000, and entrusts the Board with distributing this amount among its members.

Fifth resolution – *(Authorisation to the Board of Directors to trade the Company's shares)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the board of director's report:

1. authorises the Board of Directors to subdelegate under legislative and regulatory conditions, in accordance with the provisions of Article L.225-209 *et seq.* of the French commercial code, Articles 241-1 to 241-5 of the general regulation of the French financial markets authority (AMF), of (EC) regulation No. 273/2003 of the European Commission of December 22, 2003 and market practices admitted by the AMF, to buy, in one or several instalments and at the periods it deems appropriate, a number of the Company's shares that may not exceed:

   i. 10% of the total number of shares composing the share capital; at any time whatsoever, or

   ii. 5% of the total number of shares composing the share capital, if they are shares acquired by the Company with a view to keeping them and subsequently transferring them as payment or exchange within the context of a merger, spin-off or contribution.

   These percentages apply to a number of shares adjusted, where appropriate, according to the operations that could impact the share capital subsequent to the Shareholder's Meeting;

   The acquisitions made by the company may under no circumstances lead it to hold more than 10% of the shares composing its share capital at any time.

2. decides that this authorisation may be used to:

   i. ensure liquidity and boost the market for the Company's stock through an investment service provider acting independently within the context of a liquidity contract, in compliance with the charter of ethics recognised by the French financial markets authority;

   ii. allocate shares to the corporate officers and employees of the Company and of other Group entities, in particular within the context (i) of employee profit sharing, (ii) any stock option plan of the Company, pursuant to Article L.225-177 *et seq.* of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 *et seq.* of the French Labour Code, or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code, as well as performing all hedging operations relating to these operations, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or the person acting by delegation thereof,

   iii. transfer the Company's shares when the rights attached to securities entitling their bearers, directly or indirectly, through reimbursement, conversion, exchange, presentation of a warrant or in any other manner, to the allocation of the company's shares pursuant to current regulations are exercised, additionally, performing all hedging operations relating to these operations, under the conditions provided by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors,

   iv. keep the Company's shares and subsequently transfer them as payment or exchange within the context of any external growth operations, and in compliance with the French financial market authority's accepted market practices and applicable regulation,

   v. cancel all or part of the stock thus purchased,

   vi. implement any market practice that may be authorised by the French financial markets authority and, more generally, perform all operations in compliance with applicable regulations;

3. decides that the maximum purchase price per unit may not exceed €18 per share, excluding fees. The Board of Directors may nevertheless, for operations involving the Company's capital, in particular a modification of the par value of the share, a capital increase by incorporation of reserves following the creation and allocation of bonus shares, a stock split or reverse stock split, adjust the aforementioned maximum purchase price in order to take into account the impact of these operations on the value of the Company's stock.

4. decides that the acquisition, disposal or transfer of these shares may be completed and paid for by all methods authorised by the current regulations, on a regulated market, multilateral trading system, a systematic internaliser, or over the counter, in particular through the acquisition or disposal of blocks of shares, using options or other derivative financial instruments, or warrants or, more generally, securities entitling their bearers to shares of the Company, at the times that the Board of Directors will determine.

5. decides that the Board of Directors shall have all powers, with the power to subdelegate in compliance with legislative and regulatory conditions, in order to, in accordance with applicable legislative and regulatory provisions, proceed with the permitted reallocations of repurchased shares in view of one of the objectives of the programme, to one or more of its other objectives, or even their disposal, on or off the market.

   All powers are consequently granted to the Board of Directors, with the power to subdelegate in accordance with legislative and regulatory provisions, to implement this authorisation and specify, if necessary, the conditions and set the procedures in compliance with legislative conditions and pursuant to this resolution, and in particular to issue all stock market orders, enter into all agreements, in particular for maintaining registers of purchases and sales of shares, completing

all declarations with the French financial markets authority or any other competent authority, preparing all documents, for example informational documentation, completing all formalities and, generally, doing whatever is necessary.

The Board of Directors must inform the Shareholders' Meeting, in accordance with legal conditions, of the operations performed by virtue of this authorisation.

6. decides that this authorisation, which supersedes the authorisation granted by the 8th resolution of the Shareholders' Meeting of May 18, 2015, be granted for a period of eighteen (18) months as from the Shareholders' Meeting.

◆ Sixth resolution – *(Ratification of the cooptation of a director)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, ratifies the cooptation of Ms. Martine Odillard on May 5, 2015, to replace Ms. Nicole Notat and until the expiry of the directorship of the latter, until the Shareholders' Meeting convened to deliberate in 2017 on the financial statements for the financial year ended December 31, 2016.

◆ Seventh resolution – *(Ratification of the cooptation of a director)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, ratifies the cooptation of Ms. Linda Jackson on May 5, 2015, to replace Ms. Laurence Parisot and until the expiry of the directorship of the latter, until the Shareholders' Meeting convened to deliberate in 2017 on the financial statements for the financial year ended December 31, 2016.

◆ Eighth resolution – *(Approval of agreements and commitments specified by Article L.225-38* et seq. *of the French Commercial Code)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the special report of the Statutory Auditors on the agreements and commitments subject to the provisions of Article L.225-38 and L.225-40 to L.225-42 of the French Commercial Code with the exception of regulated agreements and commitments the approval of which is subject to specific resolutions, approves this report in all its provisions as well as the new agreements mentioned therein, having been authorised by the Board of Directors during the financial year ended December 31, 2015 or subsequent to that date, until the Board of Directors' Meeting held to validate the financial statements for the year ended December 31, 2015.

◆ Ninth resolution – *(Approval of a regulated commitment specified in Article L.225-42-1 of the French Commercial Code for the benefit of Mr. Jean-Marc Pillu in connection with the termination of his duties)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the special report written by the Statutory Auditors on the agreements mentioned in Article L.225-42-1 of the French Commercial Code, approves the terms and conditions of the severance pay corresponding to an amount of €1,978,804 due to Mr. Jean-Marc Pillu, as authorised by the Board of Directors.

◆ Tenth resolution – *(Approval of a regulated commitment mentioned in Article L.225-42-1 of the French Commercial Code for the benefit of Mr. Jean-Marc Pillu)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the report of the Board of Directors and the special report written by the Statutory Auditors on the commitments referred to in Article L.225-42-1 of the French Commercial Code, approves the exceptional compensation for Mr. Jean-Marc Pillu granted by the Board meeting of June 26, 2014 in connection with the Company's initial public offering in the form of the allocation of 43,269 bonus shares.

◆ Eleventh resolution – *(Approval of a regulated commitment mentioned in Article L.225-42-1 of the French Commercial Code for the benefit of Mr. Xavier Durand and linked to his new position)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the report of the Board of Directors and the special report written by the Statutory Auditors on the agreements mentioned in Article L.225-42-1 of the French Commercial Code, approves the terms and conditions of the benefit linked to the new position of Mr. Xavier Durand, as authorised by the Board of Directors.

◆ Twelfth resolution – *(Approval of a regulated commitment mentioned in Article L.225-42-1 of the French Commercial Code for the benefit of Mr. Xavier Durand and relating to his severance pay)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having duly noted the report of the Board of Directors and the special report written by the Statutory Auditors on the agreements mentioned in Article L.225-42-1 of the French Commercial Code, approves the terms and conditions of the severance pay granted to Mr. Xavier Durand, as authorised by the Board of Directors.

◆ Thirteenth resolution – *(Opinion on components of the compensation due or allotted to Mr. Jean-Marc Pillu, Chief Executive Officer (CEO), for the year ended December 31, 2015)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, consulted in application of recommendation 24.3 of the AFEP-MEDEF Corporate Governance Code for listed companies of November 2015, issues a favourable opinion as to the components of the compensation due or allotted, for the year ended December 31, 2015, to Mr. Jean-Marc Pillu, Chief Executive Officer (CEO), as presented in point 1.2.2 of the management report on the consolidated financial statements incorporated into paragraph 2.2.2.2 of the Registration Document.

Within the authority of the Extraordinary Shareholders' Meeting:

Fourteenth resolution – *(Authorisation to be given to the Board of Directors in view of reducing the share capital by cancelling treasury shares)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors:

1. authorises the Board of Directors, with the ability to subdelegate, under the legislative and regulatory conditions, to:

   i. cancel, at its sole discretion, once or several times, within the limit of 10% of the amount of the existing share capital on the date of the cancellation (*i.e.* adjusted according to the operations involving the share capital since the adoption of this resolution), by 24-month periods, all or part of the shares acquired by the Company pursuant to the share buyback programme authorised by the shareholders,

   ii. correlatively reduce the share capital and charge the difference between the repurchase price of the cancelled shares and their par value to the available premiums and reserves of its choice;

2. grants full powers to the Board of Directors, with the power to subdelegate under the legislative and regulatory conditions, for the purpose of determining the final amount of the capital reductions within the limits allowed by the law and this resolution, to set the terms thereof, duly note their execution, carry out any and all acts, formalities or declarations to confirm the capital reductions that may be carried out pursuant to this authorisation and in order to amend the Articles of Association accordingly;

3. decides that this authorisation, which supersedes the authorisation granted by the 8th resolution of the Shareholders' Meeting of June 2, 2014 be granted for a period of twenty-six (26) months as from the Shareholders' Meeting.

Fifteenth resolution – *(Capital reduction not justified by losses through a decrease of the par value of shares and allocation of the amount of the reduction to the share premium account)*

The Shareholders' Meeting, having duly noted the report of the Board of Directors and the special report of the Statutory Auditors, and deliberating in accordance with the provisions of Article L.225-204 *et seq.* of the French Commercial Code, decides to reduce the share capital by €471,744,696, from €786,241,160 to €314,496,464, by decreasing the par value of each share from €5 to €2.

The sum of €471,744,696, corresponding to the amount of the capital reduction, will be allocated to an unavailable "share premium" sub-account.

The capital reduction may only be completed after (i) expiration of a period of 20 days after this resolution is filed with the companies house register of the Commercial Court of Nanterre, if no creditor submits an objection, or (ii) after the Court has examined any objections in first instance and ruled and dismissed such objections as baseless, or (iii) after enforcement of the Court's decision, if such objections have been made, ordering the establishment of guarantees or the reimbursement of debts.

As a result of the foregoing, the Shareholders' Meeting:

- decides, subject to the definitive implementation of the capital reduction, to amend Article 6 of the Articles of Association as follows:

  "The share capital is set at the sum of €314,496,464.

  It is divided into 157,248,232 shares with a par value of €2 (two), fully subscribed and paid-up, all of the same category."

- delegates all powers to the Board of Directors, with the ability to subdelegate within the legal limits, to duly note the final nature of the capital increase and the new amount of the share capital and the par value of the resulting shares, to perform any and all acts, formalities, declarations and more generally, carry out directly or through a proxy, any action that will be useful or necessary for implementing this decision.

Sixteenth resolution – *(Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums or any other sum that can be legally capitalised)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having read the report of the Board of Directors and in accordance with the provisions of the Commercial Code and in particular of its Articles L.225-129, L.225-129-2 and L.225-130:

1. delegates to the Board of Directors, with the ability to sub-delegate under legislative and regulatory conditions, its authority to increase, once or several times, in the proportions and at the times that it shall determine, the Company's share capital by incorporating the reserves, profits or share, merger or contribution premiums, or any other sum that can be capitalised by law or the Articles of Association, to carry out by issuing new shares or by raising the nominal amount of existing shares or combining these two procedures according to the terms that it shall determine;

2. decides that the nominal amount of the capital increases likely to be decided by the Board of Directors and executed, immediately and/or ultimately, pursuant to this delegation may not exceed a maximum amount (i) of €80 million (€80,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €200 million (€200,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting. This cap shall be increased, where appropriate, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where appropriate, the applicable contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;

3. specifies that in the event of a capital increase leading to the allocation of new bonus shares, the Board of Directors may decide that fractional rights will not be negotiable and that the corresponding shares shall be sold, in accordance with the provisions of Article L.225-130 of the Commercial Code, and the proceeds from the sale allocated to rights holders no later than 30 days after the date of registration on their account of the whole number of allotted shares;
4. decides that the Board of Directors may not, without the prior approval of the Shareholders' Meeting, use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer;
5. decides that the Board of Directors shall have full powers, with the ability to subdelegate under the legislative and regulatory conditions, to implement this delegation and in particular:
   i. to determine the terms and conditions of the authorised operations and notably set the amount and the nature of the reserves, profits, premiums or other sums to be incorporated into the capital, set the number of new shares to be issued or the amount by which the par value of the existing shares comprising the share capital will be raised, set the date, albeit retroactive, from whence the new shares shall be entitled to dividend or on which the par value increase will become effective and proceed, if necessary, to any charges to the share premiums and in particular the expenses caused by the executions,
   ii. take all steps to protect the rights of securities bearers or other rights providing access to the capital, existing on the day of the capital increase,
   iii. make any and all useful arrangements and conclude any and all agreements in order to ensure the proper completion of the contemplated operations and, generally, take any and all necessary steps to accomplish any and all acts and formalities to confirm the capital increases that may be carried out pursuant to the delegation and proceed to the correlative amendment of the Company's Articles of Association;
6. decides that this delegation, which supersedes the authorisation granted by the 9th resolution of the Shareholders' Meeting of June 2, 2014, has been granted for a period of twenty-six (26) months as from the Shareholders' Meeting of insurances.

◆ Seventeenth resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription right, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular of its Articles L.225-129 *et seq.*, L.225-132, L.225-133 and L.228-92:

1. delegates to the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, the authority to issue, in one or several instances, in the proportions and at the times that it will deem appropriate, both in France and abroad, in euros or foreign currency or units of account established by reference to several currencies, with preferential subscription right, the Company's shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities providing access to equity securities to be issued, which may be subscribed to either in cash, by offsetting against certain, liquid and payable debts, or wholly or partly by incorporation of reserves, profits or premiums;
2. decides that the total amount of the capital increases likely to be carried out immediately and/or in the future pursuant to this delegation may not exceed a maximum amount (i) of €120 million (€120,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €300 million (€300,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of the capital increases carried out in application of this resolution and of the 18th to 25th resolutions submitted to this Shareholders' Meeting shall be factored into this cap. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
3. decides that the transferrable securities providing access to the equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediary securities. The total maximum nominal amount of the debt securities issues that may be carried out based on this delegation may not exceed €500 million (€500,000,000) or its equivalent value in a foreign currency or units of account established by reference to several currencies, on the understanding that the nominal amount of the debt securities issues made as per this resolution and the 18th to 22nd resolutions submitted to this Shareholders' Meeting, shall be factored into this cap;
4. duly notes that this delegation entails a waiver by the shareholders of their preferential subscription right to the equity securities of the Company to which holders of the transferrable securities issued on the basis of this delegation may be entitled immediately or in the future:
5. decides that shareholders may exercise, under the conditions specified by the law, their preferential subscription right to subscribe as of right to the equity securities and/or transferrable securities, the issue of which will be decided by the Board of Directors pursuant to this delegation of authority. The Board of Directors will have the ability to grant shareholders the right to subscribe, on

a reducible basis, for a number of transferable securities higher than what they are entitled to on an irreducible basis, in proportion to their subscription rights and in any event, within the limit of their requests. If the irreducible and, if applicable, reducible subscriptions do not absorb the entirety of the capital shares and/or transferrable securities issued, the Board of Directors will have the ability, in the order that it shall determine, either to limit, in accordance with the law, the issue to the amount of the subscriptions received, provided this amount reaches at least three quarters of the issue that may have been decided, or freely allocate all or part of the unsubscribed securities between the persons of its choice, or offer them in the same way to the public, with the Board of Directors having the right to use all the powers stated hereinabove or some of them only;

6. decides that the Board of Directors may not, without the prior approval of the Shareholders' Meeting, use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer;

7. further specifies that the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, may in particular:

i. decide and set the characteristics of the shares and transferrable securities issues and, notably, their issue price (with or without share premium), the terms for their subscription and their ex-dividend date,

ii. in the event of the issue of share warrants, define the number and characteristics and decide, if it deems appropriate, under the conditions and according to the terms that it shall set, that the warrants may be reimbursed or redeemed, or allocated free of charge to the shareholders in proportion to their right in the share capital,

iii. more generally, define the characteristics of all transferrable securities and, notably, the conditions and procedures for the allocation of shares, the duration of any loans that may be issued in bond form, whether subordinated or not, the issuing currency, the terms for reimbursing the principal, with or without premium, the conditions and terms for amortisation, and if applicable, purchasing, swapping or early redemption, the variable or fixed interest rates and the payment date; with the possibility of the remuneration including a variable portion calculated by reference to elements relating to the business and earnings of the Company and a deferred payment in the absence of distributable profits,

iv. decide to use the shares purchased in the context of the share buyback programme authorised by shareholders to allocate them as a result of the issuance of transferrable securities issued on the basis of this delegation,

v. take all measures to preserve the rights of bearers of the issued transferrable securities or other rights providing access to the capital of the Company required by the legislative and regulatory provisions and contractual stipulations,

vi. if necessary suspend the exercise of the rights attached to these transferrable securities for a fixed period in accordance with applicable legislative and regulatory provisions and contract stipulations,

vii. duly note the execution of all capital increases and transferable securities issues, carry out the corresponding amendment of the Articles of Association, charge the issue costs to the premiums and, and if it deems appropriate, deduct from the amount of the capital increases the sums required to bring the legal reserve to one tenth of the new share capital,

viii. take all measures and complete all the formalities required for the admission to trading of the securities created, on a regulated market;

8. decides that this delegation, which supersedes the delegation granted by the 10th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

◆ Eighteenth resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription right, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, in the context of public offers)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular of its Articles L.225-129 *et seq.*, L.225-135, L.225-136, L.225-148 and L.228-92:

1. delegates to the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, the authority to issue through a public offer, in one or several instances, in the proportions and at the times that it will deem appropriate, both in France and abroad, in euros or foreign currency or units of account established by reference to several currencies, without preferential subscription right, the Company's shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities providing access to equity securities to be issued, which may be subscribed to either in cash, or by offsetting against certain, liquid and payable debts. These transferrable securities may notably be issued for the purpose of remunerating any securities that might be contributed in the context of a

public exchange offer carried out in France or abroad in accordance with local laws (for example in the context of a reverse merger) on securities that meet the conditions set out by Article L.225-148 of the French Commercial Code;

2. decides that the total nominal amount of the capital increases likely to be carried out immediately and/or in the future pursuant to this delegation may not exceed a maximum amount (i) of €45 million (€45,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €115 million (€115,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out in application of this delegation shall be factored into the total nominal cap provided for capital increases in paragraph 2 of the 7th resolution of this Shareholders' Meeting.

This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;

3. decides to cancel the preferential subscription right of shareholders to the shares and other equity securities to be issued by virtue of this resolution;

4. decides that concerning the issues carried out by virtue of this delegation, the Board of Directors may establish, for the benefit of shareholders, a priority subscription period, on a reducible or irreducible basis, not providing entitlement to the creation of negotiable rights, and consequently delegates to the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, the ability to define this period together with its terms, according to the provisions of Article L.225-135 subparagraph 5 of the French Commercial Code;

5. decides that the transferrable securities providing access to the equity securities to be issued by the Company thus issued may consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediary securities. The total maximum nominal amount of the debt securities issues that may be carried out immediately or in the future based on this delegation may not exceed €500 million (€500,000,000) or its equivalent value in foreign currency or in units of account established by reference to several currencies, on the understanding that this amount will be factored into the total nominal cap for debt securities issues specified in paragraph 3 of the 17th resolution;

6. duly notes that this delegation entails a waiver by the shareholders of their preferential subscription right to the equity securities of the Company to which holders of the transferrable securities issued on the basis of this delegation may be entitled:

7. decides that if the subscriptions do not absorb the entirety of the equity securities and/or transferrable securities issued, the Board of Directors will have the ability, in the order that it shall determine, either to limit, in accordance with the law, the issue to the amount of the subscriptions received, provided that this amount reaches at least three quarters of the issue that may have been decided, or freely allocate all or part of the unsubscribed securities between the persons of its choice, or offer them in the same way to the public, with the Board of Directors having the right to use all the powers stated hereinabove or some of them only;

8. decides that the Board of Directors may not, without the prior approval of the Shareholders' Meeting, use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer;

9. further specifies that the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, may in particular:

i. decide and set the characteristics of the share and transferrable securities issues and, notably, their issue price (with or without share premium), the terms for their subscription and their ex-dividend date.

ii. in the event of the issue of share warrants, define the number and characteristics and decide, if it deems it useful, under the conditions and according to the terms that it shall set, that the warrants may be reimbursed or redeemed, or allocated free of charge to the shareholders in proportion to their right in the share capital,

iii. more generally, define the characteristics of all transferrable securities and, notably, the conditions and procedures for the allocation of shares, the duration of any loans that may be issued in bond form, whether subordinated or not, the issuing currency, the terms for reimbursing the principal, with or without premium, the amortisation conditions and terms and if applicable purchase, swapping or early redemption, the variable or fixed interest rates and the payment date; with the possibility of the remuneration including a variable portion calculated by reference to elements relating to the business and earnings of the Company and a deferred payment in the absence of distributable profits,

iv. set the issue price of the shares or transferrable securities that may be created by virtue of the previous paragraphs such that the Company receives for each share created or awarded independently of any remuneration, regardless of the form, interest, share premium or redemption in particular, a sum at least equal to the minimum price set by the applicable legislative or regulatory provisions on the day of the issue (*i.e.*, to date, the weighted average of the Company's share price in the last three stock exchange sessions on the regulated market of Euronext Paris preceding the setting of the share price, less a maximum discount of 5% if applicable),

v. take all measures aimed at preserving the rights of bearers of the issued transferrable securities or other rights providing access to the capital of the Company required by the legislative and regulatory provisions and contractual stipulations,

vi. potentially suspend the exercise of the rights attached to these transferrable securities for a fixed period in accordance with applicable legislative, regulatory and contractual provisions,

vii. duly note the execution of all capital increases and transferable securities issues, carry out the corresponding amendment of the Articles of Association, charge the issue costs to the premiums and, and if necessary, deduct from the amount of the capital increase the sums required to bring the legal reserve to one-tenth of the new share capital,

viii. take all measures and complete all the formalities required for the admission to trading of the securities created on a regulated market;

10 . decides that this delegation, which supersedes the delegation granted by the 11th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

◆ Nineteenth resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription right, shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, through private placements specified in Article L.411.2 II of the French Monetary and Financial Code)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular of its Articles L.225-129 *et seq.*, L.225-135, L.225-136 and L.228-92:

1. delegates to the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, the authority to issue, through the public offer described in II of Article L.411-2 of the French Monetary and Financial Code, under the conditions and maximum limits set by the laws and regulations, in one or several instances, in the proportions and at the times that it will deem appropriate, both in France and abroad, in euros or foreign currency or units of account established by reference to several currencies, without preferential subscription right, the Company's shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities providing access to equity securities to be issued, which may be subscribed to either in cash, or by offsetting against certain, liquid and payable debts;

2. decides that the total amount of the capital increases likely to be carried out immediately and/or in the future pursuant to this delegation may not exceed a maximum amount (i) of €30 million (€30,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €75 million (€75,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that this amount shall be factored into the total nominal cap provided for capital increases in paragraph 2 of the 17th resolution of this Shareholders' Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;

3. decides to cancel the preferential subscription right of shareholders to the shares and other equity securities to be issued by virtue of this resolution;

4. decides that the transferrable securities providing access to the equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or again allow the issue thereof, as intermediary securities. The total maximum nominal amount of the debt securities issues that may be carried out immediately or in the future based on this delegation may not exceed €500 million (€500,000,000) or its equivalent value in foreign currency or in units of account established by reference to several currencies, on the understanding that this amount will be factored into the total nominal cap for debt securities issues specified in paragraph 3 of the 17th resolution;

5. duly notes that this delegation entails a waiver by the shareholders of their preferential subscription right to the equity securities of the Company to which holders of the transferrable securities issued on the basis of this delegation may be entitled;

6. decides that if the subscriptions do not absorb the entirety of the equity securities and/or transferrable securities issued, the Board of Directors will have the ability, in the order that it shall determine, either to limit, in accordance with the law, the issue to the amount of the subscriptions received, provided that this amount reaches at least three quarters of the issue that may have been decided, or freely allocate all or part of the unsubscribed securities between the persons of its choice, or offer them in the same way to the public, with the Board of Directors having the right to use all the powers stated hereinabove or some of them only;

7. decides that the Board of Directors may not, without the prior approval of the Shareholders' Meeting, use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer;

8. further specifies that the Board of Directors, with the ability to subdelegate in accordance with legislative or regulatory conditions, may in particular:

i. decide and set the characteristics of the share and transferrable securities issues and, notably, their issue price (with or without share premium), the terms for their subscription and their ex-dividend date,

ii. in the event of an issue of share subscription warrants, define the number and the characteristics and decide, if it deems appropriate, under the conditions and according to the terms that it shall set, that the warrants may be reimbursed or redeemed,

iii. more generally, define the characteristics of all transferrable securities and, notably, the conditions and procedures for the allocation of shares, the duration of any loans that may be issued in bond form, whether subordinated or not, the issuing currency, the terms for reimbursing the principal, with or without premium, the conditions and terms for amortisation and, if applicable, purchasing, swapping or early redemption, the variable or fixed interest rates and the payment date; with the possibility of the remuneration including a variable portion calculated by reference to elements regarding the business and earnings of the Company and a deferred payment in the absence of distributable profits,

iv. set the issue price of the shares or transferrable securities that may be created by virtue of the previous paragraphs such that the Company receives for each share created or allocated independently of any remuneration, regardless of the form, interest, share premium or redemption in particular, a sum at least equal to the minimum price set by the applicable legislative or regulatory provisions on the day of the issue (*i.e.*, to date, the weighted average of the Company's share price in the last three stock exchange sessions on the regulated market of Euronext Paris preceding the setting of the share price, less a maximum discount of 5%, if applicable),

v. decide to use the shares purchased in the context of the share buyback programme authorised by shareholders to allocate them as a result of the issue of transferrable securities issued on the basis of this delegation,

vi. take any and all measures to preserve the rights of bearers of the transferrable securities issued required by the applicable legislative and regulatory provisions and the contractual stipulations,

vii. suspend, if necessary, the exercise of the rights attached to these transferrable securities for a fixed period in accordance with applicable legislative, regulatory and contractual provisions,

viii. duly note the execution of all capital increases and transferable securities issues, carry out the corresponding amendment of the Articles of Association, charge the issue costs to the premiums and, if necessary, deduct from the amount of the capital increase, the sums required to bring the legal reserve to one-tenth of the new share capital,

ix. take all measures and complete all the formalities required for the admission to trading of the securities created on a regulated market;

9. decides that this delegation, which supersedes the delegation granted by the 12th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

◆ Twentieth resolution – *(Authorisation to the Board of Directors, within the limit of 10% of the capital per year, in the event of issue without preferential subscription right, through public offers or private placements per Article L.411-2 II of the French Financial and Monetary Code, for the purpose of setting the issue price according to the terms established by the Shareholders' Meeting)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular of its Article L.225-136:

1. authorises the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, in the event of issuance of shares and/or any other transferrable securities giving access immediately and/or in the future to the capital of the Company, without preferential subscription right, via public offers or via private placements specified in L.411-2-II of the 18th and 19th resolutions, to waive the price setting conditions specified by the aforementioned resolutions and to determine the share price in accordance with the conditions below:

i. the share issue price shall be at least equal, at the Board of Directors' discretion, (i) to the average weighted price of the Company's share on the regulated market of Euronext Paris, on the day preceding the date for setting the issue price, less a maximum discount of 10% if applicable or, (ii) the weighted average of the Company's share price on the regulated market of Euronext Paris over a maximum period of six months preceding the date for setting the issue price, less a maximum discount of 10%, if applicable;

ii. the issue price for transferrable securities providing access to the capital shall be such that the sum immediately collected by the Company, increased, where applicable, by the sum that may be collected by the Company in the future is, for each share of the Company issued as a result of the issuance of the transferrable securities, at least equal to the amount specified hereinabove;

2. decides that the total nominal amount of the capital increases likely to be made in the context of this resolution may not exceed 10% of the share capital by 12-month period (share capital value as of the date on which the decision to set the share price is taken), on the understanding that this amount shall be factored into the total nominal cap specified for capital increases in paragraph 2 of the 17th resolution of this Shareholders'

Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the company's capital;

3. decides that this authorisation, which supersedes the authorisation granted by the 13th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Twenty-first resolution – *(Authorisation to the Board of Directors to increase the amount of issues with or without preferential subscription right)*

The Shareholders' Meeting, deliberating according to the conditions required for Extraordinary Shareholders' Meetings, having read the Board of Directors' report and subject to the adoption of the 17th, 18th and 19th resolutions of this Shareholders' Meeting, in accordance with the provisions of Article L.225-135-1 of the French Commercial Code:

1. authorises the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, to raise the number of securities to be issued for each of the issuances with or without preferential subscription right decided by virtue of the 17th, 18th and 19th resolutions of this Shareholders' Meeting, under the conditions described by the legislative and regulatory provisions applicable on the issue date (*i.e.* currently within 30 days of the subscription closing, within the limit of 15% of each issue and at the same price as adopted for the initial issue);
2. decides that the total nominal amount of the capital increases that may be carried out by virtue of this delegation shall be factored into the amount of the cap stipulated in the resolution pursuant to which the issue is decided and the total nominal cap stipulated for capital increases in paragraph 2 of the 17th resolution of this Shareholders' Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
3. decides that the transferrable securities providing access to the equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or again allow the issue thereof, as intermediary securities. The total maximum nominal amount of the debt securities issues that may be carried out immediately or in the future based on this delegation may not exceed €500 million (€500,000,000) or its equivalent value in foreign currency or in units of account established by reference to several currencies, on the understanding that this amount will be factored into the total nominal cap for debt securities issues specified in paragraph 3 of the 17th resolution;
4. decides that this authorisation, which supersedes the authorisation granted by the 14th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Twenty-second resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which provide access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued as compensation for contributions in kind)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular of its Articles L.225-129 *et seq.*, L.225-147 and L.225-92:

1. delegates to the Board of Directors, with the ability to subdelegate in accordance with legislative and regulatory conditions, the authority issue, based on the report from the Statutory Auditor or Auditors, in one or several instances, in the proportions and at the times that it deems appropriate, both in France and abroad, in euros or foreign currency or units of account established by reference to several currencies, the Company's shares and/or equity securities providing access to other equity securities and/or entitlement to the allocation of debt securities and/or transferrable securities providing access to equity securities to be issued, to be used as compensation for contributions in kind made to the Company and composed of equity securities or transferrable securities providing access to the capital, where the provisions of Article L.225-148 of the French Commercial Code are not applicable;
2. decides that the total nominal amount of the capital increases likely to be carried out pursuant to this delegation may not exceed, in addition to the legal limit of 10% of the share capital (estimated on the date of the Board of Directors' decision for the issue), a maximum amount (i) of €30 million (€30,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €75 million (€75,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out in application of this delegation shall be factored into the total nominal cap provided for capital increases in paragraph 2 of the 17th resolution of this Shareholders' Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
3. decides that the transferrable securities providing access to the equity securities to be issued by the Company may consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediary securities. The total

maximum nominal amount of the debt securities issues that may be carried out immediately or in the future based on this delegation may not exceed €200 million (€200,000,000) or its equivalent value in foreign currency or in units of account fixed by reference to several currencies, on the understanding that this amount will be factored into the total nominal cap for debt securities issues specified in paragraph 3 of the 17th resolution;

4. decides to cancel for the benefit of holders of securities or transferrable securities, included in the contributions in kind, the preferential subscription right of shareholders to the shares and other transferrable securities to be issued by virtue of this resolution;
5. duly notes that this delegation entails a waiver by the shareholders of their preferential subscription right to the equity securities of the Company to which holders of the transferrable securities issued on the basis of this delegation may be entitled;
6. decides that the Board of Directors may not, without the prior approval of the Shareholders' Meeting, use the delegation of authority as from the submission by a third party of a public offer concerning the Company's securities and until the end of said offer;
7. further specifies that the Board of Directors, with the ability to subdelegate in accordance with legislative or regulatory conditions, may in particular:
   i. approve, based on the report of the Statutory Auditor or Auditors, the valuation of the contributions and the granting of any specific benefits,
   ii. set the characteristics of the share and transferrable securities issues and, notably, their issue price (with or without share premium), the terms for their subscription and their ex-dividend date,
   iii. at its sole initiative, charge the costs of the increase(s) in share capital to the premiums relating to these contributions, and deduct from this amount the sums required to bring the legal reserve to one tenth of the new capital after each increase,
   iv. take all measures to preserve the rights of bearers of the issued transferrable securities or other rights providing access to the capital of the Company required by the legislative and regulatory provisions and contractual stipulations,
   v. duly note the completion of any issues of shares and transferrable securities, amend the Articles of Association as required by the completion of any capital increase, charge the issue costs to the premium at its discretion and also bring the legal reserve to one-tenth of the new share capital and perform any and all formalities and declarations and apply for any and all authorisations that may be necessary for implementing these contributions,
   vi. take all measures and complete all the formalities required for the admission to trading of the securities created on a regulated market;
8. decides that this delegation, which supersedes the delegation granted by the 15th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

◆ Twenty-third resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription right, shares of the Company reserved for members of a company savings plan)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles LL.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial Code and those of Article L.3332-18 *et seq.* of the French Labour Code:

1. delegates, with the ability to subdelegate in accordance with legal and regulatory provisions, its authority to issue, in one or more instances, at its sole discretion, in the proportions and at the times determined by it, both in France and abroad, new shares reserved for employees and former employees and qualified corporate officers of the company and/or companies related to the company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code, who are members of a company saving plan;
2. cancels, for the benefit of the said members, the preferential subscription right of shareholders to any shares that may be issued by virtue of this authorisation and waives any rights to any bonus shares that may be allocated based on this resolution;
3. decides that the nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed a maximum amount (i) of €8 million (€8,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €20 million (€20,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out in application of this delegation shall be factored into the total nominal cap provided for capital increases in paragraph 2 of the 17th resolution of this Shareholders' Meeting and that the cap of this delegation shall be the same as that of the 24th resolution. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
4. decides that the price of the shares issued in application of this delegation shall be determined under the conditions specified in Article L.3332-19 of the French Labour Code, on the understanding that the maximum discount calculated in relation to the average of the share's traded prices during the last 20 trading sessions preceding the decision setting the opening date of the subscription may not exceed 20%. However, where this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in a given country where the

Group entities participating in the capital increases are established. The Board of Directors may likewise decide to allot bonus shares to subscribers of new shares, in substitution of the discount and/or as an employer matching contribution;

5. decides that the Board of Directors shall have all powers, with the ability to subdelegate in accordance with legislative and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular, in order to:

i. compile the list of employees, former employees and eligible corporate officers who may benefit from the issuance, set the conditions to be fulfilled by the beneficiaries, in order to subscribe, directly or via a mutual investment fund, to the shares issued based on this delegation of authority,

ii. set the amounts of these issues and determine the prices, dates, periods, methods for each issue and the conditions for subscription, payment and delivery of the shares issued by virtue of this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends,

iii. decide, in application of Article L.3332-21 of the French Labour Code, on the allocation, free of charge, of shares to be issued or already issued, as employer matching contribution and/or, as applicable, for the discount, provided that the recognition of their equivalent pecuniary value, valued at the subscription price, does not result in exceeding the limits specified in Article L.3332-11 of the Labour Code,

iv. set the period granted to subscribers for payment of their shares,

v. duly note, or have another party note the completion of the capital increase in the amount of the shares to be effectively subscribed,

vi. at its sole initiative, allot the costs of the increase(s) in share capital to the premiums relating to these increases, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,

vii. generally, take any and all measures and perform any and all formalities that are useful for issuing and listing the shares, and following the capital increases and related amendments of the Articles of Association pursuant to this delegation;

6. decides that this delegation, which supersedes the delegation granted by the 18th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

Twenty-fourth resolution – *(Delegation of authority to the Board of Directors to increase the share capital by issuing shares without preferential subscription right in favour of a specific category of beneficiaries)*

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129 *et seq.* and L.225-138 of the French Commercial Code:

1. delegates, with the ability to subdelegate in accordance with legislative and regulatory conditions, its authority to issue, in one or several instances, at its sole discretion, in the proportions and the times that it shall determine, both in France and abroad, new shares reserved for one or several categories of beneficiaries corresponding to the characteristics below: (i) employees and/or corporate officers of the Company and/or companies related to the Company as defined by the provisions of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code and having their registered office based outside France; (ii) one or several mutual investment funds or other entity, with or without a legal personality, subscribing on behalf of the persons described in paragraph (i) above, and (iii) one or several financial establishments mandated by the Company to propose to the persons described in paragraph (i) above a savings or shareholding scheme comparable to those proposed to the Company's employees in France;

2. cancels, in favour of said beneficiaries, the preferential subscription right of shareholders to the shares issued by virtue of this authorisation;

3. decides that the nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed (i) €8 million (€8,000,000) if the 15th resolution is adopted by this Shareholders' Meeting or (ii) €20 million (€20,000,000) if the 15th resolution is not adopted by this Shareholders' Meeting, or the equivalent in any other currency or monetary unit established by reference to several currencies, on the understanding that the nominal amount of any capital increase carried out in application of this delegation shall be factored into the total nominal cap provided for capital increases in paragraph 2 of the 17th resolution of this Shareholders' Meeting and that the cap of this resolution shall be the same as that of the 23rd resolution. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;

4. decides that the price of the securities issued in application of this delegation may not be more than 20% lower than the average price of the listed share in the last 20 trading sessions preceding the decision establishing the opening date of subscription, nor may it exceed that average. However, when this delegation is implemented, the Board of Directors may reduce the

amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in a given country where the Group entities participating in the capital increases are established. Furthermore, in the event of an operation carried out in the context of this resolution at the same time as an operation carried out in application of the 23rd resolution; the subscription price of the shares issued in the context of this resolution may be identical to the subscription price of the shares issued on the basis of this 23rd resolution.

5. decides that the Board of Directors shall have all powers, with the ability to subdelegate in accordance with legal and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular, in order to:
   - i. set the list of beneficiaries, within the categories of beneficiaries defined above, of each issue and the number of shares to be subscribed by each of them, pursuant to this delegation of authority,
   - ii. set the amounts of these issues and determine the prices, dates, periods, methods for each issue and the conditions for subscription, payment and delivery of the shares issued by virtue of this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends;
   - iii. set the period granted to subscribers for full payment of their securities,
   - iv. duly note, or have another party note the completion of the capital increase in the amount of the shares to be effectively subscribed,
   - v. at its sole initiative, allot the costs of the increase(s) in share capital to the premiums relating to these increases, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,
   - vi. generally, take any and all measures and perform any and all formalities that are useful for issuing and listing the shares, and following the capital increases and related amendments of the Articles of Association pursuant to this delegation;
6. decides that this delegation, which supersedes the delegation granted by the 11th resolution of the Shareholders' Meeting of May 18, 2015, is granted for a period of eighteen (18) months as from this Shareholders' Meeting.

◆ Twenty-fifth resolution – *(Authorisation to be given to the Board of Directors for the purpose of allocating free of charge, existing shares or yet to be issued shares, to certain employees and officers of the Company and its related companies)*

The Shareholder's Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors:

1. authorises the Board of Directors, in the context of the provisions of Article L.225-197-1 *et seq.* of the French Commercial Code, to allocate, free of charge, existing or future shares of the Company for the benefit of certain employees and officers of the Company or companies related to it under the conditions defined in Article L.225-197-2 of the French Commercial Code;
2. decides that the total number of shares allocated pursuant to this authorisation may not exceed 1% of the number of shares comprising the share capital of the Company on the date of the Board of Directors' decision to allocate them, and that the aggregate nominal amount of the capital increases that might result therefrom will be factored into the total nominal cap provided for capital increases in the second paragraph of the 17th resolution of this Shareholders' Meeting;
3. decides that the final allocation of shares will be contingent, partly or wholly, on the achievement of performance conditions set by the Board of Directors;
4. decides that the shares will be definitively allocated to their beneficiaries at the end of (i) a minimum vesting period of three years and that these shares shall not carry any compulsory retention period. Beneficiaries affected by one of the cases of invalidity described in Article L.225-197-1 of the French Commercial Code shall be fully entitled to their shares and allowed to transfer them freely;
5. duly notes that this authorisation automatically implies, for the benefit of the beneficiaries of bonus share allocations, express waiver by the shareholders (i) of their preferential subscription right to the bonus shares to be issued, (ii) to a portion of the reserves, profits or premiums which will be incorporated into the capital in the event of the allocation of new bonus shares and (iii) any right to the existing bonus shares. The corresponding capital increase will be definitively completed by the sole fact of the definitive allocation of the shares to the beneficiaries;
6. grants the Board of Directors, with the ability to subdelegate, all powers to implement, within the limits fixed above, this resolution and in particular to:
   - i. determine if the allocated bonus shares are new shares or existing shares; establish the identity of the beneficiaries of the share allocations and the number of shares allocated to each of them,
   - ii. set the dates and times for the share allocations, in particular the period at the end of which these allocations will become final as well as, where applicable, the required retention period for each beneficiary,
   - iii. determine, where applicable, the conditions linked in particular to the performance of the Company or its Group as well as the allocation criteria that will be used to allocate the shares,
   - iv. proceed, during the vesting period, as applicable, to any adjustments of the number of allocated bonus shares depending on any operations involving the

Company's capital, so as to preserve the rights of beneficiaries, on the understanding that the shares allocated in application of these adjustments shall be considered allocated on the same day as the initially allocated shares,

v. more generally, duly note the definitive allocation dates and the dates from which the shares may be freely transferrable in accordance with legal restrictions, enter into any agreement, prepare any document, perform any formality and make any declaration to any organisation and carry out any action that may be necessary;

7. decides that this authorisation, which supersedes the authorisation granted by the 20th resolution of the Shareholders' Meeting of June 2, 2014, is granted for a period of thirty-eight (38) months as from this Shareholders' Meeting.

◆ Twenty-sixth resolution – *(Powers to carry out formalities)*

The Annual Shareholders' Meeting, deliberating according to the quorum and majority required for Ordinary and Extraordinary Shareholders' Meetings, gives full powers to the bearer of copies or extracts of these minutes to fulfil any and all formalities required by law.

7.8 Special report of the Statutory Auditors on regulated agreements and commitments

Annual Shareholders' Meeting to approve the financial statements for the year ended December 31, 2015.

Ladies and Gentlemen

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided to us, the main terms and conditions as well as the reasons justifying the appropriateness for your company of the agreements and commitments that have been disclosed to us or that we have identified while carrying out our work. We are neither required to comment on whether they are relevant or justified nor to seek to identify any undisclosed agreements or commitments. According to the provisions of Article R. 225-31 of the French Commercial Code *(Code de commerce)*, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

It is also our responsibility to report to you, where applicable, the information required by Article R. 225-31 of the French Commercial Code relating to the performance, during the year under review, of agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body *(Compagnie Nationale des Commissaires aux Comptes)* relating to this type of engagement. These procedures consisted of verifying that the information provided to us was consistent with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

◆ Agreements and commitments authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code, we were advised of the following agreements and commitments which received the prior authorisation of your Board of Directors.

■ Joint guarantees issued on April 30, 2015 for Natixis, one for €50 million and the other for €100 million

Nature, purpose and reasons justifying its appropriateness for the company and accepted by the Board:

In an effort to become independent of Natixis and diversify financing sources for the factoring business in Germany and Poland, COFACE S.A. wished to replace the two financing lines historically provided by Natixis with other bilateral lines.

The bilateral credit lines, with expiry dates between one and three years, were contracted with different banks including Natixis, for a total amount of €500 million. The credit lines negotiated with Natixis amounted to €50 million and €100 million at December 31, 2015 and were entered into under market conditions.

In response to requests from banks, COFACE S.A. guaranteed the reimbursement of the bilateral credit lines by its two factoring subsidiaries.

The plan to issue guarantees for the German and Polish factoring entities was submitted to the Board of Directors of COFACE S.A. for approval. The plan was approved by the Board of Directors' meeting of February 17, 2015.

Terms:

Interest on the guarantees granted by COFACE S.A. for the credit lines will be paid by its factoring subsidiaries. A separate agreement was drawn up between COFACE and its subsidiaries regarding this interest payment and has no impact on the Group's consolidated financial statements.

The cost of the guarantee is 0.2% applied to the amounts actually used, representing an overall amount in 2015 of €363,897.21 in favour of COFACE S.A.

Person concerned:

Natixis is a shareholder of COFACE S.A. and holder of 41.24% of the Company's capital at December 31, 2015.

Furthermore, Laurent Mignon is a corporate officer of both Natixis and COFACE S.A.

- **Credit lines renewal agreement signed on October 3, 2015**

Nature, purpose and reasons justifying its appropriateness for the company, accepted by the Board:

To guarantee the financing autonomy of the factoring business, COFACE S.A. implemented in 2012 a commercial paper issuance programme to finance the factoring business of its subsidiaries based in Germany and Poland.

The original programme for an initial amount of €250 million was raised to €500 million in 2013, underwritten by various banks including Natixis. As this programme was entirely used, it was renewed in 2015 and raised to €600 million.

The renewal of this commercial paper issuance programme was submitted to the COFACE S.A. Board of Directors for approval. The issue was approved by the July 28, 2015 Board meeting.

Terms:

As part of the renewal of this programme in 2015, the credit line underwritten by Natixis was raised accordingly. It was raised from €100 million to €120 million, extended for two years and contracted under market conditions.

The ensuing annual financial expense from this credit line has an impact of less than €250,000 in the accounts of COFACE S.A.

Person concerned:

Natixis is a shareholder of COFACE S.A. and holder of 41.24% of the Company's capital at December 31, 2015.

Furthermore, Laurent Mignon is a corporate officer of both Natixis and COFACE S.A.

- **Tax consolidation agreement**

Nature, purpose and reasons justifying its appropriateness for the company accepted by the Board:

Following COFACE's exit from the Natixis tax consolidation group, COFACE S.A. signed on December 29, 2015, a tax consolidation agreement with its French subsidiaries including *Compagnie Française d'Assurance pour le Commerce Extérieur,* and opted for the financial year starting on or after January 1, 2015, for the tax consolidation system, in application of Article 223A *et seq*. of the French General Tax Code. This plan allows the Group to eliminate intra-company transactions and report comprehensive income for corporation tax, obtained by adding the positive and negative results of companies in the tax consolidation scope.

The agreement was submitted to the Board of Directors and approved at the November 2, 2015 Board meeting.

Terms:

The French subsidiaries of COFACE S.A. agreed to become members of the tax consolidation group formed with COFACE S.A. and accordingly signed the tax consolidation agreement. The agreement seeks to define the terms for sharing tax payables inside the consolidation group formed by COFACE S.A. and its French subsidiaries.

The Group reported a tax consolidation gain of €1.7 million for 2015.

Person concerned:

COFACE S.A. owned 99.99% of the capital of *Compagnie Française d'Assurance pour le Commerce Extérieur* at December 31, 2015.

Furthermore, Jean-Marc Pillu was a corporate officer of both COFACE S.A. and *Compagnie Française d'Assurance pour le Commerce Extérieur* until February 9, 2016.

- **Renewal of the Liquidity Agreement with Natixis**

Nature, purpose and reasons justifying its appropriateness for the company accepted by the Board:

Under the authorisation received from the General Shareholders' Meeting of June 2, 2014, and renewed on May 18, 2015 for 18 months, the Board of Directors of COFACE S.A. has decided to authorise the company to buy back its own shares to boost the market and ensure the liquidity of the security and/or allot the shares to its employees in particular.

The COFACE S.A. Board meeting of July 28, 2015 approved the renewal of this agreement.

Terms:

In this perspective, a liquidity agreement was signed on June 26, 2014 with Natixis, authorising the latter to purchase up to €5 million worth of COFACE S.A. securities in return for payment of an annual fixed remuneration of €40,000 excluding VAT.

This agreement was entered into for a one-year term starting from the publication day of the implementation statement, renewable by tacit agreement. It was renewed for another one-year term on July 28, 2015.

Person concerned:

Natixis is a shareholder of COFACE S.A. and holder of 41.24% of the Company's capital at December 31, 2015.

Furthermore, Laurent Mignon is a corporate officer of both Natixis and COFACE S.A.

Agreements and commitments authorised since the balance sheet date

We have been notified of the following agreements and commitments, authorised since the year end, which have received the prior approval of your Board of Directors.

Agreement taken in favour of Mr. Jean-Marc Pillu, Chief Executive Officer (CEO), upon termination of his duties, effective from February 9, 2016 and authorised by the Board of Directors' meeting of January 15, 2016

Nature and purpose:

This agreement concerns the severance pay of €1,978,804 before tax. It was submitted to the Board of Directors as required by the provisions of Article L. 225-42-1. The conditions for paying this compensation have been met. For the record, this payment is due provided that Mr. Pillu does not leave the company at his own initiative and that the performance criteria below are fulfilled:

1. Achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
2. The Company's combined ratio after reinsurance is at most 95% on average for the three financial years preceding the departure date.

The first condition is fulfilled: achievement of the annual objectives of 92.7% for 2013, 151.2% for 2014 and 74.1% for 2015, corresponding to an average of 106%, greater than the 75% objective; and

The second condition is fulfilled: the Company's combined ratio after reinsurance was 82.5% for 2013, 79.7% for 2014 and 82.8% for 2015, corresponding to an average of 81.7% below the 95% objective.

Terms:

Pursuant to the decision of the Board Meeting of May 13, 2014, to calculate the amount of the compensation for two years of fixed and variable remuneration:

1. The reference salary for the fixed portion is the salary of the current year at the date he ends his duties, representing a fixed annual salary for the 2016 financial year of €500,000 before tax, as decided by the Board meeting of February 17, 2015;
2. The reference salary for the variable portion shall be the average of the variable portions received during the last three years preceding the date of departure, *i.e.*, €489,402 before tax (average of €417,285 for 2013, €680,400 for 2014 and €370,521 for 2015).

Accordingly, given the context of Jean-Marc Pillu's departure and especially of the average level of the three previous years of achievement by Jean-Marc Pillu of his objectives set at 106%, the severance pay corresponds to a gross amount of €1,978,804.

Person concerned:

Jean-Marc Pillu, corporate officer and Chief Executive Officer (CEO) of COFACE S.A. until February 9, 2016.

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L. 225-38 of the French Commercial Code.

Exceptional remuneration granted to Mr. Jean-Marc Pillu, in connection with the initial public offering and concerning the award of 43,269 bonus shares, deliverable on July 1, 2016 subject to his continued employment in the Group.

Nature and purpose:

Under the Long-Term Incentive Plan, Mr. Jean-Marc Pillu was awarded 43,269 bonus shares, deliverable on July 1, 2016 subject to his continued employment in the Group on that date.

Terms:

The Board of Directors authorised the payment of this exceptional remuneration at its January 15, 2016 meeting, in application of the commitment granted by the Board of Directors' meeting of May 13, 2014. Since the Board decided that the continued employment condition would be automatically waived during the vesting period, Mr. Pillu retains the right to receive his shares on July 1, 2016 on the understanding that the two-year retention period would still apply.

A decision was made to carry on with this exceptional compensation in the form of shares in order to align the interests of the Chief Executive Officer (CEO) with those of shareholders and of the Company.

Person concerned:

Jean-Marc Pillu, corporate officer and Chief Executive Officer (CEO) of COFACE S.A. until February 9, 2016.

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L. 225-38 of the French Commercial Code.

Commitment taken in favour of Mr. Xavier Durand and linked to his new appointment, authorised by the Board of Directors' meeting of January 15, 2016

Nature and purpose:

Given the arrival of Mr. Durand during the financial year from a non COFACE Group company, it is proposed that the variable compensation awarded to Xavier Durand for 2016 be guaranteed for up to 80% of the target variable remuneration (€575,000) provided that Xavier Durand continues to be the Company's Chief Executive Officer (CEO) on the date of the Board meeting convened to approve the financial statements for 2016.

The Board of Directors' meeting of January 15, 2016 authorised this benefit to be granted to Xavier Durand for his new appointment, as allowed by the provisions of Article L. 225-42-1 of the French Commercial Code.

Terms:

It is specified that this amount would be included in the 2016 variable compensation of Xavier Durand if the latter were to exceed 80% of his target variable compensation (€575,000) and that this amount will be paid according to the terms comprising a portion of deferred compensation, pursuant to the Solvency II regulation, according to the terms to be defined at a subsequent Board meeting.

Person concerned:

Xavier Durand, corporate officer and Chief Executive Officer (CEO) of COFACE S.A., as from February 9, 2016.

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L. 225-38 of the French Commercial Code.

- **Severance pay for Mr. Xavier Durand**

Nature and purpose:

In the event his corporate term ends, Mr. Xavier Durand shall receive a severance pay corresponding to two years' (fixed and variable) salary. The reference salary used for the fixed portion shall be the salary for the current financial year at the date he ends his duties. The reference salary for the variable portion will be the average of the variable portions received for the three years preceding the termination date of his duties (or of one of the two years concerned since he came into office in the event of departure before December 31, 2018).

The Board of Directors' meeting held on January 15, 2016, authorised the award of this compensation, as allowed by the provisions of Article L. 225-40-1 of the French Commercial Code.

Terms:

This severance pay shall be due if the following performance criteria have been met:

1. Achievement of at least 75% of the average annual objectives during the three years preceding the departure date; and
2. The Company's combined ratio after reinsurance is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the compensation shall be due. If none of the conditions above have been met, no compensation shall be due.

No compensation shall be paid by the Company if the corporate term is ended at Mr. Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence.

Corporate officer concerned:

Mr. Xavier Durand, corporate officer and Chief Executive Officer (CEO) of COFACE S.A.

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L. 225-38 of the French Commercial Code.

◆ Previous agreements and commitments not approved by the Shareholders' Meeting

We draw your attention to the agreements and commitments below, authorised during financial year 2014, and disclosed in our special report on regulated agreements and commitments relating to financial year 2014 and which were not approved by the Shareholders' Meeting convened to approve the financial statements as of December 31, 2014.

- **Agreements signed in connection with the subordinated bond issue**

1. *Compagnie Française d'Assurance pour le Commerce Extérieur*'s guarantee for COFACE S.A.

Nature, purpose and reasons justifying its appropriateness for the company accepted by the Board:

On March 27, 2014, COFACE S.A. issued subordinated debt in the form of bonds for a nominal amount of €380 million. To improve the credit rating for the issue and its price, *Compagnie Française d'Assurance pour le Commerce Extérieur*, the operating arm of the COFACE Group (which therefore has a better credit rating from Fitch and Moody's than COFACE S.A.), issued a guarantee for COFACE S.A.

Thanks to this guarantee, the credit rating for the issue went up two notches (the issue, which would have been rated Baa3/BBB without the guarantee, received a Baa1/A rating from Moody's and Fitch).

Terms:

The price of the guarantee was fixed at 0.2% per annum for the total amount, which corresponded to a financial expense of €760,000 for financial year 2015 for COFACE S.A.

Person concerned:

COFACE S.A. owned 99.99% of the capital of *Compagnie Française d'Assurance pour le Commerce Extérieur* at December 31, 2015.

Furthermore, Jean-Marc Pillu was a corporate officer of both COFACE S.A. and *Compagnie Française d'Assurance pour le Commerce Extérieur* until February 9, 2016.

2. Loan granted to *Compagnie Française d'Assurance pour le Commerce Extérieur*

Nature, purpose and reasons justifying its appropriateness for the company accepted by the Board:

Compagnie Française d'Assurance pour le Commerce Extérieur is the principal operating entity of the COFACE Group. It benefits from a significant portion of the funds raised from the subordinated debt issue by COFACE S.A. (€314 million out of €380 million). This allows the COFACE Group's operating company to strengthen its regulatory capital in order to meet, as a separate entity, Solvency II requirements on or after January 1, 2016.

Terms:

The subordinated loan of €314 million bears interest at the same rate as the subordinated bonds issued by COFACE S.A., *i.e.*, at an annual rate of 4.125% corresponding to a financial income of €12.9 million for financial year 2015 for COFACE S.A. Thanks to the COFACE S.A. guarantee, the market used the credit quality of *Compagnie Française d'Assurance pour le Commerce Extérieur* to determine the remuneration for the subordinated bonds in May 2015.

Person concerned:

COFACE S.A. owned 99.99% of the capital of *Compagnie Française d'Assurance pour le Commerce Extérieur* at December 31, 2015.

Furthermore, Jean-Marc Pillu was a corporate officer of both COFACE S.A. and *Compagnie Française d'Assurance pour le Commerce Extérieur* until February 9, 2016.

Pursuant to the law, we draw your attention to the fact that the Board of Directors did not perform an annual review of the two agreements presented above, as required by Article L. 225-40 of the French Commercial Code.

Liquidity agreement with Natixis

Nature, purpose and reasons justifying its appropriateness for the company accepted by the Board:

Under the authorisation given to it by the General Shareholders' Meeting of June 2, 2014, renewed on May 18, 2015 for 18 months, the Board of Directors of COFACE S.A. has decided to authorise the company to buy back its own shares to boost the market and ensure the liquidity of the security and/or allot the shares to its employees in particular.

Terms:

In this perspective, a liquidity agreement was signed on June 26, 2014 with Natixis, authorising the latter to purchase up to €5 million worth of COFACE S.A. shares in exchange for a payment of an annual fixed remuneration of €40,000 excluding VAT.

This agreement was signed for a one-year term starting from the publication day of the implementation statement, renewable by tacit agreement. It was renewed for another one-year term on July 28, 2015.

Person concerned:

Natixis is a shareholder of COFACE S.A. and holder of 41.24% of the Company's capital at December 31, 2015.

Furthermore, Laurent Mignon is a corporate officer of both Natixis and COFACE S.A.

Paris La Défense and Neuilly sur Seine, April 11, 2016

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Department of KPMG S.A. *Francine Morelli* *Partner*	*Damien Leurent* *Partner*

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8.1 Person responsible for the registration document and statement of the person responsible for the registration document

8.1.1 NAME AND TITLE OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Xavier Durand Chief Executive Officer of COFACE SA.

8.1.2 STATEMENT OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after having taken every reasonable measure for such purpose, that the information contained in this registration document, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and are an accurate reflection of the assets, financial position and results of the Company and all consolidated companies, and that the management report in this registration document presents an accurate picture of events, results, and the financial position of the Company and all consolidated companies, as well as a description of the principal risks and uncertainties that they face.

I have received a work completion letter from the Statutory Auditors indicating that they have verified the information about the financial position and the financial statements provided in this registration document as well as a reading of the full registration document.

The consolidated historic financial information for the financial year ended December 31, 2015 presented in this registration document has been subject to a report by the Statutory Auditors which is provided in Section 4.6 of this registration document and contains an observation.

The consolidated historic financial information for the financial year ended December 31, 2014, presented in the 2014 registration document registered with the AMF on April 13, 2015 under number R.15-019, has been subject to a report by the Statutory Auditors which is provided in Section 4.7 of the 2014 Reference Document.

The consolidated historic financial information for the financial year ended December 31, 2013, December 31, 2012, and December 31, 2011, presented in the Core registration document registered with the AMF on May 6, 2014 under number I.14-029, has been subject to a report by the Statutory Auditors which is provided in Section 20.2 of this registration document and which contains an observation.

Paris, April 13, 2016

Mr. Xavier Durand

Chief Executive Officer

8.2 Name of the person responsible for the financial information and name of the person responsible for financial communication

8.2.1 NAME OF THE PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Carine Pichon
Chief Financial Officer

8.2.2 NAME OF THE PERSON RESPONSIBLE FOR FINANCIAL COMMUNICATION

Nicolas Andriopoulos
Head of Group Reinsurance and Financial Communication

8.3 Statutory Auditors

8.3.1 PRINCIPAL STATUTORY AUDITORS

Deloitte & Associés
185 avenue Charles de Gaulle
92200 Neuilly-sur-Seine France

Represented by Damien Leurent

Deloitte & Associés was appointed by the Company's Annual Shareholders' Meeting of May 14, 2013 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for year ended December 31, 2018.

Deloitte & Associés is a member of Compagnie régionale des commissaires aux comptes de Versailles.

KPMG S.A.
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Represented by Francine Morelli

KPMG S.A. was appointed by the Company's Annual Shareholders' Meeting of April 14, 2014 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for year ended December 31, 2019.

KPMG S.A. is a member of Compagnie régionale des commissaires aux comptes de Versailles.

8.3.2 ALTERNATE STATUTORY AUDITORS

BEAS
195 avenue Charles de Gaulle
92200 Neuilly-sur-Seine France

Represented by Mireille Berthelot

BEAS was appointed by the Company's Annual Shareholders' Meeting of May 14, 2013 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for year ended December 31, 2018.

BEAS is a member of Compagnie régionale des commissaires aux comptes de Versailles.

KPMG AUDIT FS I
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Represented by Isabelle Goalec

KPMG AUDIT FS I was appointed by the Company's Annual Shareholders' Meeting of April 14, 2014 for a period of six financial years until the close of the Annual Shareholders' Meeting to approve the accounts for year ended December 31, 2019.

KPMG AUDIT FS I is a member of Compagnie régionale des commissaires aux comptes de Versailles.

8.4 Documents accessible to the public

The documents relating to the Coface Group (constituent documents, bylaws, rules of procedure, reports, thresholds crossed, letters and other documents, individual and consolidated historical financial information for each of the two financial years preceding publication of this document) are partly included in this document and can be freely consulted at its head office, preferably by appointment.

This registration document is available in the "Investors" section of the corporate website www.coface.com.

Copies of this document are available free of charge at the Company's head office.

Pursuant to Article 221-3 of the General Regulation of the AMF, regulated information (defined in Article 221-1 of the General Regulation of the AMF) is published on the Company's website at www.coface.com.

Any person wishing to obtain additional information on the Group may request the documents without appointment and free of change:

- by post:

Coface
Communication financière – Relations investisseurs
1, place Costes et Bellonte, 92270 Bois-Colombes. France

- by e-mail: investors@coface.com

Nicolas Andriopoulos/Head of Reinsurance and Financial Communication

Cécile Combeau/Investor Relations

8.5 Cross-reference table for the registration document

In order to facilitate reading of this document, the following cross-reference table refers to the main sections required by Annex 1 of EC Regulation No. 809/2004 of April 29, 2004 applied from the "Prospectus" Directive.

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REFERENCE GRENELLE II LAW	NAME	PAGE NUMBER OF REGISTRATION DOCUMENT
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8.10 Incorporation by reference

The 2015 registration document, by reference to the 2014 registration document registered by the Autorité des marchés financiers (French securities regulator) on April 13, 2015 under number R.15-019, incorporates the following items:

- "Overview of Coface" (all): pages 2 to 8;
- Chapter 3 (all): pages 100 to 125;
- Chapter 4 (all): pages 128 to 212;
- The 2015 registration document, by reference to the 2014 registration document registered by the Autorité des marchés financiers on May 6, 2014 under number I.14-029, incorporates the following items:
- Chapter 3 (all): pages 11 to 13;
- Chapter 9.4 (all): pages 167 to 175;
- Chapter 9.5 (all): pages 175 to 182;
- Chapter 20.1 (all): pages 246 to 366; and
- Chapter 20.2 (all): pages 367 to 368.

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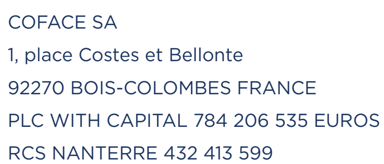

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