

Financial Report

2009



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Comments on the consolidated results

2009

2009 was above all marked by the fifth global credit crisis since World War II. Global economic growth went from 4.2% in 2007 to 2.1% in 2008 and -1.9% in 2009, corresponding to an unprecedented contraction in growth of 6.1 percentage points.

OVERVIEW

Coface's turnover showed relatively good resilience, particularly in terms of earned turnover, i.e. after adjusting for termination of long-term contracts decided in the context of more stringent underwriting rules⁽¹⁾: after growth of 5.6% in 2008, growth in earned turnover came to 3.8% in 2009 (3.2% at constant scope and exchange rates). In terms of written turnover, turnover contracted by 0.1% in 2009 after growing by 7.2% in 2008 (a contraction of 0.7% and growth of 6.5%, respectively, at constant scope and exchange rates).

In contrast, the operating result deteriorated sharply, with a loss of €249 million compared with an operating profit of €43 million in 2008 and of €201 million in 2007. This was the first operating loss recorded by Coface in its history. The operating profit of €21.8 million (€36.7 million in 2008) generated by the Factoring business and of €36.1 million (€38.7 million in 2008) generated by the Services business did not offset the operating loss of €320.1 million on the credit insurance business (versus a loss of €60.5 million in 2008 but profit of €109.4 million in 2007). The loss ratio (cost of claims/premiums) came to 98% in 2009 compared with 73% in 2008 and 49% in 2007.

The net result was a loss of €162.9 million compared with net profit of €41 million in 2008 and of €164 million in 2007.

QUARTERLY TRENDS

The economic crisis can be divided into three very distinct phases: during the first three quarters of 2008, the limited impact of the financial crisis on the real economy and the targeted measures implemented by Coface from January 2008 in the affected countries, strongly limited the impact on underwriting results. In the second phase that followed Lehman Brothers collapse, over the last quarter of 2008 and first half of 2009, the crisis worsened dramatically with a severe impact on Coface's underwriting balance. From the end of the first half of 2009, the crisis waned and the effect of the measures taken under Coface's second plan led to a strong rebound in Coface's results.

The cost of claims, and consequently Coface's earnings, moved in line with these trends. The half-yearly loss ratios were 55% and then 89% in 2008, rising to 116% in the first half of 2009. The loss ratio for the third quarter of 2009 was 94%, descending to 63% in the last quarter. The quarterly results show a similar deterioration, followed by rapid improvement: a loss of €37 million in Q1, a loss of €80 million in Q2, a loss of €49 million in Q3 and a profit of €3 million in Q4.

(1) The change in provisions for unearned premiums is included in earned turnover in this report

SIGNIFICANT EVENTS IN 2009

1. Managing the crisis

After setting in motion a first action plan in January 2008 to deal with the impact of the credit crisis, 2009 saw the adoption of a tough plan (Act on Crisis Act II), factoring in the deepening of the crisis following the collapse of Lehman brothers.

This plan focused on exposures as well as insurance contracts.

With regard to exposures, Coface opted to take specific measures treating the most fragile debtors, while continuing to provide general support to its policyholders during an extremely difficult period:

- The systematic rating of all risks (the proportion of non-rated risks declined from 17% to 3%), the strengthening of the quality of information purchased or gathered and its timeliness, and the reduction in exposures rated as non investment grade enabled the Group to reduce its Risk Weighted Exposure by 35% during 2009 (down 30% compared with the end of 2007).
- Nevertheless, at €370 billion, total exposure was virtually unchanged between the end of 2007 and the end of 2009.

Concerning insurance contracts, Coface stepped up measures concerning reporting (earlier notification of payment arrears), refused to underwrite contracts for more than one year and systematically repriced policies on maturity, particularly those showing a deficit. Furthermore, Coface concentrated its resources on its existing clients, while refusing to underwrite contracts coming from competitors.

This plan enabled Coface to recover its underwriting balance at the year end, with a sounder and substantially re-priced credit insurance portfolio.

2. Confirmation of support from Natixis for Coface

Natixis has marked its support for Coface's recovery through two successive capital increases.

- A first capital increase of €50 million was decided in June and completed in July 2009. It reflected Coface's commitment to its partners (customers, brokers and reinsurers) to keep the excess solvency margin close to its pre-crisis level, i.e. around €400 million.
- A second increase of €175 million was decided by Natixis's Board in December 2009 and completed in March 2010. Together with the first capital increase, it fully offset the direct impact on Coface's balance sheet of the pre-tax loss for the year (€223 million). The excess solvency margin at the end of 2009, pro forma for the capital increase, came to €575 million, 27% more than in December 2007, while risk-weighted exposure was 30% lower.

Comments on the consolidated results

3. Launch of the 421.2 strategy plan

The 2008 – 2010 strategy plan, known as “421” was interrupted by the credit crisis and a new plan was drawn up in 2009. This plan, called 421.2 to reflect continuity with the preceding plan, concerns the period from 2010 to 2012 and aims to bring Coface’s net profit to €250 million in 2012, based on a return to a positive loss experience in credit insurance, ongoing development of the factoring business and strong productivity gains, achieving over the period a gap of 9 points between growth in revenues and growth in costs. The four objective of this plan are,

- A “New Deal” with credit insurance policyholders applying all the lessons learnt from the crisis,
- Consolidation of the Group’s global factoring network,
- Increased integration of credit management services in the credit insurance and factoring businesses, and
- A unified global organisation offering better service to clients, higher value-added professional outlets for employees and, for the shareholders, a general reduction in costs, particularly IT costs.

4. Reorganisation of the credit management services

The goal of fuller integration of credit management services resulted in several changes in the consolidation scope in 2009.

- In January 2009, Coface acquired TKB, a Dutch company specialised in trade receivables management, and initiated its integration into Coface Netherlands in order to strengthen Coface’s position in this market with a client receivables market share of 10%.
- The disposal of the 15% stake in Cerved, the leading player in the Italian information market, acquired in December 2006, generated a gain of €20 million in the first quarter of 2009. The other shareholders had wanted to sell their holdings and integration within Coface was not possible.
- Coface Services transferred its personal receivables management business to a joint venture with the sector leader Intrum Justitia (JCOF). Intrum Justitia will ultimately assume control of this joint venture. Coface is exiting retail business as this does not offer any synergies with its trade receivables business lines.
- Coface pressed ahead with the launch of its financial rating business, extending production to France. Approval from the European authorities will be sought as soon as the EU procedure is in operation, the aim being to complete this process in 2010.

Comments on the consolidated results

REVIEW OF THE 2009 CONSOLIDATED FINANCIAL STATEMENTS

1. PROFIT AND LOSS ACCOUNT

1.1. TURNOVER

Coface's consolidated turnover came to €1,534.3 million on a reported basis in terms of premiums written and €1,563.5 million in terms of earned premiums, up by 3.8% compared with 2008. The main changes in the consolidation scope were as follows:

- The acquisition in January 2009 of TKB (a subsidiary of Coface Netherland Services), a company specialised in trade receivables management; 12 months of pro forma activity were recognised for 2008, corresponding to €9.5 million.

% change	Q1 09	Q2 09	Q3 09	Q4 09	2009
Insurance	11%	9%	8%	-7%	5.0%
Services	4%	2%	3%	-13%	-1.2%
Factoring	0%	-4%	-15%	2%	-4.4%
Earned turnover at constant scope	9.7%	6.2%	5.0%	-7.7%	3.2%

- Inclusion in 2008 of the Polish services and factoring entities over, respectively, 12 months and 14 months of non-consolidated past results, resulting in recognition of an additional €1.3 million for the year (crossing of the consolidation thresholds established by Natixis).

At constant scope and exchange rates, written turnover declined by 0.7% while earned turnover increased by 3.2%. On a quarterly basis, business declined by 7.7% in the last quarter of 2009, due to the Insurance business (contraction in clients' sales) and the Services activities (cessation of the trade registry business in France). In contrast, the Factoring business returned to growth in the last quarter.

1.1.1 Turnover by business

By business, turnover broke down as follows:

in € million	2008	2009	Change (reported) written	Change (like-for-like) written	Change (reported) Earned	Change (like-for-like) Earned
Insurance	1,166	1,156	-0.9%	-0.2%	4.3%	5.0%
Premiums	1,049	1,036	-1.2%	-1.0%	4.5%	4.8%
Insurance-related services	117	120	2.5%	6.8%	2.5%	6.8%
Factoring	100	102	2.2%	-4.4%	2.2%	-4.4%
Services	270	276	2.2%	-1.2%	2.2%	-1.2%
Consolidated turnover	1,536	1,534	-0.1%	-0.7%	3.8%	3.2%

1.1.1.1. Insurance

At €1,156.1 million, turnover for the insurance business was down by 0.9% on a reported basis (down by 0.2% at constant exchange rates). Adjusted for the impact of provisions for unearned premiums and on a like-for-like basis, turnover grew by 5% over the full year. On a quarterly basis, turnover grew by an average of 9%, with a fall of 7.1% in the last quarter.

Turnover growth reflected three contrasting trends⁽²⁾:

- The net credit insurance underwriting balance was positive, estimated at 14%. It reflects firm sales despite more stringent underwriting rules. Risk aversion resulted in increased demand for protection from companies.
- The average annual impact of price increases in 2009 is estimated at 6%.
- The impact of the decline in credit insurance policyholders' business volumes is estimated at 16%. In some industrial sectors, the decline in invoicing volumes exceeded 40%.

in € million	2008	2009	Change (reported) (like-for-like)	Change (reported) (like-for-like)
Export credit insurance	484.1	484.7	-1.5%	0.1%
Domestic credit insurance	473.7	517.9	-0.2%	9.9%
Guarantees & other	60.9	62.4	-7.5%	2.8%
Earned premiums	1 018,7	1 064,90	4.5%	4.8%

Premium volumes grew by a substantial 10% in domestic credit insurance. However, growth in export credit insurance was nil. This reflects the strong contraction in world trade, and the restrictive underwriting policy implemented in 2009 with regard to "project" cover in difficult countries delivered by Unistrat Coface.

in € million	2008	2009	Change (reported) earned	Change (like-for-like) earned
France	254	238	-6.2%	-4.5%
Germany	196	198	1.4%	1.4%
Other European countries	373	396	6.1%	5.0%
Americas	115	131	14.2%	12.9%
Asia and other	72	102	40.7%	33.7%
Earned premiums	1 018,7	1 064,9	4.5%	4.8%

Turnover declined in Europe, falling in France (by 4.5%) as well as in Italy and Austria. Growth outside Europe remained strong, at 12.9% for the Americas, mainly in South America, and 33.7% for the other continents (Asia and South Africa).

(2) The change in provisions for unearned premiums added 6% to turnover

Comments on the consolidated results

1.1.1.2. Factoring

Factoring turnover grew by 2.2% on a reported basis and fell by 4.4% on a like-for-like basis. Like in credit insurance, this was the result of contrasting trends:

- The volume of factored receivables dropped from €32.7 billion at end-2008 to €30.8 billion at end-2009, down by 5.6% due to a decline in factoring clients' business despite the acquisition of new clients.
- Outstanding receivables decreased from €3.6 billion at end-2008 to €3.3 billion at end 2009, while regulatory outstandings measured in terms of Risk Weighted Assets (RWA) decreased by €532 million between the end of 2008 and the end of 2009, corresponding to a drop of around 12%.
- Turnover (i.e. net banking income) fell by only 4.4%, reflecting **better remuneration of the factoring lines**.

In € million	2008	2009	Change (reported) earned	Change (like-for-like) earned
Germany	66	62	-6.4%	-6.4%
Other European countries	32	37	16.1%	-4.0%
Americas	2	3	70.9%	62.9%
Asia and other	-	-	-	-
Net banking income	100	102	2.2%	-4.4%

Germany continued to account for a predominant share with 60%, despite a decrease of 6.4% which was somewhat higher than the average decrease, reflecting a strong volume effect linked to the decrease in purchased turnover (down 9%).

1.1.1.3. Credit management services

Services turnover increased by 2.2% thanks to the acquisition in February 2009 of Dutch credit management specialist TKB (a subsidiary of Coface Netherland Services) with annual turnover of €8.9 million. On a like-for-like basis, turnover for this business line declined by 1.2%.

This trend reflected contrasting momentum in the various business lines:

- Business information suffered from the very sharp fall in sales of marketing information, which particularly affected Kompass's business, and by the cessation of the trade registry digitalisation business, which resulted in loss of turnover amounting to €2.5 million in the fourth quarter.
- Receivables management, however, was very dynamic due to the crisis.
- Public procedures management was affected by a negative base effect of €3 million linked to a positive adjustment for the same amount in 2008 in respect of the 2007 financial year.

The Services business declined in France, principally due to cessation of the digitalisation business, turnover grew in the other countries. It is worth noting the good performance of Germany, particularly in business information.

In € million	2008	2009	Change (reported) earned	Change (like-for-like) earned
France	199	190	-4.2%	-4.2%
Germany	13	16	22.7%	22.7%
Other European countries	36	46	26.6%	1.9%
Americas	15	17	12.5%	6.6%
Asia and other	8	7	-3.2%	0.5%
Turnover	270	276	2.2%	-1.2%

The Services business is underestimated in the consolidated figures due to elimination of the business information and receivables management turnover generated by the Services division for the Credit Insurance and Factoring business lines. This activity, including the contribution to Group entities, came to €249 million in 2009, up by 11% relative to 2008. Intra-group activity increased by 24%, reflecting the integration of the Services business into the other Trade Receivables activities.

1.1.2. Turnover by country

As in previous years, activity was boosted by growth in markets outside Europe.

Growth **outside Europe** came to 7.5% on a reported basis and 4.5% adjusted for a favourable currency effect. If the provisions for unearned premiums are included, turnover grew by **19.3%**. The currency effect was positive for this zone, particularly on Asian currencies such as the yen and the dollar in Hong Kong and Singapore for a total of €5.1 million, and on the US dollar for €4.8 million). South America made the largest contribution to growth, up by 39.7% at constant exchange rates, followed by Asia with growth of 31.5%.

The performance in **European countries** (down 1.5% on a reported basis and 1.6% like-for-like, growth of **0.5% in earned turnover**) remained mixed. Business declined sharply in long-standing markets such as Italy (down 4.2%), Austria (down 10.9%) and France (down 4.5%). In parallel, some regions continued to be a source of growth despite often very difficult economic conditions, as proved the case in Central Europe (up 19.5%) and the Netherlands (up 7.7%).

In € million	2008	2009	Change (reported) earned	Change (like-for-like) earned
France	491	469	-4.5%	-3.6%
Germany	305	308	0.9%	0.9%
Other European countries	493	520	5.4%	4.3%
Europe	1,289	1,297	0.6%	0.5%
Americas	136	157	15.2%	13.1%
Asia and other	82	111	35.7%	29.8%
Outside Europe	218	268	22.9%	19.3%
Earned turnover	1,506	1,563	3.8%	3.2%

Comments on the consolidated results

1.2. EXPENSE

1.2.1 Insurance underwriting expenses

1.2.1.1. Claims expenses

In line with the trend at the end of 2008, the credit crisis had a severe impact in 2009, resulting in a record level of potential claims, i.e. indemnification requests from policyholders which are an early indicator of claims expense. Potential claims came to €1,626 million over the full year 2009 compared with €1,202 million in 2008 and €662 million in 2007. The peak was reached in the first quarter of 2009 with a total of €569.4 million, versus €165 million per quarter in 2007. The measures taken by Coface (described on page 3) and an improvement in the economic conditions managed to bring potential claims down to €234.6 million in the last quarter of 2009, i.e. down to a lower level than in the first quarter of 2009 (€276 million).

At a slightly lagged pace, the claims expense also increased strongly, peaking at €329.6 million in Q2 2009 corresponding to a loss ratio of 122.7% and then declining substantially (respectively €239.1 million and €161.0 million in the third and fourth quarters, corresponding to loss ratios of 93.5% and 63.1% respectively). For the year as a whole, the claims expense totalled €1,040 million, corresponding to a loss ratio of 98%, compared with €739.5 million (73%) in 2008 and €483.2 million (49%) in 2007.

The book claims expense results from an actuarial analysis at each underwriting centre to estimate, based on the rate of potential claims, the end loss experience for the 2007 to 2009 underwriting years. The consolidation of these analyses results in estimated end loss ratios of 56% for 2007, 112% for 2008 and 78% ⁽³⁾ for 2009.

in € million	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Notification of overdue accounts on a quarterly basis	296.7	414.5	569.4	475.9	346.2	234.6
Claims expense	161.4	298.5	310.2	329.6	239.1	161
Loss ratio	66.1%	109.4%	108.7%	122.7%	93.5%	63.1%

1.2.1.2. Loss ratio by business and by underwriting centre

By underwriting centre	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Total	109.4%	108.7%	122.7%	93.5%	63.1%
France	128%	131%	180%	87%	34%
Germany	31%	80%	83%	62%	56%
Other countries	123%	102%	116%	109%	75%

The loss ratio improved at all underwriting centres in the last quarter of 2009, particularly in France with a loss ratio of 34% and Germany with a loss ratio of 56%.

Cumulated loss ratios

as a %	End-December 2008	End-March 2009	End-June 2009	End-September 2009	End-December 2009
Export credit insurance	75%	89%	112%	101%	95%
Domestic credit insurance	77%	142%	129%	125%	108%
Guarantees and other	15%	30%	43%	36%	26%
Group	73%	109%	116%	109%	98%

The loss ratio deteriorated slightly less for the export credit insurance business than for domestic credit insurance. The trend in the loss ratio over three years for export credit insurance was 45% in 2007, 75% in 2008 and 95% in 2009. The trend over the same years for domestic credit insurance was, respectively, 54%, 77% and 108%.

The surety and other activities business played a stabilising role during the crisis, with a loss ratio of only 26% in 2009, after 15% in 2008 and 44% in 2007.

1.2.2. Factoring risk cost

Risk cost for the factoring business estimates the expected losses on both client risk and the solvency risk on the receivables assigned. This cost is calculated after transferring to the insurance business a portion of the risks via internal credit insurance policies put in place at local level and for which the Factoring business pays a premium to the Credit Insurance business.

The cost of risk came to €18.3 million at end-2009, up by €4.5 million compared with the end of 2008. The increase was of €2.0 million (13%) at constant scope and of €2.5 million on a reported basis due to the first-time consolidation of Coface Austria Bank. As a percentage of the business line's turnover, the loss ratio was 18% in 2009 compared with 14% in 2008 and 16% in 2007.

The trend in the factoring cost of risk was therefore far more moderate than in the credit insurance business, reflecting the more efficient risk management tools available through immediate knowledge of clients' payment history.

1.2.3. Management expenses

The aggregate management expenses for all the business lines came to €803.8 million, up by 7.6% on a reported basis and up by 6.1% on a like-for-like basis. The rise was stronger than for turnover (up 3.2%, "earned at constant scope") resulting in a 1.5 points deterioration in the cost ratio, from 49.9% to 51.4%. The increase reflected a 21% increase in acquisitions costs and a 3.6% increase in internal costs.

- Acquisition costs consist of commissions paid, mainly in the insurance business, to business providers, brokers and fronting partners. The 21% increase in 2009 after a 5% rise in 2008 brought the external cost ratio to 11.5% in 2009 compared with 10% in 2008.

On a pro forma basis (restated for non-recurring adjustment and portfolio acquisition items), commissions increased by 16.4% compared with a 4.5% increase in earned turnover.

(3) The loss ratio is calculated including profit sharing. It was 75% in 2009 and 108% in 2008, excluding profit sharing.

Comments on the consolidated results

This strong increase resulted from the combined effect of expanding the brokers network in countries where turnover is developing strongly (Singapore, Hong Kong and Latin America: the average rate of commissions is 20% outside Europe whereas the average for all countries is 13%) and an increase in the weight of brokerage in new production in countries such as France and Germany (growth of 4.4%), and an increase in the average commission rate.

- Internal operating expenses increased by 3.6% at constant scope compared with a 3.2% increase in earned premiums, resulting in a slight negative scissors effect and a 0.2 point deterioration in the internal cost ratio, up to 42.7% in 2009 compared with 42.5% in 2008.

Cost ratio by business line:

The underlying trend by business line, excluding intersegment flows (intragroup between business lines), is shown below:

as a %	December 2009	December 2008 proforma	Change (reported) 2008/2009	Change (like-for-like) 2008/2009
Insurance	42.5%	40.7%	+1,2 pts	+1,9 pts
Factoring	55,9%	46,7%	+12,3 pts	+8,5 pts
Services	89,5%	88,4%	+0,8 pt	+0,9 pt
Public procedures	84,5%	79,8%	+4,6 pts	+4,6 pts
Cost ratio global⁽⁴⁾	51,4%	49,9%	+1,8pts	+1,5pts
Total excluding commissions	42.7%	42.5%	+0,6pt	+0,2 pt

1.2.3.1. Insurance management expenses

General operating expenses, excluding external acquisition commissions relating to insurance, increased by 1.9% to €372.1 million compared with a 5% increase in earned premiums, thereby producing a positive scissors effect.

This increase resulted for the most part from the strong increase in claims management expenses (up 18.6% at end-2009) in a generalised crisis environment and the rise in the cost of the information needed to manage the crisis.

All in all, the internal cost ratio for insurance came to 31% in 2009 compared with 30.7% in 2008 on a pro forma basis (30.8% on a reported basis at end-2008).

1.2.3.2. Factoring management expenses

General operating expenses for the factoring business came to €49.9 million at end-2009 compared with €39.1 million at end-2008, corresponding to an increase of 27.7% on a reported basis and of 9.5% at constant scope (first-time consolidation of the Danish entities in May 2008 and of the Austrian entities in June 2009).

The increase was in part due to IT investments and in part to the cost over a full year of the openings made in 2008.

Expenses significantly outgrew revenues, which fell for the first time in 2009 after recording average annual growth of 14% over the five preceding years. This situation resulted in the launch of a cost cutting programme.

1.2.3.3. Services management expenses

General operating expenses for the services business line came to €277.3 million, up 9.8% at constant scope.

Part of this increase is linked to the resizing of IT projects, resulting in the recognition of software development expenses amounting to nearly €3 million. Adjusted for this item and at comparable scope, expenses increased by only 2.2%, resulting in a 0.8 point increase in the cost ratio on a pro forma basis.

1.2.4. Reinsurance result

Reinsurance acted as a cushion against the increase in claims, generating an underwriting profit of €36.6 million despite tougher reinsurance treaty conditions in 2009. By type of treaty, proportional treaties (assignment of around 20% of premiums and claims) generated a substantial profit of €80.3 million for Coface, claim stop-loss cover (not activated in 2009) generated an expense of €25.1 million and long-standing treaties generated a cost of €27.1 million after reversal of provisions. In Spain, the government put in place a support system for credit insurers, which were severely affected by the crisis. This system is based on the one hand on a proportional treaty that enabled our branch to transfer nearly 9% of its risks and, on the other hand, on an annual claim stop-loss treaty enabling it to assign the fraction of its loss ratio exceeding 85% and lower than 130%. The Spanish support scheme represented a gain of €14.3 million for the year in 2009.

1.3. NET FINANCIAL INCOME

In difficult market conditions, the investment portfolio achieved an economic yield of €82.4 million in 2009, or 5.6% of average assets before expenses and results of non-consolidated securities, and a yield of €105.4 million, or 6.1% of average portfolio assets including the results of non-consolidated securities. This economic yield corresponds to an improvement in unrealised capital gains of €57.3 million and financial revenues amounting to €25.1 million.

The balance of unrealised gains/losses thus went from unrealised losses of €14 million at end-2008 (a loss of €44.4 million on equities, a gain of €1.7 million on bonds and a gain of €27.9 million on property) to an unrealised gain of €43.3 million at end-2009 (comprising a loss of €1 million on equities and gains of, respectively, €10.5 million and €33.6 million on bonds and property).

in M€ (IFRS)	Property	Equities	Fixed income instruments	Sub-total portfolio	Other	TOTAL
Investments at market value at 31 December 2008	87.6	146.3	1247.0	1480.9	260.2	1741.1
Investments at market value at 31 December 2009	94.1	105.3	1262.2	1461.6	227.4	1688.9
Net investment income (a)	0.3	-16.1	40.9	25.1	-0.1	25.0
Change in unrealised gains (b)	5.7	43.3	8.3	57.3	23.1	80.4
Economic investment yield (a)+(b)	6.0	27.2	49.2	82.4	23.0	105.4
Finance costs, foreign exchange losses and investment management expenses						-12.0
Net financial income						13.0
Investment yield*	6.6%	21.6%	3.9%	5.6%	9.4%	6.1%
Realised gains	0.3%	-11.0%	3.3%	1.7%	0.0%	1.4%
Change in unrealised gains	6.5%	29.6%	0.7%	3.9%	8.9%	4.6%

(*) Calculated based on average assets. The economic yield net of financial expenses came to €93.4 million, or 5.4% of average assets.

(4) On earned premiums

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The equity portion of the portfolio continued to diminish, decreasing from 9.9% of the total investment portfolio at end-2008 (€146.3 million) to 7.2% at end-2009 (€105.3 million). The economic yield on the group's equity portfolio came to 21.6% in 2009. By way of comparison, the DJ Euro Stoxx50 index gained 21.1% in 2009 while the CAC index gained 22.1%.

The weight of the fixed-income portion increased from 84.2% at end-2008 (€1,247.0 million) to 86.4% at end-2009 (€1,262.2 million), with 57.4% in bonds and 29.0% in money-market products.

Coface's assets do not include structured products that could be affected by the financial crisis and the devaluation of products such as CDOs or securitisation instruments. The investment portfolio does not contain any products based on borrowings in the nature of American subprime debt. In 2009, Coface invested in corporate bonds with ratings of A and above for

a total of €31.7 million (i.e. 2.2% of the portfolio) and ceased its purchases as investment opportunities became scarcer.

The average performance of the bond portfolios was 5.3% at end-2009, for an average portfolio duration of 1.6 (kept below 2 throughout the year). This compares well with the benchmark EUROMTS 1-3 which recorded a performance of 4.5% with an average duration of 1.7.

The money-market portion recorded a gain of 1.4% compared with 0.7% for the compounded EONIA index over the year.

Foreign exchange generated a loss of €2.1 million for the year compared with a gain of €0.3 million in 2008. Other financial costs (excluding general expenses) were under control at €10.0 million at end-2009 compared with €19.6 million at end-2008 thanks to the fall in short-term interest rates.

1.4. OPERATING PROFIT AND NET PROFIT

in € million	2008	2009	Q1 09	Q2 09	Q3 09	Q4 09
Insurance	-33	-307	-90	-143	-54	-20
Underwriting result	-61	-320	-96	-141	-61	-22
Financial income	28	13	6	-2	7	2
Services	39	36	12	12	6	6
Factoring	37	22	2	5	10	5
Operating profit (loss)	43	-249	-76	-126	-38	-9
Net profit (loss)	41	-163	-37	-80	-49	3

The operating loss of €249 million recorded in 2009 was comprised of a loss of €320.1 million for the Insurance business, which was partly offset by the total profit of €58.0 million generated by the Services (€36 million) and Factoring (€22 million) businesses and by net financial income of €13 million. After taking into account a deferred tax asset (deferred tax credit on recognised tax losses), the net loss came to €162.9 million, with losses of €37 million in the first quarter, €80 million in the second quarter, €49 million in the third quarter and a small profit of €4 million in the fourth quarter.

The quarterly trend shows a strong improvement in results with an operating loss of €9 million in the fourth quarter after a peak of €126 million in the second quarter.

2. BALANCE SHEET ITEMS

2.1. SHAREHOLDERS' FUNDS

Shareholders' funds excluding minority interests (calculated in accordance with IFRS) came to €1,084 million at end-2009 (€1,259 million pro forma following a capital increase of €175 million) compared with €1,166 million at 31 December 2008. This 7% decrease was due to the net loss for the year of €163 million which was offset by the €50 million capital increase completed in July and by the increase in capital gains on investment (€56 million at 31 December 2009 compared with €29 million at 31 December 2008).

2.2 GOODWILL

Goodwill increased by €15.2 million, due to the acquisition of TKB (Trust Krediet Beheer B.V) in the Netherlands which generated goodwill of €14 million.

The balance of €1.2 million relates to translation differences for €0.6 million and adjustments in goodwill of companies acquired with a minority buyout option (€1.8 million).

2.3 INTANGIBLE ASSETS

Intangible assets came to €131 million, including €119 million of IT and software development costs.

The gross value of IT development expenses came to €224 million at 31 December 2009, new investments totalled €35 million in 2009 and a provision of €3 million was recognised following the dropping of a partly

developed software development project. Its development concerned in particular Atlas, the global credit insurance management software and the Iris V1 global credit insurance information management software. These two software applications were launched in January 2010. Their amortisation (a total of €1.5 million) will have an impact on the financial statements as from 2010. Development work also concerned the next versions of Iris, in particular the V1bis version, scheduled for the end of 2010 and which will integrate the new credit insurance information management applications and the global information production software.

2.3 DEBT

At 31 December 2009, consolidated debt, excluding operating creditors, consisted of €462 million in borrowings, in their stricter sense, compared with €374 million at end-2008, and €2,173 million in financing for the factoring business, versus €2,597 million at end-2008.

Borrowings primarily comprise €438 million in credit lines and €20 million for the lease on the group's head office in Germany. The Group's gross debt-to-equity ratio stood at 43% at end-2009 (23% pro forma after the capital increase) compared with 32% the previous year. Organic growth (recapitalisation of Coface entities) was financed by external borrowings (and not out of own funds) for around €90 million.

The 16% decrease in factoring borrowings (to €2,173 million) compared with 2008 was due to the contraction in the factoring business described on page 7.

Comments on the consolidated results

OUTLOOK

The general consensus is for the global economy to recover in 2010. Coface is forecasting 2.7% growth in the global economy in 2010 after a contraction of 1.9% in 2009, i.e. 5.3% in emerging countries, 1.8% in the United States and only 0.9% in the euro zone.

This points to the end of the global credit crisis, in the sense of a generalised rise in corporate bankruptcies to well above their normal levels. However, there are still vulnerable areas, both geographic and sectoral: economic growth will remain negative in some countries (Spain, Portugal, Ireland, Hungary, Baltic countries, etc.) and corporate insolvency levels are therefore likely to be higher in 2010 than in 2009.

Against this background, Coface is expecting an improvement in its various operating parameters.

After the decline in the fourth quarter of 2009, business growth is likely to stabilise at the beginning of the year and then begin to rise again under the combined impact of re-pricing (in credit insurance) and business recovery (all business lines).

The loss experience is expected to remain at or close to the positive level of the end of 2009, i.e. an average between 2009, still a bad year in underwriting terms, and 2010, which is expected to be excellent.

Lastly, we expect to see the first benefits of the 2010-2012 strategy plan, with an improved credit insurance offering (New Deal) and consolidation of the factoring network.

OPERATING RESULTS OF THE GROUP'S MAIN COMPANIES

COFACE SA

Turnover grew slightly in 2009, up by 0.6% to €691 million.

In € million	2009	2008	Change
Turnover	691	687.1	0.60%
France	336.3	351.4	-4.3%
Branches	260.1	250	4.1%
Inward reinsurance	94.6	85.8	10.3%

Turnover in France came to €336.3 million, down by 4% compared with 2008. The decline concerned both management of public guarantees provided by the French state (however this was due to a base effect) and insurance: on whole risk policies, particularly the Unistrat Coface policies, due to more stringent underwriting rules.

Growth in turnover for the branches slowed very sharply in 2009 (up only 4.1% to €260 million compared with growth of 26% to €250 million the previous year). As at all Group entities, the slowdown was due to more stringent underwriting practices and above all a sharp fall in clients' activities. **Turnover from inward reinsurance** grew by 10.3% to close to €95 million thanks in particular to the contribution made by our Russian partner JSC Capital and the development of the activity in South Africa.

Total claims expense (excluding claims handling expenses) was higher than for the rest of the Group, with a loss ratio of 111% in France in 2009 versus 82% in 2008 and 44% in 2007. The quarterly trend was similar to that in other countries but even more uneven (180% in Q2 2009, 34% in Q4 2009; the amount of monthly claims notifications went from €49.1 million in January 2009 to €12.9 million at end-December).

Coface's policyholders in France benefited from the State top-up cover scheme introduced by the government in the event of inadequate private cover. This scheme was very significant in qualitative terms with 8,000 top-up guarantees delivered by Coface in 2009 to 1,909 policyholders. The overall underwriting impact remained relatively small, with guaranteed outstandings of €435 million at end-2009 compared with €113 billion at the same date in favour of Coface's French policyholders and €131 billion before the crisis.

General operating expenses increased by 3.4% to €330.4 million.

- **Business acquisition costs** rose by 8.5% to €102.3 million. This increase was linked mainly to credit insurance in France (the share of brokered policies rose from 59.1% at end-2008 to 64.6% at end-2009) and the development outside France of partnership commissions which cover both the distribution and local underwriting expenses.

- **Internal management expenses** came to €228 million, up by only 1.3% compared with 2008.

The underwriting result was strongly affected by claims levels, with a loss of €280 million at end-2009 compared with a loss of €98.7 million at end-2008. **Reinsurance** fulfilled its role as a cushion against claims, generating an underwriting profit of €47.7 million. At €76 million, **net financial income** was up compared with 2008 (€57 million) thanks in particular to capital gains on the carrying change of Graydon and Coface Services securities; these gains were eliminated in the consolidated financial statements).

The net result was a loss of €204 million compared with a net profit of €78.8 million in 2008.

Comments on the consolidated results

COFACE SERVICES (FRANCE)

Coface Services' **turnover** fell by 3% to €101.8 million in 2009. The rise in investigation and surveillance fees (paid by credit insurance policyholders) and trade receivables management services (boosted by the economic crisis) failed to offset the fall in information sales, particularly marketing information, and the cessation of the INPI digitalisation contract.

Operating expenses were up by 1%, including a non-recurring charge of €2.2 million linked to the dropping of a software development project. Taking into account the fall in turnover, the cost ratio rose by 3.5 points to 90%. However, restated for the aforementioned non-recurring charge and for the loss of revenue from the INPI contract (settled in 2010), the cost ratio came to 93.2% down by 1% compared with a pro forma cost ratio of 94.2% in 2008.

The net profit for the year fell by 36% to €6.6 million.

KOMPASS INTERNATIONAL

Turnover declined by 8% to €28.3 million given an economic climate that was particularly unfavourable for marketing budgets.

General operating expenses decreased by 4% thanks to a cost cutting policy designed to adjust expenses to income levels. However, given the sharp decline in turnover, the cost ratio increased by 3.7 points to 91.6% in 2009.

At €2.4 million, **the business result** was down by 41% (of which 15 points linked to exceptional expenses arising from halting the development of a software application).

COFACE DEUTSCHLAND

The Coface Deutschland sub-group, which comprises Coface's activities in Germany, the Netherlands, Denmark and Sweden, generated **turnover amounting to €397 million**, up by 8.2% on a reported basis and by 3.8% at constant scope (first time consolidation of TKB in the Netherlands).

Business grew in all countries: by 1.3% in Germany, 37.2% in the Netherlands (12% at constant scope), 55.4% in Denmark (10% at constant scope) and by 256% in Sweden.

By **business line**, turnover grew for credit insurance (up 5.2%) and services (119% on a reported basis and 20% at constant scope). Turnover remained stable for the factoring business (up by 0.7% on a reported basis) despite the fall in turnover in Germany (down by 6.4% to €62 million) thanks to the strong growth recorded in Denmark (up 45% to €14.9 million) and the Netherlands (up 23% to €2.9 million).

In terms of **claims**, the Coface Deutschland sub-group fared better than the rest of the Group with a loss ratio of 74.9% in 2009 compared with 49% in 2008 and 48.4% in 2007. This performance was reflected in Germany (2009 loss ratio of 71%), the Netherlands (82%) and Denmark (94%).

All in all, although lower than in preceding years, **the economic profit before reinsurance** remained positive at €55.7 million (compared with €116 million in 2008 and €103 million in 2007) thanks to the Services and Factoring businesses.

COFACE AUSTRIA

Turnover declined more sharply than for the Group as a whole, down by 14% to €49.4 million. The performance of the credit insurance business, which accounts for the greater part of activity, was directly affected by the billing method (based on insured receivables at the end of the month), which accentuated the impact of the fall in policyholders' business volumes on the amount of premiums billed. The fall in outstanding receivables declared by policyholders came close to 15% for the year as a whole.

Coface Austria's **loss ratio** (excluding the Central European branches) came to 74% at end-2009, which was significantly better than the Group average and only 14 points higher than in 2008.

Thanks to this performance, and a 7% reduction in general operating expenses, **economic profit before reinsurance** remained positive at €3.3 million, which was nonetheless 60% lower than in 2008. Note that the branches as a whole, particularly in Eastern Europe (Lithuania and Poland), recorded a loss before reinsurance of €32.7 million, with a very high loss ratio.

COFACE ITALY

Consolidated **turnover** for Coface Italy came to €142.5 million in 2009, down by 7.6% compared with the previous year. Only the Services business recorded growth, of 30%. Credit insurance turnover declined by 8% to €134 million and factoring turnover fell by 55% to €1.5 million (to limit the risks as much as possible during a crisis period).

Coface Assicurazioni posted a **loss ratio** of 97.6% for 2009, compared with 64.1% in 2008 and 56.1% in 2007. General operating expenses remained stable in 2009. All in all, Coface Italy generated an economic loss before reinsurance of €28.8 million.

COFACE IBERICAE

Consolidated turnover for Coface Iberica – which encompasses Spain and Portugal – grew by 11.8% to €88.7 million, after growth of 21% in 2008 and 30% in 2007.

Turnover from insurance (premiums and premium-related fees) came to €74.1 million, up by 13% relative to 2008. Services turnover declined by 5.5% to €10.6 million, in line with the decrease at Group level, with a fall in information sales and a rise in receivables management revenue. Factoring recorded very strong growth (61.7%) but from a very low volume base.

The very high level of **claims losses** (€94 million) is included in the financial statements of Coface SA.

General operating expenses increased by 20.6% compared with 2008, in line with the former growth in turnover, and to cope with additional management expenses linked to the crisis.

Coface Iberica recorded an **economic loss** of €42.9 million before reinsurance and before the impact of the public reinsurance scheme put in place by the Spanish government.

Comments on the consolidated results

COFACE UK

Turnover came to €71.2 million, down by 4% compared with 2008.

The decline concerned the insurance (partly offset by the ongoing transfer from France of the Unistrat Single-Risk policies) and factoring businesses (due to a much tougher underwriting policy). In contrast, the Services business recorded strong growth.

The **loss ratio** remained very high at 99% after having reached a very bad 132% in 2008.

Management expenses increased by 4% relative to 2008, pushed up by higher collection fees.

Coface UK recorded a **loss before reinsurance** of €21.2 million.

COFACE NORTH AMERICA

With a 1% increase to €100 million in 2009, **turnover** for Coface North America remained stable after several years of annual growth of more than 15%. The slight fall in credit insurance turnover was offset by higher services revenues.

The significant deterioration in the **loss ratio** (110% after 63% in 2008) was largely attributable to the US market where the loss ratio was 124% whereas Canada, at 68%, showed firmer resilience in this second crisis year.

General operating expenses rose by 5.9% in 2009 following an upturn in the activity of the services companies, which consume more resources. Coface UK generated **an economic loss before reinsurance** of €43 million, with the loss generated by the insurance business only very slightly offset by the profit (€1.5 million) achieved by the services businesses.

2009

consolidated financial statements

ASSETS	Notes	31/12/2009	31/12/2008	31/12/2007
in thousands of euros				
Intangible assets		476,488	436,591	400,597
Goodwill	4	345,405	330,196	305,517
Insurance companies' contract portfolios				
Other	5	131,083	106,396	95,080
Insurance business investments	7	1,505,065	1,540,906	1,450,397
Investment property	7	1,958	942	995
Held-to-maturity securities	7	56,474	89,809	112,748
Available-for-sale securities	7	1,138,340	1,101,738	1,223,195
Trading securities	7	104,769	128,873	28,811
Loans and receivables	7	203,524	218,834	83,936
Derivative instruments and separated embedded derivatives	7		710	712
Debtors arising from banking and other activities		3,269,471	3,634,436	3,218,214
Investments in associates	8	21,569	77,729	71,941
Reinsurers' share of liabilities relating to insurance and financial contracts	11	281,603	328,945	269,371
Other assets		975,284	822,575	777,852
Operating property and other tangible assets	6	85,543	82,120	74,711
Deferred acquisition costs	9	22,391	26,326	22,840
Deferred tax assets	9 15	138,766	85,913	71,919
Debtors arising from insurance and inward reinsurance operations	9	396,165	367,820	355,667
Debtors arising from outward reinsurance operations	9	71,777	32,747	28,558
Trade debtors arising from other activities	9	62,102	73,519	63,235
Current taxes	9	42,335	17,074	18,987
Other debtors	9	156,205	137,056	141,935
Cash and cash equivalents	10	285,831	260,990	383,045
TOTAL ASSETS		6,815,311	7,102,172	6,571,417

Consolidated balance sheet

LIABILITIES AND SHAREHOLDERS' FUNDS	Notes	31/12/2009	31/12/2008	31/12/2007
in thousands of euros				
Shareholders' funds excluding minority interests		1,083,572	1,165,552	1,176,656
Share capital	12	118,345	107,120	86,550
Additional paid-in capital		469,623	389,107	284,918
Gains and losses recognised directly in equity		44,396	14,425	67,756
Consolidated reserves brought forward		614,131	614,025	573,930
Net profit for the period		(162,923)	40,875	163,502
Minority interests		5,763	5,680	4,917
Total shareholders' funds		1,089,335	1,171,232	1,181,573
Provisions for liabilities and charges	13	70,883	70,478	68,618
Liabilities relating to financing operations	16 17	466,940	392,602	285,327
Subordinated borrowings		3		
Financing liabilities due to banking-sector companies		464,768	390,738	285,379
Other		2,169	1,864	1,948
Liabilities relating to insurance contracts	11	1,256,509	1,244,718	1,016,251
Resources used by banking sector activities		3,257,962	3,616,085	3,382,769
Due to banking-sector companies	18	2,168,164	2,578,228	2,337,727
Due to customers of banking-sector companies	18	1,089,798	1,037,857	1,045,042
Other liabilities		673,682	607,057	636,879
Deferred tax liabilities	9 15	122,975	141,771	184,293
Creditors arising from insurance and inward reinsurance operations	18	152,693	96,201	80,752
Creditors arising from outward reinsurance operations	18	71,959	73,949	87,622
Current taxes	18	59,650	58,765	56,552
Derivative instruments	18			
Other	18	266,405	236,371	227,660
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		6,815,311	7,102,172	6,571,417

Consolidated profit and loss account

In thousands of euros	Notes	31/12/2009	31/12/2008	31/12/2007
Turnover	19	1,534,257	1,536,339	1,432,588
Premiums written	19	1,141,686	1,152,220	1,099,098
Change in unearned premium provisions	20	29,200	(30,114)	(17,829)
Earned premiums	20	1,170,886	1,122,106	1,081,269
Income from banking activities	19	102,038	99,816	71,757
Cost of risk	22	(18,335)	(13,799)	(11,548)
Net banking income, after cost of risk		83,703	86,017	60,209
Revenue or income from other activities	19	290,533	284,303	261,733
Investment income, net of management expenses	25	29,965	48,720	38,024
Gains and losses on disposal of investments	25	(11,178)	(5,559)	20,664
Net financial income excluding finance costs	25	18,787	43,161	58,688
TOTAL INCOME FROM ORDINARY ACTIVITIES		1,563,909	1,535,587	1,461,899
Claims-related expenses	21	(1,106,475)	(797,872)	(544,595)
Expenses on banking activities, excluding risk cost	22	(39,016)	(33,512)	(27,256)
Expenses on other activities		(220,030)	(213,850)	(168,943)
Income from ceded reinsurance	24	284,643	258,693	205,717
Expenses on ceded reinsurance	24	(248,081)	(248,646)	(257,069)
Business acquisition costs	23	(241,667)	(219,128)	(215,997)
Administrative costs	23	(155,673)	(172,245)	(218,917)
Other current income and expenses	23	(78,904)	(48,159)	(19,708)
Total current income and expenses		(1,805,203)	(1,474,719)	(1,246,768)
CURRENT OPERATING PROFIT		(241,294)	60,868	215,131
Other operating income		22,240	3,969	2,122
Other operating expenses	27	(1 771)	(3,640)	(2,346)
OPERATING PROFIT		(220,825)	61,197	214,907
Finance costs		(7,813)	(17,592)	(14,626)
Share of profits of associates	29	5,242	12,685	12,444
Income tax	28	61,133	(14,215)	(48,139)
CONSOLIDATED NET PROFIT BEFORE MINORITY INTERESTS		(162,262)	42,075	164,586
Minority interests		(661)	(1,200)	(1,084)
Net profit		(162,923)	40,875	163,502
Basic earnings per share (in euros)	32	(5.25)	1.69	7.97
Diluted earnings per share (in euros)	32	(5.25)	1.69	7.95

Statement of net profit and gains and losses recognised directly in shareholders' funds

	31/12/2009	31/12/2008
Net profit	(162,923)	40,875
Translation differences	(11,695)	(14,725)
Remeasurement of available-for-sale assets	69,656	30,501
Remeasurement of hedging derivatives		
Income tax	(13,564)	(1,351)
Total gains and losses recognised directly in equity Group share	44,396	14,425
Total net profit and gains and losses recognised directly in equity	(118,527)	59,219
of which:		
- Group share	(122,147)	55,300
- minority interests	3,620	3,919

Statement of changes in consolidated shareholders' funds

In thousands of euros	Share capital and additional paid-in capital		Consolidated reserves	Unrealised or deferred gains and losses (net of income tax)		Net profit	shareholders' funds excluding minority interests	Minority interests	Total shareholders' funds
	Share capital	Additional paid-in capital	Consolidated reserves	Cumulative translation adjustment	Change in fair value of financial instruments				
Shareholders' funds at 31 December 2006	69,795	186,187	609,185	(7,821)	40,039	114,573	1,011,958	2,030	1,013,988
Capital increase	16,755	98,731					115,486		115,486
Appropriation of 2006 net profit			114,573			(114,573)			
Payment of 2006 dividends in 2007			(154,139)				(154,139)	(321)	(154,460)
Deferred tax on deconsolidated companies			1,667				1,667	(1,642)	25
Total shareholder-related movements	16,755	98,731	(37,899)			(114,573)	(36,986)	(1,963)	(38,949)
2007 net profit						163,502	163,502	1,084	164,586
Unrealised gains and losses on AFS investments net of deferred tax					38,380		38,380	3,782	42,162
Reclassification			1,675		(1,675)				
Error correction			969				969		969
Translation adjustments				(1,167)			(1,167)	(16)	(1,183)
Shareholders' funds at 31 December 2007	86,550	284,918	573,930	(8,988)	76,744	163,502	1,176,656	4,917	1,181,573
Capital increase	20,570	104,189					124,759		124,759
Appropriation of 2007 net profit			163,502			(163,502)			
Payment of 2007 dividends in 2008			(123,610)				(123,610)	(466)	(124,076)
First-time consolidation of Midt Factoring			84				84	3,350	3,434
Deferred tax on deconsolidated companies			243				243	325	568
Total shareholder-related movements	20,570	104,189	40,219			(163,502)	1,476	3,209	4,685
2008 net profit						40,875	40,875	1,200	42,075
Impact of acquisitions and disposals on minority interests			(124)		124			(637)	(637)
Call options on BDI securities								1,602	1,602
Call options on Coface Finans A/S (formerly Midt Factoring) securities								(3,618)	(3,618)
Unrealised gains and losses on AFS investments net of deferred tax					(47,718)		(47,718)	(948)	(48,666)
Translation adjustments				(5,737)			(5,737)	(45)	(5,782)
Shareholders' funds at 31 December 2008	107,120	389,107	614,025	(14,725)	29,150	40,875	1,165,552	5,680	1,171,232

In thousands of euros	Share capital and additional paid-in capital		Consolidated reserves	Unrealised or deferred gains and losses (net of income tax)		Net profit	share-holders' funds excluding minority interests	Minority interests	Total share holders' funds
	Share capital	Addition al paid-in capital	Consolidated reserves	Cumulative translation adjustment	Change in fair value of financial instruments				
Capital increase	11,225	80,516					91,741		91,741
Appropriation of 2008 net profit			40,875			(40,875)			
Payment of 2008 dividends in 2009			(40,769)				(40,769)	(1,634)	(42,403)
Total shareholder-related movements	11,225	80,516	106			(40,875)	50,972	(1,634)	49,338
2009 net profit						(162,923)	(162,923)	661	(162,262)
Call options on BDI securities								(173)	(173)
Call options on Coface Finans A/S (formerly Midt Factoring) securities								982	982
Unrealised gains and losses on AFS investments net of deferred tax					26,941		26,941	251	27,192
Translation adjustments				3,030			3,030	(4)	3,026
Shareholders' funds at									
31 December 2009	118,345	469,623	614,131	(11,695)	56,091	(162,923)	1,083,572	5,763	1,089,335

The dividend per share distributed in request of the year was €1,45.

Consolidated cash flow statement

In thousands of euros	31/12/2009	31/12/2008	31/12/2007
Net profit (A)	(162,924)	40,872	163,502
+/- Depreciation and amortisation of tangible and intangible assets	38,825	18,595	23,041
+/- Net additions to technical provisions	27,334	190,758	11,788
+/- Share of profits of associates	2,111	(5,786)	(7,658)
+/- Changes in fair value of financial instruments accounted for at fair value through profit or loss	221	(163)	3,202
+/- Other non-cash items	(6,475)	(2,145)	(9,856)
Total adjustments to reconcile net profit to cash flows from operating activities (B)	62,016	201,259	20,517
Cash flows from operating activities (C) = (A) +(B)	(100,908)	242,131	184,019
Change in creditors and debtors	(80,856)	(218,403)	(43,576)
Net taxes paid	(16,878)	13,661	(2,177)
Change in working capital requirement (D)	(97,733)	(204,742)	(45,753)
Change in debtors arising from factoring operations	408,495	(326,583)	(885,683)
Change in creditors arising from factoring operations	41,981	6,182	252,558
Change in factoring liabilities	(441,645)	230,275	796,619
Net cash generated from/(used in) banking and factoring operations (E)	8,830	(90,126)	163,495
Increase in investments	(1,622,875)	(1,278,570)	(1,005,948)
Decrease in investments	1,701,017	1,190,058	922,646
Net cash flows from changes in investments (F)	78,142	(88,512)	(83,301)
Net cash generated from/(used in) operating activities (G) (C+D+E+F)	(111,669)	(141,249)	218,460
Acquisitions of subsidiaries, net of cash acquired	(16,212)	(21,868)	(32,775)
Disposals of consolidated companies, net of cash transferred	75,082		
Deconsolidations			
Cash flows related to intangible assets	(37,066)	(20,417)	(31,823)
Cash flows related to tangible assets	(3,919)	(14,225)	3
Net cash used in investing activities (H)	17,884	(56,510)	(64,595)
Proceeds from issues of equity instruments	91,741	124,759	115,487
Treasury share transactions			
Dividends paid to shareholders of the parent company	(40,768)	(123,605)	(154,140)
Dividends paid to minority interests in consolidated companies	(1,634)	(466)	(321)
Cash flows from transactions with shareholders	49,339	688	(38,974)
Proceeds from issues of debt instruments	77,421	79,675	395,308
Redemptions of debt instruments	(6,601)	(2,673)	(324,280)
Cash flows from financing of Group operations	70,820	77,002	71,028
Net cash generated from financing activities (I)	120,159	77,690	32,054
Impact of changes in exchange rates on cash and cash equivalents (J)	(1,533)	(1,996)	(3,776)
Net increase/(decrease) in cash and cash equivalents (G+H+I+J)	24,841	(122,065)	182,143

Consolidated cash flow statement

In thousands of euros	31/12/2009	31/12/2008	31/12/2007
Net increase/(decrease) in cash and cash equivalents (G+H+I+J)	24,841	(122,065)	182,143
Net cash generated from/(used in) operating activities (G)	(111,669)	(141,249)	218,460
Net cash used in investing activities (H)	17,884	(56,510)	(64,595)
Net cash generated from financing activities (I)	120,159	77,690	32,054
Impact of changes in exchange rates on cash and cash equivalents (J)	(1,533)	(1,996)	(3,776)
Opening cash and cash equivalents	260,990	383,055	200,902
Closing cash and cash equivalents	285,831	260,990	383,045
Net change in cash and cash equivalents	24,841	(122,065)	182,143

Notes to the consolidated financial Statements

NOTE 1 - SIGNIFICANT EVENTS

1.1 - MANAGEMENT OF THE CRISIS

After setting in motion a first action plan in January 2008 to deal with the impact of the credit crisis, 2009 saw the adoption of a tough plan (Act on Crisis Act II), factoring in the deepening of the crisis following the collapse of Lehman.

This plan focused on exposures as well as insurance contracts.

With regard to exposures, Coface opted to specifically target the most fragile debtors, while continuing to provide general support to its policyholders during an extremely difficult period:

- the systematic rating of all risks (the proportion of non-rated risks declined from 17% to 3%), the strengthening of the quality of information purchased or gathered and its timeliness, and the reduction in exposures rated as non investment grade enabled the Group to reduce its Risk Weighted Exposure by 35% during 2009 (down 30% compared with the end of 2007);
- nevertheless, at €370 billion, total exposure was virtually unchanged between the end of 2007 and the end of 2009.

Concerning insurance contracts, Coface stepped up measures concerning reporting (earlier notification of payment arrears), refused to underwrite contracts for more than one year and systematically repriced policies on maturity, particularly those showing a deficit. Furthermore, Coface concentrated its resources on its existing clients, while refusing to underwrite contracts coming from competitors.

The plan enabled Coface to return to technical equilibrium at the year end, with a healthy and substantially repriced credit insurance portfolio.

1.2 - CONFIRMATION OF SUPPORT FROM NATIXIS FOR COFACE

Natixis has marked its support for Coface's recovery through two successive capital increases:

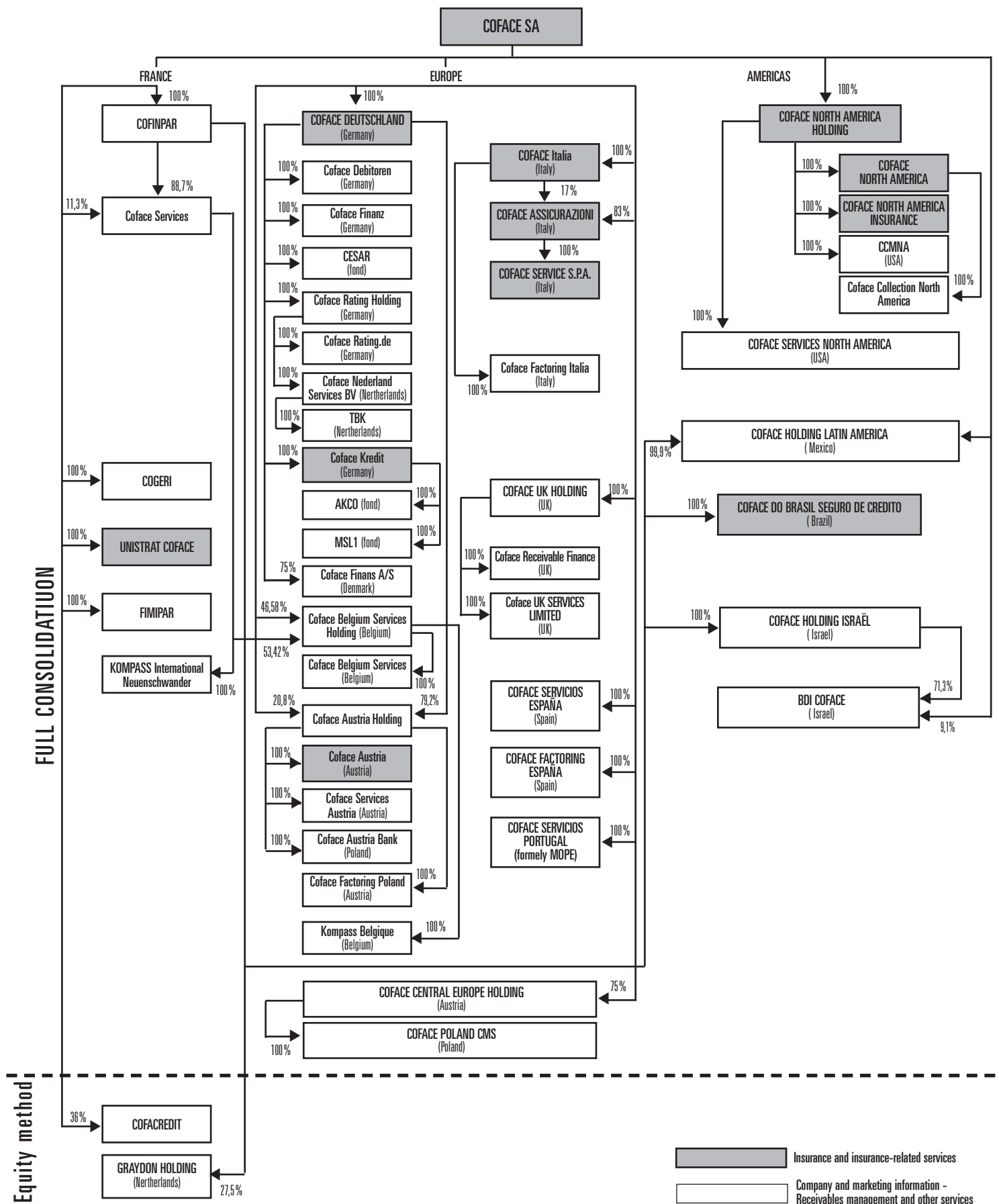
- A first increase of €50 million was decided on in June and subsequently staged in July 2009. It reflected Coface's commitment to its partners to maintain throughout the crisis a surplus solvency margin close to the pre-crisis level, i.e. around €400 million.
- A second increase of €175 million was agreed in December and will be staged in March 2010. Combined with the first capital increase, it fully offset the direct impact on Coface's balance sheet of the negative pre-tax profit in 2009 (-€223 million). The surplus solvency margin at end-2009, on a pro forma basis for this capital increase, came to €569 million, i.e. 27% more than at 31 December 2007, while weighted exposures were 30% lower.

3. REORGANISATION OF CREDIT MANAGEMENT FUNCTIONS

The objective of strengthening the integration of the credit management functions resulted in several changes in the consolidation scope in 2009.

- In February 2009, Coface acquired the Dutch company TKB, which specialises in receivables management, and initiated its integration into Coface Netherlands in order to strengthen Coface's position in this market with a client receivables market share of 10%.
- The disposal of the 15% stake in Cerved, the leading player in the Italian information market, acquired in December 2006, generated a gain of €20 million in the first quarter of 2009. The other shareholders had wanted to sell their holdings and integration within Coface was not possible.
- Coface Services transferred its personal receivables management business to a joint venture with the sector leader Intrum Justitia (IJCOF). Intrum Justitia will ultimately assume control of this joint venture. Coface is exiting retail business as this does not offer any synergies with its client receivables business lines.
- Coface pressed ahead with the launch of its financial rating business by extending production to France. Approval from the European authorities will be sought as soon as the EU procedure is in operation, the aim being to complete this process in 2010.

Organisation chart at 31 December 2009



Notes to the consolidated financial statements

NOTE 2 - CONSOLIDATION SCOPE

2.1 - CHANGES IN THE CONSOLIDATION SCOPE

The main changes in the consolidation scope in 2009 were as follows:

NEWLY CONSOLIDATED COMPANIES :

TKB (Trust Krediet Beheer B.V.), a credit management company, was acquired by Coface Deutschland in February 2009. This acquisition generated goodwill of €13,955 thousand as at 31 December 2009.

Austria Bank, a factoring subsidiary of Coface Austria, was included in the consolidation scope as it reached the consolidation thresholds this year.

Coface Luxembourg, a credit insurance company, became a branch of Coface SA in 2009.

CHANGES IN THE PERCENTAGES HELD :

None.

DECONSOLIDATED COMPANIES :

The 15% stake in Cerved was sold in March 2009. This disposal generated a gain of €19,689 thousand.

2.2 - CONSOLIDATED COMPANIES

FRENCH COMPANIES	Consolidation method	Percentage		Percentage		Percentage	
		Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07
COFACE							
12 Cours Michelet – La Défense 10 92800 Puteaux	Parent company	100.00%	100.00%	100.00 %	100.00%	100.00%	100.00%
COFACREDIT							
Tour facto – 18, rue Hoche 92988 Paris La Défense Cedex 88	Equity method	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
COFINPAR							
12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COGERI							
12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FIMIPAR							
12 Cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
KOMPASS International Neuenschwander							
66 Quai du Maréchal Joffre 92400 Courbevoie Cedex	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
UNISTRAT COFACE							
1, rue de l'Union 92500 Rueil Malmaison	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE SERVICES							
5 Quai Jayr 69009 Lyon	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

INTERNATIONAL COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07
AKCO FUND								
COMINVEST Asset Management GmbH Platz der Einheit 1 60327 Frankfurt/Main	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE KREDITVERSICHERUNG								
Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE FINANZ								
Isaac – Fulda – Allee 5 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE DEBITORENMANAGEMENT								
Isaac – Fulda – Allee 5 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE RATING HOLDING								
Isaac – Fulda-Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Coface DEUTSCHLAND								
Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE RATING GMBH								
Isaac- Fulda – Allee 1 55 124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
MLS 1 FUND								
DWS Holding & Service GmbH Institutional Client Reporting, Europe Wilhelm-Fay-Str. 31-37 65935 Frankfurt am Main	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE NEDERLAND SERVICE								
Claudius Prinsenlaan 126 4818 CP Breda	Netherlands	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
TKB - Trust Krediet Beheer								
Tomas R.Malthusstraat 1-3 1066 JR Amsterdam	Netherlands	Full	100.00%	100.00%				
COFACE FINANS A/S (ex MIDT FACTORING)								
Nygade 111,DK-7430 Ikast	Denmark	Full	75.00%	75.00%	75.00%	75.00%		
COFACE SERVICIOS ESPAÑA, SL								
Calle Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE FACTORING ESPAÑA, SL								
Calle Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE NORTH AMERICA HOLDING COMPANY								
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

INTERNATIONAL COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage		
			Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07	
COFACE CREDIT MANAGEMENT NORTH AMERICA									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE COLLECTION NORTH AMERICA									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE NORTH AMERICA									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE NORTH AMERICA INSURANCE COMPANY									
Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW – JERSEY 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
GRAYDON HOLDING									
Hullenbergweg 260 1101 BV Amsterdam Z.O	Netherlands	Equity method	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%
COFACE CENTRAL EUROPE HOLDING									
Stubenring 24-2 A – 1010 Vienna	Austria	Full	74.99%	74.99%	74.99%	74.99%	74.99%	74.99%	74.99%
COFACE POLAND CMS									
Al. Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	74.99%	100.00%	74.99%		Deconsolidated	
COFACE POLAND FACTORING									
Al. Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	100.00%	100.00%	100.00%			
COFACE ASSICURAZIONI									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE SERVICE S.P.A									
Piazza Casalegno n°9/A 13900 Biella	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE ITALIA									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE FACTORING ITALIA									
Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
CERVED									
Via G.B. Morgagni 30/h 00161 Roma	Italy	Equity method	Sold on 12/03/2009	Sold on 12/03/2009	15.00%	15.00%	15.00%	15.00%	15.00%
COFACE UK HOLDING									
180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

INTERNATIONAL COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08	Control 31/12/07	Interest 31/12/07
COFACE UK SERVICES 180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE RECEIVABLES FINANCE 180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE SERVICIOS PORTUGAL Av. Columbano Bordalo Pinheiro nº75 - 7ºPiso - Edifício Pórtico 1070-061 Lisboa	Portugal	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE AUSTRIA HOLDING AG Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE AUSTRIA INSURANCE Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE AUSTRIA BANK Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%				
COFACE AUSTRIA SERVICES Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE SERVICES NORTH AMERICA 900 Chapel Street New Haven, CT 06510	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE HOLDING AMERICA LATINA Av. Insurgentes Sur #1787 Piso 10, Col. Guadalupe Inn, Delegación: Alvaro Obregon 01020 México City, D.F	Mexico	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE DO BRASIL SEGUROS DE CREDITO INTERNO SA 34, Joao Duran Alonso Square-Brooklin Novo District – Sao Paulo 12 floor	Brazil	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE SERVICES BELGIUM 16 Place de l'Université 1348 Louvain-La-Neuve	Belgium	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
KOMPASS BELGIUM 100 Boulevard du souverain 1170 Bruxelles	Belgium	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE BELGIUM SERVICES HOLDING 100 Boulevard du souverain 1170 Bruxelles	Belgium	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COFACE ISRAËL 11 Ben Gurion st, 51260 Bnei Brak	Israel	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
BDI COFACE 11 Ben Gurion st. 51260 Bnei Brak	Israel	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes to the consolidated financial statements

NOTE 3 - ACCOUNTING PRINCIPLES

In accordance with European regulation 16/06/02 dated 19 July 2002, the Coface Group has prepared its consolidated financial statements for the year ended 31 December 2009 in accordance with International Financial Reporting Standards (IFRS) applicable at that date, as approved by the European Union⁽¹⁾. This framework comprises standards IAS 1 to 41, IFRS 1 to 8 and the associated IFRIC interpretations adopted by the European Union as at 31 December 2009.

Coface's financial statements include the balance sheet, profit and loss account, statement of net profit and gains and losses recognised directly in shareholders' equity, statement of changes in shareholders' funds, cash flow statement and notes. They also include comparative data for 2008 and 2007.

All the effects of the first-time adoption of IFRS on shareholders' equity, the balance sheet and the profit and loss account together with the first-time application options selected in accordance with IFRS 1, First-time Adoption, were published in the 2005 annual report.

3.1. Texts applicable since 1 January 2009

The standards, amendments and interpretations applicable for the first time on 1 January 2009 were as follows:

- **IAS 1 revised, Presentation of Financial Statements, published by the IASB** on 6 September 2007 and adopted by the European Commission on 17 December 2008, which is subject to mandatory application in financial years commencing on or after 1 January 2009, replaces the current IAS 1. Its objective is to facilitate the analysis and comparison by users of the information provided in the financial statements.

Application of IAS 1 revised introduced a new summary report, to follow the profit and loss account, entitled "Gains or losses recognised directly in shareholders' equity and net profit". It provides a breakdown of the components of unrealised and deferred gains and losses and the net profit, by gross amount and deferred taxes and by Group share and minority interests.

Two additional notes have been included on the change in unrealised and deferred gains and losses:

- the first note indicates the amounts of unrealised gains and losses recycled through profit and loss during the period;
 - the second analyses for each item the gross amount, the tax effect and the net amount.
- **IFRS 8, Operating Segments** adopted by the European Commission on 21 November 2007 and subject to mandatory application with effect from 1 January 2009. This standard replaces IAS 14, Segment Reporting. It modifies the presentation of segment information by favouring an internal management reporting approach for the definition of business segments. The segmentation by business segment is consistent with Coface's organisation and internal reporting system. It corresponds to Coface's risk structure and the analysis of profitability sources. Coface thus presents the various information required by IFRS 8 based on a sector breakdown by business.

- **The amendment to IFRS 2, Share-based Payment**, adopted by the European Commission on 16 December 2008, clarifies the definition of vesting conditions and indicates that all cancellations, whether decided by the entity or by another party, must receive the same accounting treatment. This amendment had no impact on the recognition of the Coface Group's share-based payment plans.

- **The amendment to IFRS 7** adopted by the European Commission on 27 November 2009, resulted in additional information being disclosed in the notes to the financial statements. This amendment aims to enhance financial communication on fair-value measurements and on the solvency risk associated with financial instruments. The following table has been added:

- Note 7-2 Fair value of financial assets and liabilities recognised on the balance sheet at fair value. This note presents the fair value of financial instruments according to the level of the hierarchy of the parameters used to measure the instruments for balance sheet purposes;

- **The revised version of IAS 23, Borrowing Costs**, adopted by the European Commission on 10 December 2008, removes the option of immediately recognising as an expense borrowing costs directly attributable to the acquisition, construction or production of an eligible asset. As this standard is not applicable to the business of the Coface Group, its revision has no impact on the financial statements.

- **The amendment to IAS 32 and IAS 1** entitled Puttable Instruments and Obligations arising on Liquidation, adopted by the European Commission on 21 January 2009. This amendment requires the issuer to classify in shareholders' equity certain instruments that, despite being puttable, are similar to equity instruments due to certain features. This amendment had no impact on Coface's financial statements.

- **The amendment entitled Improvements to IFRS** adopted by the European Commission on 23 January 2009. This amendment stems from the annual IFRS improvement process established by the IASB in order to amend a series of standards just once a year when the modifications to be made are minor or not urgent.

The standards amended by this process and which may result in changes in the presentation, recognition or measurement are as follows: IAS 1, Presentation of Financial Statements; IAS 16, Property, Plant and Equipment; IAS 19, Employee Benefits; IAS 20 Accounting for Government Grants and Disclosure of Government Assistance; IAS 23 Borrowing Costs; IAS 27 Consolidated and Separate Financial Statements; IAS 28 Investments in Associates; IAS 29 Financial Reporting in Hyperinflationary Economies; IAS 31 Investments in Joint Ventures; IAS 36 Impairment of Assets; IAS 38 Intangible Assets; IAS 39 Financial Instruments: Recognition and Measurement; IAS 40 Investment Property; IAS 41 Agriculture; and IFRS 5 Non-current Assets Held for Sale and Discontinuing Operations. With the exception of the amendment to IFRS 5, which is applicable to financial years commencing on or after 1 July 2009, the other amendments apply to financial years commencing on or after 1 January 2009. These amendments had no impact on Coface's financial statements.

(1) The complete framework of standards adopted within the European Union may be viewed on the European Commission's website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Notes to the consolidated financial statements

Other standards were amended to take into account revised terminology and editorial changes. Due to their nature, these amendments have no accounting impact and therefore did not affect Coface's financial statements.

- **The amendment to IFRS 1 and IAS 27** entitled *Cost of a Subsidiary, Joint Venture or an Associate*, adopted by the European Commission on 23 January 2009. This amendment concerns entities using IFRS for the preparation of their individual financial statements and therefore does not affect Coface's consolidated financial statements.

- **The interpretation IFRIC 11 Group and Treasury Share Transactions**, adopted by the European Commission on 1 June 2007 and applicable to financial years commencing on or after 1 January 2009. This interpretation deals with the application of IFRS 2 in two parts. It specifies the accounting treatment for transactions involving share-based payment:

- for which the entity chooses or is required to buy its own equity instruments from a third party independently of the fact that the rights are granted or settled by the entity itself or by its shareholders;
- that involve several entities of a given same group (parent company or another entity of the same group), in the individual or separate financial statements of each group entity that receives the services of the plan beneficiaries.

This interpretation has no impact on Coface's financial statements.

- **The interpretation IFRIC 13 Customer Loyalty Programmes**, adopted by the European Commission on 16 December 2008, relates to customer loyalty award points. It is not applicable to the Coface Group's activities and therefore has no impact on the financial statements.

- **The interpretation IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**, adopted by the European Commission on 16 December 2008, applies to all post-employment defined benefits and other long-term defined benefits covered by IAS 19 Employee Benefits. This interpretation clarifies the concept of the availability of future economic benefits arising from the overfunding of a plan as well as the concept of minimum funding requirements. This interpretation has no impact on the recognition of Coface Group employee benefits.

The Coface Group had not opted for the early application of any optional standards at 31 December 2009.

3.2. Texts adopted by the European Union at 31 December 2009, but not applied early to the 2009 financial statements

Coface did not elect for the early application of the following standards, interpretations and amendments, adopted by the European Union, at 31 December 2009:

- the revised versions of IFRS 3, *Business Combinations*, and IAS 27, *Consolidated and Separate Financial Statements*, adopted by the European Commission on 3 June 2009 and subject to mandatory

application on a prospective basis as from 1 January 2010. These standards replace the current versions of IFRS 3 and IAS 27. They modify the accounting treatment applicable to transactions involving the acquisition or disposal of companies.

- IFRS 1 revised, *First-time Adoption of International Financial Reporting Standards*, adopted by the European Commission on 25 November 2009 and subject to mandatory application with effect from 1 January 2010. This revision primarily involves a reorganisation of the standard's structure in order to facilitate its use. It will have no impact on Coface's financial statements.

- the amendment to IAS 39 entitled *Eligible Hedged Items*, adopted by the European Commission on 15 September 2009 and subject to mandatory application to financial years commencing on or after 30 June 2009. This amendment provides clarifications regarding the application of hedge accounting to the inflation component of financial instruments and on options, when they are used as a hedging instrument. It should not have a material impact on Coface's financial statements.

- the amendment to IAS 32 relating to the *Classification of Rights Issues*, adopted by the European Commission on 23 December 2009. This amendment modifies the recognition of subscription rights issued that are denominated in a currency other than the issuer's operating currency. When certain conditions are fulfilled, these rights will no longer be recognised as derivatives but as equity. This amendment should not have a material impact on Coface's financial statements.

- the interpretation IFRIC 12, *Service Concession Arrangements*, adopted by the European Commission on 25 March 2009 and subject to mandatory application to financial years commencing on or after 29 March 2009. This interpretation provides clarification on the recognition, by concession operators, of public/private service concession arrangements. It does not apply to the activities of Coface and therefore has no impact on its financial statements;

- the interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, adopted by the European Commission on 22 July 2009 and subject to mandatory application with effect from 1 January 2010. This interpretation does not apply to Coface's activities and therefore has no impact on the group's financial statements;

- the interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*, adopted by the European Commission on 4 June 2009 and applicable to financial years commencing on or after 30 June 2009. IFRIC 16 clarifies how the provisions of IAS 21 and IAS 39 are to be applied when an entity hedges the exchange risk that arises from its investments in a foreign operation. This interpretation should not have a material impact on Coface's financial statements;

- the interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners*, adopted by the European Commission on 26 November 2009 and applicable to financial years commencing after 31 October 2009. IFRIC 17 specifies the method for recognising dividends distributed in the form of assets other than cash. This interpretation should not have any impact on Coface's financial statements;

Notes to the consolidated financial statements

- the interpretation IFRIC 18, Transfers of Assets from Customers, adopted by the European Commission on 27 November 2009 and applicable to financial years commencing after 31 October 2009. IFRIC 18 specifies in which situations and under what conditions the revenue corresponding to the transfer of an asset by a customer, under a commercial agreement, must be recognised. As this interpretation is not expected to apply to Coface's activities, it will have no impact on Coface's financial statements.

3.3. Bases of consolidation

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

Quantitative criteria :

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

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

In theory, whenever an entity exceeds any one of these thresholds, it is consolidated. The thresholds used to consolidate entities are as follows:

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

Qualitative criteria :

Exceptions are made in the case of subsidiaries that do not meet the thresholds but which nevertheless need to be consolidated:

- subsidiaries expected to grow over the next two years;
- holding companies and branches;
- subsidiaries bearing prudential risks as defined in the banking regulations.

The consolidation methods applied are as follows:

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

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

The parent company of the Coface Group is Natixis, which in turn is owned by BPCE, the central body of Banques Populaires and Caisses d'Épargne, established in July 2009.

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

3.4. Special purpose entities

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

- decision-making power and the power to manage the entity's operations;
- the right to obtain the majority of the benefits of the entity's activities;
- exposure to the majority of the risks incidental to the activities of the entity

Credit enhancement operations of the Coface sub-group involve insuring the receivables securitised by a third party with investors via a special purpose entity over and above a certain amount of losses. In this type of arrangement, the Coface sub-group plays no role in determining the activity of the special purpose entity or in its operational management. The premium received in exchange for the insurance contract marginally reduces the overall flows generated by the structure, the bulk of which are returned to the investors.

When analysing the risks, a distinction must be drawn between contracts entered into by the Germany subsidiary Coface Kredit and those entered into by Coface in France:

- in the German contracts, the credit insurer bears the risk only above a limit known as the aggregate first loss. This first loss contractually defines an amount of first losses that is not guaranteed by the credit insurer. The guarantee provided by Coface Kredit under these contracts is similar to a Catastrophe guarantee. An analysis of each arrangement effectively shows that the amount of the first loss is systematically greater than the expected loss, i.e. than the average losses expected over the year. Therefore, the criterion of the majority of the risks is not considered to be valid. Special purpose entities involved in these arrangements are thus not consolidated;
- in the French contracts entered into by Coface, the contracts only rarely include non-guaranteed first losses. However, the contracts cover only a small portion of the receivables carried by the entities. Furthermore, the quality of the risk portfolio guaranteed by Coface in relation to that borne by the other participants (other insurers, sponsors and assignors) is unlikely to confer the majority of the structure's risks on Coface. These entities are therefore not consolidated.

No special purpose entities were included in the 2009 consolidated financial statements.

Notes to the consolidated financial statements

3.5. Balance sheet date and accounting period

All consolidated companies have a 31 December year end.

3.6. Foreign currency translation

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. Differences arising from the translation of foreign subsidiaries' balance sheets are recorded in shareholders' funds.

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

3.7. Intercompany transactions

Material intercompany transactions and balances are eliminated in both the balance sheet and profit and loss account on consolidation.

3.8 General principles

Insurance companies

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

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

Service companies

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

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

Factoring companies

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

another entity) and a financial liability or equity instrument for another entity (contractual obligation to deliver cash or another financial asset to another entity).

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

Classification of income and expenses

Insurance companies

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

Public procedures management

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

Factoring companies

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

Other companies

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

Turnover

Consolidated turnover includes:

- Premiums written, policy fees and inward reinsurance premiums, as well as fees for insurance-related services. This latter category covers written premium-related fees as well as other services offered by insurance companies. These are reported under "Other underwriting income";
- The remuneration received by Coface SA from the French State for its services in managing public credit insurance procedures;
- Sales of services corresponding to the turnover of Group company information, receivables management and marketing infor-

Notes to the consolidated financial statements

mation subsidiaries. These services consist primarily of providing client access to credit and marketing information and debt recovery services.

- Factoring fees for receivables management and collection services, financing fees corresponding to the gross revenue collected from factoring customers net of financing costs (interest margin), and debt collection fees.

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

Underwriting transactions

a – Premiums

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

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

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

b – Unearned premium provisions

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

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

c – Deferred acquisition costs

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

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

Changes in deferred acquisition costs are included under "Business acquisition costs" in the profit and loss account.

d – Paid claims

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

e – Claims provisions

Claims provisions include provisions to cover the estimated total cost of reported claims not settled at the year-end, and provisions for

claims incurred but not reported – determined by reference to the Group's claims experience in prior underwriting periods that reflect the final amount of paid claims on expired risks, net of any recoveries. Provisions for unknown claims have been estimated on a "best estimate" basis using the information available when drawing up the financial statements. The same method was used in 2008.

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

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

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

f – Subrogation and salvage

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

Reinsurance operations

a – Inward reinsurance

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

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

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

b – Ceded reinsurance

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

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

Cash deposits received from reinsurers are reported under liabilities.

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

Goodwill

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

Notes to the consolidated financial statements

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

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

Intangible assets and portfolio value

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

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

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

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

Impairment tests on goodwill and intangible assets

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

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

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

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

Expected cash flows are derived from the 3-year business plans (2010-2012) prepared by the operating entities during the budget process and approved by Coface's management. These forecasts are based on the past performances of each entity and take into account assumptions for the development of Coface's various business lines. Where applicable, two additional years of forecasts are compiled by the Finance Department by extending management's business plan on a normative basis.

The impairment tests carried out did not lead to the recognition of any impairment losses in the consolidated financial statements at 31 December 2009.

Intangible assets: IT development costs

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

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

Internally generated software is amortised over its useful life, which is capped at ten years.

Tangible assets: property

a - Investment property (IAS 40)

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

b - Investment property (IAS 39)

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

c - Buildings used in the business (IAS 16)

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

Coface has identified the following components of property assets:

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

Assets acquired under finance leases are included in assets and an obligation in the same amount is recorded under liabilities. At 31 December 2009, the main asset acquired under a finance lease was the Allgemeine Kredit Coface headquarters building.

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

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

Notes to the consolidated financial statements

Financial assets

Under IFRS, there are four categories of financial assets:

a - Available-for-sale (AFS)

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

b - Held for trading

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

c - Held-to-maturity (HTM)

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

d - At fair value through profit or loss

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

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

The recognition date used by Coface for financial assets corresponds to the trade date of these assets.

e - Impairment tests

An impairment loss is recognised on variable-income available-for-sale securities where there is evidence of a prolonged decline in value, corresponding to a significant unrealised loss (50% of the security's value on the closing date or an unrealised loss for more than 24 consecutive months).

In addition to this automatic impairment, a qualitative analysis is performed based on a list of securities with an unrealised loss on the closing date of more than 30% or a continuous unrealised loss for six months. This analysis is performed for each line of securities.

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

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

Mutual funds are consolidated line by line.

f - Fair value

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

Derivatives and hedging transactions

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

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

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

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

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

Disposal gains and losses

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

Debtors and creditors arising from factoring operations

a – Debtors arising from factoring operations

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

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

b – Creditors arising from factoring operations

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

Notes to the consolidated financial statements

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

c – Factoring liabilities

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

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

Cash and cash equivalents

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

Treasury shares

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

Provisions for liabilities and charges

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

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

Employee benefits

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

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

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

1/ Defined contribution plans:

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

2/ Defined benefit plans:

Under defined benefit plans, the employer has a legal or constructive obligation to provide agreed benefits to current and former employees.

In accordance with IAS 19, Coface records a provision to cover its liability, regarding primarily:

- retirement bonuses and pre-retirement paid leave;
- early retirement and supplementary pension payments;
- employer contributions to post-employment health insurance schemes;
- long service awards

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

- The actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:
 - demographic assumptions;
 - future benefit levels (retirement bonuses, long service awards, etc.);
 - the probability that the specified event will occur;
 - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases;
 - the interest rate used to discount future benefits at the measurement date.
- Details of the main assumptions used are provided in Note 14.
- The actuarial value of benefits related to service cost (including the impact of future salary increases) is determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

Stock options

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

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

As allowed under IFRS 2, only plans granted after 7 November 2002 and which had not vested at 1 January 2005 are measured at fair value and recognised in personnel costs. Plans prior to 7 November 2002 are therefore neither measured nor recognised in the financial statements.

The subscription plan granted in December 2002, recognised in accordance with IFRS 2, will be closed in December 2012. Its amortisation in accordance with IFRS 2 was completed in December 2006. The plan granted in December 1999 expired in December 2009.

Income tax

The tax charge includes both current taxes and, where justified by the tax position of the companies concerned, deferred taxes resulting from temporary differences and consolidation adjustments.

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

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

Notes to the consolidated financial statements

Deferred tax assets relating to tax losses available for carry forward can be capitalised only when there are prospects of future profits in the next five years.

At 31 December 2009, deferred tax assets relating to tax losses amounted to €84 million.

Debtors and creditors denominated in foreign currencies

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

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

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

Segment reporting

Coface applies IFRS 8, which provides for segment reporting based on the breakdown of the company used by management for its operational management. In practice, segment information is presented by business sector.

The business segments used by Coface in its consolidated financial statements reflect its internal reporting structure, as follows:

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

Control of financial risk exposure

Currency risk

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

Coface directly trades currency futures (on regulated markets with permanent liquidity) to hedge the currency risk on equities held in connection with the direct investment mandate entered into with Lazard and denominated in currencies other than the euro. The hedging objective is to ensure protection against adverse currency movements. Hedging positions are reviewed on a quarterly basis. Coface's dealing room is responsible for executing and monitoring these transactions. Contracts for the forward purchase of US dollars and South African rand have also been acquired in order to hedge the risk on these currencies as Coface SA has liabilities towards its policyholders in these currencies.

Counterparty risk

Over 95% of the bonds and other fixed-income instruments held by Coface at 31 December 2009 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

Liquidity risk

More than 99% of the listed equities held by Coface are quoted on an

exchange in an OECD country. Consequently, Coface considers its investment portfolio to be sufficiently liquid to cover the funds it may require to meet its obligations.

Hedging policy

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

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

This authorization was used in 2009 to implement options strategies with the intention of affording protection against a decline on the equity market.

Notes to the consolidated balance sheet

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

NOTE 4 – GOODWILL

The main movements in goodwill in 2009 related to:

- The acquisition of TKB (Trust Krediet Beheer B.V.), a credit management company, by Coface Deutschland in late January 2009. This acquisition generated goodwill of €13,955 thousand as at 31 December 2009.
- The recognition of additional goodwill of €2,008 thousand on Coface Finans A/S (formerly Midt Factoring) in respect of the option to buy out the remaining minority interests.

The main movements in 2008 related to:

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

Notes to the consolidated financial statements

The main movements in 2007 related to:

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

Analysis by subsidiary

in K€	31/12/2009	31/12/2008	31/12/2007
Groupe Coface Deutschland	147,970	131,978	112,603
Coface Services	96,133	96,133	94,811
Coface Service Belgium Holding	4,725	4,725	4,725
Kompass France			32,622
Kompass Belgique	2,790	2,790	2,790
CCNA (Newton)	14,654	15,013	14,341
Groupe Coface Assicurazioni	15,206	15,206	15,206
Groupe Kompass	42,461	42,461	9,839
Coface Service North America Group	4,831	4,949	4,711
Coface Austria	6,229	6,078	5,333
Groupe Coface Central Europe Holding	2,426	2,836	2,426
Coface UK Holdings			
Coface Servicios Portugal	3,791	3,791	3,791
BDI Coface	3,846	3,893	1,976
Axa Assurcrédit			
Coface Services South Africa			
Other	343	343	343
Net	345,405	330,196	305,517

Notes to the consolidated financial statements

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

in K€	31/12/2008	Autres	Conversion	Newly consolidated companies	31/12/2009
Groupe Coface Deutschland	131,978	2,008	29	13,955	147,970
Coface Services	96,133				96,133
Coface Service Belgium Holding	4,725				4,725
Kompass Belgique	2,790				2,790
CCNA (Newton)	15,013		(359)		14,654
Groupe Coface Assicurazioni	15,206				15,206
Groupe Kompass	42,461				42,461
Coface Service North America Group	4,949		(118)		4,831
Coface Austria	6,078	(241)	(24)		5,813
Groupe Coface Central Europe Holding	2,836		6		2,842
Coface Servicios Portugal	3,791				3,791
BDI Coface	3,893	40	(87)		3,846
Other	343				343
Net	330,196	1,807	(553)	13,955	345,405

NOTE 5 – OTHER INTANGIBLE ASSETS

in K€	31/12/2009	31/12/2008	31/12/2007
	Net	Net	Net
Software development costs	119,222	97,503	86,722
Purchased goodwill	6,624	5,495	5,964
Other	5,237	3,398	2,394
TOTAL	131,083	106,396	95,080

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

in K€	31/12/2009		
	Gross	Amortisation	Net
Software development costs	224,409	(105,187)	119,222
Purchased goodwill	11,435	(4,810)	6,624
Other	7,789	(2,552)	5,237
TOTAL	243,633	(112,550)	131,083

Change in cost of intangible assets

	31/12/08	Increase	Decrease	Exchange rate effects	Other	31/12/09
Software development costs	187,890	35,330	(1,621)	(2)	2,812	224,409
Other intangible assets	5,998	2,351	(155)	(10)	(395)	7,789
Purchased goodwill	10,220	1,161		(2)	56	11,435
TOTAL	204,108	38,842	(1,776)	(14)	2,472	243,633

Notes to the consolidated financial statements

Change in amortisation and impairment of intangible assets

	31/12/08	Additions	Reversals	Exchange rate effects	Other	31/12/09
Amortisation of software development costs	(88,942)	(10,397)	1,028	38	(2,208)	(100,481)
Provision for impairment of software development costs	(1,445)	(3,248)		(16)	3	(4,706)
Total amortisation and impairment of software development costs	(90,387)	(13,645)	1,028	22	(2,205)	(105,187)
Amortisation of other intangible assets	(1,795)	(100)	153	5	(1)	(1,737)
Provision for impairment of other intangible assets	(805)	(10)				(815)
Total amortisation and impairment of other intangible assets	(2,600)	(110)	153	5	(1)	(2,552)
Amortisation of purchased goodwill	(4,725)	(250)		165		(4,810)
Provision for impairment of purchased goodwill						
Total amortisation and impairment of goodwill	(4,725)	(250)		165		(4,810)
TOTAL	(97,712)	(14,005)	1,181	192	(2,206)	(112,550)

NOTE 6 – TANGIBLE ASSETS

in K€	31/12/2009	31/12/2008	31/12/2007
	Net	Net	Net
Property, plant and equipment	25,016	23,344	23,395
Buildings used in the business	60,527	58,776	51,316
TOTAL	85,544	82,120	74,711

in K€	31/12/2009		
	Gross	Depreciation	Net
Property, plant and equipment	94,405	(69,389)	25,016
Buildings used in the business	98,523	(37,996)	60,527
TOTAL	192,928	(107,384)	85,544

The market value of buildings used in the business was €92,278 thousand at 31 December 2009, representing an unrealised gain of €31,752 thousand. At 31 December 2008, the market value of buildings used in the business was €86,674 thousand, representing an unrealised gain of €27,898 thousand.

Change in gross value of tangible assets

	31/12/08	Increases	Decreases	Exchange rate effects	Other changes	31/12/09
Land - used in operations	14,352					14,352
Buildings used in the business	79,018	8,055	(3,101)	(4)	203	84,171
Total operating property	93,370	8,055	(3,101)	(4)	203	98,523
Operating guarantees and deposits	2,890	531	(257)	(24)	(22)	3,118
Other tangible assets	88,650	8,817	(10,131)	205	3,746	91,287
Total tangible assets other than property	91,540	9,349	(10,388)	181	3,724	94,405
TOTAL	184,910	17,404	(13,489)	176	3,927	192,928

Notes to the consolidated financial statements

Change in depreciation and impairment on tangible assets

	31/12/08	Increases	Decreases	Exchange rate effects	Other changes	31/12/09
Depreciation - buildings used in the business	(34,495)	(3,306)	7	2	(90)	(37,882)
Impairment - buildings used in the business	(99)	(-15)				(114)
Total depreciation and provisions on buildings used in the business	(34,593)	(3,321)	7	2	(90)	(37,996)
Depreciation - other tangible assets	(65,849)	(6,363)	9,115	(99)	(3,446)	(66,642)
Impairment - other tangible assets	(2,346)	(398)	6	(11)	3	(2,747)
Total depreciation and impairment on other tangible assets	(68,196)	(6,761)	9,121	(110)	(3,443)	(69,389)
TOTAL	(102,789)	(10,083)	9,128	(108)	(3,533)	(107,384)

NOTE 7 – INVESTMENTS

NOTE 7-1 – Analysis by category

At 31 December 2009, the carrying amount of held-to-maturity (HTM) securities was €56,474 thousand, while available-for-sale (AFS) securities totalled €1,068,204 thousand and trading securities came to €104,561 thousand. HTM securities represented an unrealised loss of €711 thousand.

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

in K€	Gross	Impairment	IFRS 31/12/09	IFRS 31/12/08	IFRS 31/12/07
AFS securities	1,149,614	(11,269)	1,138,344	1,101,738	1,223,195
Equities	109,420	(4,167)	105,253	146,322	223,424
Bonds	897,497	(155)	897,342	808,689	861,261
Investments in non-consolidated companies	142,630	(6,939)	135,691	146,687	138,417
Shares in non-trading property companies	66	(8)	58	40	92
HTM securities					
Bonds	56,482	(8)	56,474	89,809	112,748
Fair value through profit or loss - trading securities	104,769		104,769	128,873	28,811
Derivatives				710	712
Investment property	1,958		1,958	942	995
Loans and receivables	203,935	(411)	203,524	218,834	83,936
TOTAL Investments	1,516,758	(11,688)	1,505,069	1,540,906	1,450,397

Notes to the consolidated financial statements

in K€	31/12/08	Additions	Reversals	Other changes	31/12/09
AFS securities	12,490	8,892	(10,057)	(56)	11,269
Equities	5,475	4,225	(5,522)	(11)	4,167
Bonds	819	14	(582)	(96)	155
Investments in non-consolidated companies	6,188	4,653	(3,953)	51	6,939
Shares in non-trading property companies	8				8
HTM securities					
Bonds	8				8
Loans and receivables	413		(2)		411
TOTAL Provisions	12,911	8,892	(10,059)	(56)	11,688

At 31 December 2009, 42.8% of the group's total bond portfolio was rated "AAA", 14.1% was "AA", 41.1% was "A" and 2.0% was "BBB".

The derivatives that corresponded at 31 December 2008 to forward currency purchases and sales had all matured at 31 December 2009.

The option available under the amendment to IAS 39 and IFRS 7 relating to the reclassification of financial assets was not used in the financial sta-

tements for the year ended 31 December 2008. The decline in HTM securities was essentially due to securities valued at €20 million having matured.

The group share of the change in unrealised reserves on AFS securities recycled through profit and loss during the year amounted to €13,838 thousand net of deferred tax.

NOTE 7-2 - Fair value of financial assets and liabilities recognised on the balance sheet at fair value

This note presents the fair value of financial instruments according to the level of the hierarchy of the parameters used to measure the instruments for balance sheet purposes:

Level 1 : Quoted prices for an identical instrument on active markets

Level 2 : Use of data, other than quoted prices for an identical instrument, directly or indirectly observable on the market (data corroborated by the market: yield curve, swap rates, multiples method, etc.)

Level 3 : Measurement techniques based on non-observable data such as projections or internal data.

	Carrying amount	Fair value	Level 1	Level 2	Level 3
AFS securities	1,068,204	1,138,344	741,896	61,025	335,423
Equities	106,285	105,253	105,253		
Bonds	886,595	897,342	636,643	50,621	210,078
Investments in non-consolidated companies	75,262	135,691		10,404	125,287
Shares in non-trading property companies	62	58			58
HTM securities					
Bonds	56,474	56,474	27,961		28,513
Fair value through profit or loss - trading securities	104,561	104,769	104,769		
Investment property	1,742	1,958			1,958
Loans and receivables	203,524	203,524		168,682	34,842
TOTAL	1,434,505	1,505,069	874,626	229,707	400,736

Loans and receivables totalling €169 million classified as Level 2 consist of short-term cash and cash equivalents.

Notes to the consolidated financial statements

NOTE 7-3 - Investments in non-consolidated companies – French companies

in K€	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
		Cost	Fair value	Cost	Fair value	Cost	Fair value
AXA ASSURCREDIT 26, Rue Drouot 75 009 Paris	40%	*3,956	6,029	*4,460	5,443	*3,260	8,275
IDEALINFO 7, rue d'Artois 75 008 PARIS	100%	Merged with Coface Services		Merged with Coface Services		1,335	1,335
CAMEEMS (ex Soari) 12, cours Michelet – La Défense 92 800 PUTEAUX	100%	656	847	656	956	656	829
CENTRE D'ETUDES FINANCIERES (CEF) 7, chemin de Sens 37210 ROCHECORBON	100%	*380	380	*378	378	*378	378
OR INFORMATIQUE 2, rue du Général de Gaulle 54340 POMPEY	100%	*830	830	*830	830	*830	830
LIBRAIRIE ELECTRONIQUE 7, chemin de Sens 37210 ROCHECORBON	100%	*701	701	*703	703	*703	703
Cerip Services Banques 1, rue de l'Union 92843 RUEIL MALMAISON CEDEX	62%	157	157	157	157	157	157
Coface RBI 5, rue Alfred de Vigny 75 008 PARIS	100%	76	3,519	76	3,619	76	3,569
Planet rating SAS 13, rue Dieumegard 93 400 SAINT-OUEN	13%	175	175	175	175	100	100
Other		119	119	57	57	57	57
TOTAL FRENCH COMPANIES		7,050	12,757	7,492	12,318	7,552	16,233

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
COFACE CHILE WTC, Torre Norte, of 1701 Av. Nueva Tajamar 481 Las Condes SANTIAGO	Chile	100%	*6,450	7,429	*4,329	5 747	*5,319	6,491
COFACE FACTORING CHILE WTC, Torre Norte, of 1601 Av. Nueva Tajamar 481 Las Condes SANTIAGO	Chile	100%	1,152	2,090	936	990	1,150	1,218
COFACE SERVICIOS CHILE WTC, Torre Norte, of 1701 Av. Nueva Tajamar 481 Las Condes SANTIAGO	Chile	100%	*(96)	2,037	*(93)	1,723	*(112)	2,514

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Notes to the consolidated financial statements

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
COFACE AUSTRIA BANK								
Stubenring 24 1010 VIENNA	Austria	100%	Consolidated		5,050	5,050	5,050	5,050
COFACE CZECH FACTORING (ex HP Finance)								
IP Pavlova 5 120 000 PRAHA	Czech Republic	100%	2,637	2,637	2,993	2,993		
KYRIBA CORPORATION								
11622 El Camino Real Suite 100 SAN DIEGO CA – 92130	United States	10%	2,606	2,605	2,444	2,444		
SEGURADORA BRASILEIRA DE CREDITO EXPORTACAO SA (SBCE)								
74/11e rua Senador Dantas, 16 andar 20031-205 RIO DE JANEIRO	Brazil	76%	6,789	6,893	6,789	5,570	2,123	2,443
COFACE SOUTH AFRICAN INSURANCE COMPANY								
Nyanga Office Park. Inyanga Close Sunninghill 2157 SUNNINGHILL	South Africa	100%	*3,968	6,727	*2,682	7,570	*2,682	6,480
COFACE SOUTH AFRICA SERVICES (Ex CUAL)								
Nyanga Office Park. Inyanga Close Sunninghill 2157 SUNNINGHILL	South Africa	100%	*1,616	6,408	*1,617	7,928	*1,616	9,292
CIMCO SYSTEMS LIMITED								
15 Appold Street London EC2A 2DL	UK	100%	Liquidated		*1,993	2,081	*4,095	2,513
COFACE DEBT PURCHASE Ltd								
15 Appold Street London EC2A 2DL	UK	100%	Liquidated		*1,023	2,148	*1,598	1,380
COFACE POLAND CMS (ex-Coface Intercredit Poland)								
Al.Jerozolimskie 136 02-305 WARSZAW	Poland	75%	Consolidated		Consolidated		*2,604	9,121
COFACE SLOVENIA CMS (ex-Coface Intercredit Slovenia)								
Cankarjeva 3 1000 LJUBJANA	Slovenia	75%	*446	1,602	*446	1,319	*446	1,110
COFACE SLOVAKIA CMS (ex-Coface Intercredit Slovakia)								
Soltsojev 14 811 08 BRATISLAVA	Slovakia	75%	*322	1,676	*322	2,682	*322	2,488
COFACE BULGARIA CMS (ex-Coface Intercredit Bulgaria)								
85/87, Todor Aleksandrov boul. 1303 SOFIA	Bulgaria	75%	*157	1,372	*157	1,194	*157	921
COFACE ROMANIA CMS (ex-Coface Intercredit Romania)								
Calea Floreasca, nr 39, etaj.2 014453 BUCURESTI Sector 1	Romania	75%	*533	5,808	*533	4,792	*533	4,368

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Notes to the consolidated financial statements

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
COFACE CROATIA CMS								
(ex-Coface Intercredit Croatia)	Croatia	75%	*238	2,167	*238	1,960	*238	1,852
Prilaz Gjуре Dezelica 23 1000 ZAGREB								
COFACE HUNGARY CMS								
(ex-Coface Intercredit Hungary)	Hungary	75%	*631	2,321	*631	2,979	*631	3,143
Tűzolto u.59 H 1094 BUDAPEST								
COFACE CZECH CMS								
(ex-Coface Intercredit Czech Republic)	Czech Republic	75%	*608	2,419	*608	1,950	*608	1,674
I.P Pavlova 5 120 00 PRAHA								
KOMPASS GMBH Melissa								
	Germany	100%	27	764	27	1,047	27	2,097
Heinrich-von-Stephenstrasse 8b 79 100 FREIBURG IM BREISGAU								
COFACE SERVICES SUISSE SA								
(ex : Cofacering.ch)	Switzerland	100%	*495	3,436	*495	3,178	*495	2,834
Avenue Belle-Fontaine 18 CP 431 CH-1001 LAUSANNE								
COFACE SERVICES SOUTH ASIA PACIFIC								
	Singapore	100%	7,690	8,048	7,690	8,335	6,073	6,290
36 Robinson Road- #19-01 City House SINGAPORE 068877								
BUSINESS DATA INVESTMENT HOLDING								
	Greece	15%	1,527	1,527	1,527	1,527	1,527	1,527
16, Agnanton Street ATHENS								
INTERMARKET BANK AG								
	Austria	9%	1,562	5,127	1,562	4,632	1,562	4,820
Marokkanergasse 5-7 A-1030 WIEN								
COFACE GREATER CHINA SERVICES Ltd								
	Hong Kong	100%	1,452	3,615	1,451	3,979	1,451	2,818
(ex Coface Frontline) 8/F & 9/F Sunning Plaza, 10 Hysan Avenue, Causeway Bay Hong-Kong								
COFACE GREATER CHINA FINANCE								
	Hong Kong	100%	1,043	1,098	1,043	3,744	1,043	1,043
8F, Sunning Plaza, 10 Hysan Avenue, Causeway Bay Hong-Kong								
COFACE SERVICES TAIWAN								
	Taiwan	100%			954			
Room A5, 6th Floor, No. 16, Section 4, Nanjing East Road 105 TAIPEI								
COFACE SERVICES TURKEY								
	Turkey	100%	1,345	1,148	1,135	1,135	1,036	99
Büyükdere Cad. Yapi Kredi Plaza B Blok Kat: 6 Levent 34330 ISTANBUL								
COFACE EASTERN EUROPE HOLDING								
(ex IKG Holding)	Germany	92.5%	804	834	804	1,550	804	1,409
Koblenzer Strasse 26-28 53173 BONN								
RECOURS								
	Morocco	25%	58	104	58	113	58	224
24, rue Ali Abderrazak CASABLANCA 20 000								

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Notes to the consolidated financial statements

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
UNISTRAT HOLDING BV 55 Rokinrood 1012 AMSTERDAM	Netherlands	100%	Liquidated		2,942	2,942	2,942	2,942
COFACE SEGURO DE CREDITO MEXICO Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn 01020, Del. Alvaro Obregon, MEXICO, Df	Mexico	100%	2,799	2,994	2,811	2,847	2,799	2,845
COFACE SIGORTA TURKEY Plaza B-Blok Kat:6, Buyukdere Caddesi, Yapi Kredi, Levent 34330 ISTANBUL	Turkey	100%	9,040	9,245	5 241	10,678	5 241	5,241
KOMPASS CZECH REPUBLIC I.P Pavlova 5 120 00 PRAHA	Czech Republic	100%	*1,251	1,600	*1,251	1,597	*1,251	1,052
KOMPASS POLAND 1 ul. Irysowa 02660 WARSZAW	Poland	100%	*323	1,000	*323	1,018	*323	1,018
KOMPASS JAPAN Toranomon Kotohira Tower SF TOKYO 105 001	Japan	100%	Merged with Coface Services Japan		*(1,251)		*(1,251)	
COFACE SERVICES JAPAN Toranomom Kotohira Tower 5F, 1-2-8 Toranomom, Minato-ku TOKYO 105-0001	Japan	100%	*(1,251)					
KOMPASS TURKEY Plaza B-Blok Kat:6, Buyukdere Caddesi, Yapi Kredi, Levent 34 330 ISTANBUL	Turkey	70%	Merged with Coface Services Turkey		*210		*210	
KOMPASS NORTH AMERICA Inc 50 Millstone Road, Building 100, Suite 360 EAST WINDSOR NJ 08520	United States	100%	*482		*509		*509	
KOMPASS SOUTH EAST ASIA 36 Robinson Road- #19-01 City House SINGAPORE 068877	Singapore	100%	Sold		Sold		*540	423
COFACE POLAND INSURANCE SERVICES Al. Jerozolimskie 136 02-305 WARSZAW	Poland	100%	*842	3,758	*843	4,629	*843	843
COFACE POLAND FACTORING Al. Jerozolimskie 136 02-305 WARSZAW	Poland	100%	Consolidated		Consolidated		646	646
COFACE SERVICIOS ARGENTINA (ex VERITAS ARGENTINA) Ricardo Rojas 401, Piso 7 C1001AEA BUENO AIRES	Argentina	100%	*63	1,600	*61	1,763	*27	1,354
COFACE SERVICES COLOMBIA (ex VERITAS COLOMBIA) Carrera 15 No. 91-30 Oficinas 601 602 BOGOTA	Colombia	100%	*122	1,091	*118	976	*143	758

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Notes to the consolidated financial statements

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
COFACE SERVICIOS COSTA RICA SA (ex VERITAS DE CENTRO AMERICA)								
Oficentro La Virgen, Edificio 3, Piso 1, Zone Industrial Pavas 11421-1000 SAN JOSE	Costa Rica	100%	*108	829	*105	1,227	*126	1,727
COFACE SERVICIOS DO BRASIL								
34 Joao Duran Alonso Square Brooklin Novo District Sao Paulo 12 floor 04571-070 SAO PAULO	Brazil	100%	*283	2,614	*274	2,386	*332	2,947
COFACE SERVICES ECUADOR (ex VERITAS ANDINA)								
Irlanda 1016 y Republica de El Salvador, Edificio Siglo XXI, PH QUITO	Ecuador	100%	*(17)	602	*(17)	724	*(21)	624
COFACE SERVICIOS MEXICO SA DE CV (ex Informes Veritas)								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon 01020 MEXICO CITY	Mexico	100%	*(459)	3,904	*(445)	3,929	*(539)	5,356
COFACE SERVICIOS PANAMA								
San Francisco, Calle 50 y Calle 71 Edificio Plaza Morica Piso 8 Oficina 801 PANAMA CITY	Republic of Panama	100%	*111	225	*82	586	*46	574
COFACE SERVICES PERU								
Calle 41 No 840 (Ex Canaval y Moreyra) SAN ISIDRO-LIMA 27	Peru	100%	*1,340	185	*120	324	*54	421
COFACE SERVICES VENEZUELA								
Avenida Francisco de Miranda Edificio EASO Piso 5 Oficina 5H, CHACAITO, CARACAS 1060	Venezuela	100%	*41	484	*40	494	*33	352
CIMAL (ex Servicing)								
Perón 537 Piso 3, – 3rd Floor – C1038AAJ BUENOS AIRES	Argentina	95%	1,713	1,713	2,139	2,139		
COFACE SWEDEN FACTORING								
Coface Sverige Finans Kungsgatan 30, 9 tr. 111 35 STOCKHOLM	Sweden	100%	972	972	972	972	972	972
COFACE DANMARK SERVICES								
Vester Sogade 10, 1. 1601 KOPENHAGEN	Denmark	100%	*(462)		*(462)		*(462)	
COFACE FINANS AS (ex MIDT Factoring)								
Nygade 111 DK-7430 IKAST	Denmark	75%	Consolidated		Consolidated		3,607	3,607
KOMPASS ISRAEL								
11 Ben Gurion st. Bnei Brak 51260 BNEI BRAK	Israel	75%	*(74)	215	*(73)	268	*(76)	339

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Notes to the consolidated financial statements

NOTE 7-4 - Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2009		31/12/2008		31/12/2007	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
COFACE JAPAN FINANCE								
Toranomon Kotohira Tower 5F, 1-2-8 Toranomon, Minato-ku 105-0001 TOKYO	Japan	100%	1,957	1,957	67	67	67	67
COFACE SERBIA CREDIT MANAGEMENT SERVICES								
Bulevar Oslobođenja 111 11000 BELGRADE	Serbia	75%	51	1,334	51	51	51	51
COFACE LATVIA CMS								
Berzaunes 11 a 1039 RIGA	Latvia	75%	1,155	1,098				
Coface Rus Insurance Co								
1st Tverskaya-Yamskaya str. 23 bldg 1 Moscow, 125047 Russia	Russia	100%	689	689				
Other			3,070	4,927	2,164	4,392	911	2,806
TOTAL FOREIGN COMPANIES			68,209	122,928	67,519	134,369	62,460	122,184
TOTAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES			75,259	135,685	75,011	146,687	70,012	138,417

* Shares in deconsolidated companies, valued based on the Group's equity in the underlying net assets of the company concerned at 31 December 2009.

Note 7-5 Change in gains or losses recognised directly in equity

Change in gains and losses recognised directly in equity	Movements in 31/12/2009	Movements in 31/12/2008
Translation adjustments		
Reclassified in profit and loss		
Other movements	3,030	(5,737)
	3,030	(5,737)
Remeasurement of available-for-sale assets		
Reclassified in profit and loss	17,352	(5,351)
Other movements	22,138	(61,692)
	39,490	(67,043)
Remeasurement of hedging derivatives		
Reclassified in profit and loss		
Other movements		
Deferred tax	(12,298)	18,456
TOTAL	30,222	(54,324)

Change in gains and losses recognised directly in equity	31/12/2009			31/12/2008		
	Gross	Deferred tax	Net	Gross	Deferred tax	Net
Translation adjustments	3,030		3,030	(5,737)		(5,737)
Remeasurement of available-for-sale assets	39,940	(12,298)	27,192	(67,043)	18,456	(48,587)
Remeasurement of hedging derivatives						
Total gains and losses recognised directly in equity	42,520	(12,298)	30,222	(72,780)	18,456	(54,324)

Notes to the consolidated financial statements

NOTE 8 – INVESTMENTS IN ASSOCIATES

8.1 Movements

in K€	31/12/2009	31/12/2008	31/12/2007
Investments in associates at 1 January	77,729	71,943	19,240
Changes in consolidation scope ⁽¹⁾	(54,048)		45,045
Dividends paid	(7,353)	(6,899)	(4,786)
Share of profits of associates	5,242	12,685	12,444
Change in translation adjustments			
Investments in associated companies	21,569	77,729	71,943

(1) Changes in the consolidation scope as at 31 December 2009 correspond to the sale of the stake in Cerved.

8.2 Contribution

in K€	31/12/2009	31/12/2008	31/12/2007
Graydon holding	7,220	8,899	9,116
Cofacredit	14,349	14,392	12,387
Cerved		54,437	50,440
TOTAL	21,569	77,729	71,943

NOTE 9 – OTHER ASSETS

in K€	31/12/2009	31/12/2008	31/12/2007
Debtors arising from direct insurance operations	249,312	339,673	331,956
Debtors arising from reinsurance operations	143,229	57,190	48,159
Reinsurance debtors (estimate)	7,109	3,704	4,110
Total debtors arising from insurance and reinsurance operations	467,942	400,567	384,225
Trade debtors arising from other activities	62,102	73,519	63,235
Other debtors	156,205	137,056	141,935
Deferred tax assets (Note 15)	138,766	85,913	71,919
Current taxes	42,335	17,074	18,987
Deferred acquisition costs	22,391	26,326	22,840
TOTAL	889,741	740,455	703,141

Notes to the consolidated financial statements

NOTE 10 – CASH AND CASH EQUIVALENTS

in K€	31/12/2009	31/12/2008	31/12/2007
Cash at bank and in hand	270,410	239,646	375,118
Cash equivalents	15,421	21,344	7,927
TOTAL	285,831	260,990	383,045

NOTE 11 – LIABILITIES RELATING TO CONTRACTS

in K€	31/12/2009	31/12/2008	31/12/2007
Provisions for unearned premiums and unexpired risks	206,315	237,788	212,200
Claims provisions	1,017,646	968,200	767,249
Provisions for policyholder bonuses and rebates	32,548	38,730	36,802
Liabilities relating to insurance contracts	1,256,509	1,244,718	1,016,251
Liabilities relating to financial contracts			
Provisions for unearned premiums and unexpired risks	(37,873)	(50,691)	(43,501)
Claims provisions	(236,488)	(268,198)	(216,555)
Provisions for policyholder bonuses and rebates	(7 241)	(10,056)	(9,315)
Reinsurers' share of liabilities relating to insurance contracts	(281,603)	(328,945)	(269,371)
Net technical provisions	974,906	915,773	746,880

Management of insurance risks

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

Underwriting risk

Credit risk

Credit risk corresponds to the risk of losses on the insurance portfolio. It is managed on an overall basis and for all insurance companies within the Coface Group according to the impact of the stress scenarios measuring the impact of "frequency risk" and "catastrophe risk".

Frequency risk is the risk of a sudden and significant increase in arrears due from a large number of debtors. It is largely covered by technical provisions and is measured using the statistical claims model that simulates the claims-to-premiums ratios based on observed and current claims patterns.

Catastrophe risk is the risk of unusually high losses in a single year in respect of a single debtor (or group of debtors) or a substantial accumulation of losses suffered in a single year in a single country with exposure to country risk (excluding the most developed countries).

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

- the centralisation of potential claims in excess of a certain ceiling (currently €1 million for the two major underwriting units, Coface France and Coface Deutschland, and €0.5 million for all other underwriting units). The Group also has a specialised debt recovery subsidiary (Coface RBI);
- the "Major Risks Committee" which sets the maximum risk exposure and loss severity accepted for the Group's 400 major risks (corresponding to exposure of over €110 million or maximum probable claims of over €15 million) and defines risk ceilings for emerging countries;
- a rating system for corporate and country risks,
- statistical valuation of severity (maximum potential loss in the event of a claim) by debtor, group of debtors or emerging country.

Notes to the consolidated financial statements

In view of the current crisis in the financial markets, the Group has carried out a risk vulnerability analysis, based on Coface's ratings and recommendations and data provided by the Group's underwriting centres in relation to specific risks such as highly leveraged purchase transactions. All major risks rated BB+ (non investment grade) and below are tracked on a centralised basis both in terms of numbers and monthly movements. For frequency risks, scores are used to identify high-risk categories and more restrictive rating matrices have been implemented. The total balances represented by this population declined from €62.9 billion at 31 January 2009 to €33.2 billion at 31 December 2009, i.e. a reduction of €29.7 billion over the period.

(j) Diversification of credit risks

Coface maintains a diversified portfolio of credit risks in order to minimise the chance of a default by any debtor, a downturn in any particular

industry or a credit event in any particular country having a material impact on its claims. In addition, the overwhelming majority of Coface's exposure is short term and the insurance contracts include clauses for the modification of risk limits during the life of the contract. As such, the risks on buyers are extinguished or can be reduced relatively rapidly once a deterioration in their solvency is observed. Since early 2003, risk concentrations are monitored using management reports at Group level. Coface's credit insurance portfolio covers a wide range of business sectors. The breakdown of debtor exposures by business sector at end-2009 shows that no business sector represented more than 10% of total exposures.

Exposures to credit risk on the Group's debtors at 31 December 2009 (credit plus single risks)

Exposure band	Exposure in € billions	Number of limits (in thousands)	Number of debtors (in thousands)
Refused	0.0	943.7	678.7
€1-10k	4.3	593.7	546.1
€11-20k	6.3	477.2	370.3
€21-30k	4.0	259.5	150.4
€31-40k	3.7	208.5	102.6
€41-50k	5.2	190.3	107.9
€51-60k	2.9	128.4	50.1
€61-70k	2.9	112.4	44.2
€71-80k	2.7	95.6	34.9
€81-90k	1.9	74.3	22.4
€91-100k	5.5	110.2	55.5
€101-150k	11.1	295.2	88.6
€151-200k	9.9	207.8	55.6
€201-300k	15.0	275.0	60.4
€301-400k	12.3	186.1	35.2
€401-500k	10.4	141.2	22.9
€501-800k	24.0	276.2	37.9
€801k-1m	12.3	119.1	13.7
€1-2m	39.8	311.5	28.6
€2-5m	55.3	280.8	18.1
>€5m	136.0	280.2	9.3
TOTAL	365.6	5,566.8	2,533.5
Average exposure per debtor (in €)	144,296		

Notes to the consolidated financial statements

Geographical distribution of risks

The debtors underlying Coface's credit insurance policies are heavily concentrated in Western Europe, mainly Germany, France and Italy. Together, these three countries represented 43% of Coface's total

exposure under its credit insurance policies at 31 December 2009. At that date, almost 23% of Coface's total exposure was represented by debtors from non-OECD countries.

The following table provides an analysis of the Group's debtors by country at 31 December 2009.

Country/region	Exposure in € billions	% of total
OECD		
GERMANY	64.9	17.8%
FRANCE	53.0	14.5%
ITALY	39.6	10.8%
SPAIN	21.2	5.8%
UNITED KINGDOM	21.2	5.8%
UNITED STATES	17.7	4.8%
NETHERLANDS	11.0	3.0%
AUSTRIA	8.7	2.4%
BELGIUM	8.7	2.4%
JAPAN	6.0	1.6%
OTHER OECD COUNTRIES	31.2	8.5%
Total OECD	283.2	77.5%
Non-OECD		
AFRICA	6.8	1.9%
CENTRAL AND SOUTH AMERICA	17.3	4.7%
ASIA	23.5	6.4%
NEAR AND MIDDLE EAST	12.1	3.3%
CENTRAL AND EASTERN EUROPE	19.1	5.2%
OTHER NON-OECD COUNTRIES	3.5	1.0%
Total non-OECD	82.3	22.5%
TOTAL	365.6	100.00%

Duration of risks

The Group's credit insurance portfolio consists primarily of short-term risks, with around 90% of the Group's exposure at 31 December 2009 represented by accounts of less than 180 days in duration. Over 60%

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

NOTE 12 – SHARE CAPITAL

31/12/2009	Number of shares	Nominal (in €)	Capital en euros
Ordinary shares			
At 1 January	28,106,527	3,811,225.2	107,120,304
Distribution of capital in shares	2,924,557	3,811,225.2	11,146,139
Options exercised	20,531	3,811,225.2	78,248
At 31 December	31,051,615	3,811,225.2	118,344,691

NOTE 13 - PROVISIONS FOR LIABILITIES AND CHARGES

in K€	31/12/2009	31/12/2008	31/12/2007
Provisions for pension and other post-employment benefit obligations (Note 14)	63,215	61,347	60,260
Other provisions	7,668	9,131	8,358
TOTAL	70,883	70,478	68,618

Notes to the consolidated financial statements

in K€	31/12/08	Charges	Reversals	Other changes	Exchange rate effects	31/12/09
Provisions for disputes	6,676	2,343	(2,935)	(2,082)		4,002
Provisions for pension and other post-employment benefit obligations	61,347	4,451	(2,390)	(131)	(62)	63,215
Other provisions for liabilities and charges	2,455	2,086	(576)	(300)	1	3,666
TOTAL	70,478	8,880	(5,901)	(2,513)	(61)	70,883

NOTE 14 – EMPLOYEE BENEFITS

Changes in the Group's benefit obligations

in K€	31/12/2009	31/12/2008	31/12/2007
Present value of benefit obligations at 1 January	69,890	66,445	77,950
Acquisitions/mergers		68	1,023
Change in method for calculating retirement indemnities ⁽¹⁾	63	690	(6,432)
Past service cost	(6)	(19)	13
Current service cost	2,768	2,710	3,005
Interest cost	3,512	4,698	2,723
Actuarial (gains)/losses	740	1,606	(7,815)
Benefits paid	(3,930)	(6,310)	(3,878)
Curtailments and settlements	2	2	(144)
Prior year adjustments	(116)		
Present value of benefit obligations at 31 December	72,923	69,890	66,445

Changes in plan assets

in K€	31/12/2009	31/12/2008	31/12/2007
Fair value of plan assets at 1 January	1,280	1,286	1,232
Return on plan assets	87	(65)	(4)
Employers' contributions	3,826	5,568	3,936
Benefits paid	(3,826)	(5,509)	(3,878)
Fair value of plan assets at 31 December	1,367	1,280	1,286

Reconciliation

in K€	31/12/2009	31/12/2008	31/12/2007
Present value of benefit obligations at 31 December	72,923	69,890	66,445
Fair value of plan assets	1,367	1,280	1,286
Deficit	(71,556)	(68,610)	(65,159)
Unrecognised past service cost	(4,467)	(4,807)	(5,789)
Unrecognised actuarial losses	12,810	12,070	10,688
Liability recognised in the balance sheet at 31 December	(63,213)	(61,347)	(60,260)

Profit and loss account

in K€	31/12/2009	31/12/2008	31/12/2007
Current service cost	2,768	2,710	3,005
Interest cost	3,512	4,698	2,723
Expected return on plan assets	(79)	(74)	(77)
Amortisation of impact of change in method for calculating retirement indemnities ⁽¹⁾	(277)	(295)	53
Amortisation of past service cost	(6)	(19)	13
Amortisation of actuarial gains and losses	504	855	1,400
Curtailments and settlements			(27)
Prior year adjustments	(625)		
Expenses recognised through profit or loss	5,797	7,875	7,090

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

Notes to the consolidated financial statements

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

	FRANCE	COFACE DEUTSCHLAND	COFACE AUSTRIA	COFACE ASSICURAZIONI
Inflation rate	1.80%	1.80%	1.80%	2.00%
Discount rate ⁽¹⁾ :		4.90%	4.90%	4.90%
Plan for lump-sum retirement payments	3.45%			
Plan for long-service awards	2.90%			
Plan for pensions	2.45%			
Plan for mutual and other medical coverage	4.10%			
Rate of salary increases (including inflation) ⁽²⁾	3.00%	2.50%	3.00%	N/A

(1) The discount rates for France are the rates corresponding to the residual average working life on the date on which the plan is measured.

(2) The rate of salary increases (including inflation) is no longer used as a variable for existing plans in Italy.

NOTE 15 - DEFERRED TAXES

in K€	31/12/2009	31/12/2008	31/12/2007
Deferred tax assets	138,766	85,913	71,919
Deferred tax liabilities	122,974	141,771	184,293
Net deferred tax liabilities ⁽¹⁾	(15 792)	55,858	112,374

Deferred tax assets:

Temporary differences	39,432	71,089	56,888
Provisions for pension and other employee benefit obligations	13,052	12,399	12,203
Restatement of finance leases ⁽²⁾	2,094	2,425	2,828
Tax loss carryforwards ⁽³⁾	84,188		
TOTAL	138,766	85,913	71,919

Deferred tax liabilities:

Temporary differences ⁽⁴⁾	122,974	141,771	184,293
Provisions for pension and other employee benefit obligations			
TOTAL	122,974	141,771	184,293

(1) Deferred tax assets for the French entities have been calculated at the rate of 34.43% for expected recovery dates after 2009.

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

(3) Deferred tax assets on tax losses relate to Coface SA for €81 million, Coface Iberica for €2.5 million and Coface Australia for €0.5m.

(4) Temporary differences giving rise to deferred tax liabilities primarily concern the cancellation of the claims equalisation provision in an amount of €103.4 million.

NOTE 16 – LIABILITIES RELATING TO FINANCING OPERATIONS

in K€	31/12/2009	31/12/2008	31/12/2007
• Bank borrowings	441,381	358,920	256,681
• Obligations under finance leases	20,299	23,356	26,698
• Bank overdrafts and other borrowings	5,260	10,326	1,948
TOTAL	466,940	392,602	285,327

Notes to the consolidated financial statements

NOTE 17 – MATURITY ANALYSIS OF DEBT

in K€	31/12/2009	31/12/2008	31/12/2007
Due within one year:			
• Bank borrowings	439,745	349,963	255,469
• Obligations under finance leases	2,098	1,985	5,023
• Bank overdrafts and other borrowings	3,300	8,714	175
Total	445,143	360,662	260,667
Due within one and five years:			
• Bank borrowings	1,636	8,957	1,212
• Obligations under finance leases	10,245	10,803	8,638
• Other borrowings	1,960	1,612	1,773
TTotal	13,841	21,372	11,623
Due in more than five years:			
• Bank borrowings			
• Obligations under finance leases	7,956	10,568	13,037
• Other borrowings			
Total	7,956	10,568	13,037
TOTAL	466,940	392,602	285,327

At 31 December 2009, debt due within one year consisted mainly of loans from Natixis to Coface Deutschland and Cofinpar for €145 million and €198 million respectively.

Financing liabilities in the strict sense of the term amounted to €444 million (excluding debt contracted by Coface Austria Holding on behalf of Coface Austria Bank for €3 million).

NOTE 18 – OTHER LIABILITIES

in K€	31/12/2009	31/12/2008	31/12/2007
Creditors arising from direct insurance operations	83,338	70,159	62,513
Guarantees and deposits received	3,993	7,806	8,661
Creditors arising from reinsurance operations	115,741	62,509	68,809
Cash deposits received from reinsurers	10,061	10,890	12,392
Reinsurance creditors (estimate)	11,519	18,787	14,999
Total creditors arising from insurance and reinsurance operations	224,652	170,150	168,374
Current taxes	59,650	58,765	56,552
• Employee profit-sharing fund (blocked account)	9,537	8,483	7,003
• Accrued personnel costs	44,680	44,378	56,418
• Sundry creditors	182,605	147,628	128,703
• Deferred income	27,174	33,280	34,651
• Other accruals	2,409	2,602	885
Autres dettes	266,405	236,371	227,660
Deferred tax liabilities (Note 15)	122,974	141,771	184,293
Sub-total – Other liabilities	673,681	607,057	636,879
Due to banking-sector companies	2,168,164	2,578,228	2,337,727
Due to customers of banking-sector companies	1,089,798	1,037,857	1,045,042
TOTAL	3,931,643	4,223,142	4,019,649

Notes to the consolidated financial statements

Notes to the consolidated profit and loss account

NOTE 19 – CONSOLIDATED TURNOVER

in K€

a) By business line	2009	2008	2007
Insurance:			
Premiums – direct business	969,093	989,932	950,562
Premiums – inward reinsurance	66,651	58,918	50,619
Premiums net of cancellations	1,035,744	1,048,850	1,001,181
Sales of services:			
Policy fees	105,942	103,370	97,917
Other insurance-related services	14,417	14,079	12,091
Insurance-related services	120,359	117,449	110,008
Remuneration of public procedures management services	63,975	66,761	60,687
Information and other services	149,122	156,762	144,962
Trade receivables management	63,019	46,701	43,993
Sub-total	212,141	203,463	188,955
Factoring:	102,038	99,816	71,757
Consolidated turnover	1,534,257	1 536 339	1,432,588

b) By country of invoicing	2009	2008	2007
France	469,625	489,225	513,869
Germany	306,317	306,303	297,986
Italy	138,815	151,446	147,407
Austria	51,337	56,693	58,182
United Kingdom	60,193	73,136	46,512
Spain	76,553	67,207	55,184
Other European countries	180,729	159,147	117,970
Americas	150,433	141,277	124,587
Asia	78,085	73,768	54,338
Other	22,172	18,137	16,553
Consolidated turnover	1,534,257	1,536,339	1,432,588

c) Insurance turnover by type of insurance	2009	2008	2007
Credit insurance			
Export	475,778	483,211	478,659
Domestic	500,232	501,058	462,017
Total	976,010	984,269	940,676
Guarantees	55,963	61,283	58,772
Other	3,771	3,298	1,733
Total guarantees and other	59,734	64,581	60,505
Total insurance turnover	1,035,744	1,048,850	1,001,181

The like-for-like decrease in consolidated turnover (based on constant Group structure and exchange rates) came to 0.7%, i.e. 0.6 percentage points lower than the reported growth figure of 0.1%. Changes in Group structure had a negative effect of 1.0 percentage point, while exchange rates had a positive impact of 0.3 percentage points.

Like-for-like data is calculated by applying 2008 exchange rates to the 2009 data and restating 2008 figures based on the 2009 scope of consolidation.

Notes to the consolidated financial statements

NOTE 20 - EARNED PREMIUMS

in K€	2009	2008	2007
Premiums net of cancellations	1,035,744	1,048,850	1,001,181
Policy fees	105,942	103,370	97,917
Change in unearned premiums provisions	29,200	(30,114)	(17,829)
TOTAL	1,170,886	1,122,106	1,081,269

NOTE 21 - CLAIMS-RELATED EXPENSES

in K€	2009	2008	2007
Paid claims, net of recoveries and paid policyholder bonuses	(990,181)	(530,182)	(455,143)
Claims handling expenses	(66,510)	(58,390)	(61,350)
Change in claims provisions and provisions for policyholder bonuses	(49,784)	(209,300)	(28,102)
TOTAL	(1,106,475)	(797,872)	(544,595)

Claims handling expenses include general expenses incurred by Coface SA in connection with the management of public procedures which are accounted for in accordance with cost accounting principles. The related amounts corresponded to €16,183 thousand in 2009 and €15,955 thousand in 2008.

NOTE 22 - EXPENSES ON BANKING ACTIVITIES

in K€	2009	2008	2007
Cost of risk	(18,335)	(13,799)	(11,548)
Operating expenses	(39,016)	(33,512)	(27,256)
TOTAL	(57,351)	(47,311)	(38,804)

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

in K€	2009	2008	2007
Commissions	(136,274)	(112,923)	(107,863)
Other business acquisition costs	(105,393)	(106,205)	(108,134)
Total business acquisition costs	(241,667)	(219,128)	(215,997)
Administrative costs	(155,673)	(172,245)	(218,917)
Other current expenses	(78,904)	(48,159)	(19,708)
TOTAL	(476,244)	(439,533)	(454,622)

Expenses incurred by Coface in connection with public procedures management recorded under this item amounted to €37,853 thousand in 2009 and €37,353 thousand in 2008.

Notes to the consolidated financial statements

NOTE 24 - REINSURANCE RESULT

in K€	2009	2008	2007
Ceded premiums	(234,348)	(255,757)	(264,348)
Change in unearned premiums provisions	(13,733)	7,111	7,279
	(248,081)	(248,646)	(257,069)
Ceded claims	240,258	128,951	104,794
Change in claims provisions, net of recoveries	(30,176)	40,750	(1,334)
	210,082	169,701	103,460
Commissions paid by reinsurers	74,561	88,991	102,257
Reinsurance result	36,562	10,047	(51,352)

NOTE 25 - NET FINANCIAL INCOME EXCLUDING FINANCE COSTS

in K€	2009	2008	2007
Investment income (excluding net gains/(losses) on assets and liabilities held for trading)	44,973	53,216	51,420
Net gains/(losses) on assets and liabilities held for trading	(221)	163	(3,202)
Net gains/(losses) on disposals	(11,178)	(5,559)	20,663
Change in provisions for impairment in value	(8,578)	(1,071)	471
Net exchange gains/(losses)	(2,052)	250	(6,258)
Investment management expenses*	(4,157)	(3,838)	(4,406)
Total net financial income excluding finance costs	18,787	43,161	58,688

* External investment management expenses amounting to €2,363 thousand were reclassified at 31 December 2007 from "Investment income" to "Investment management expenses".

NOTE 26 - FINANCIAL INCOME BY INVESTMENT CLASS

in K€	2009	2008	2007
Property	302	481	362
Equities	(12,725)	(1,592)	17,925
Fixed income instruments	40,879	43,884	44,792
Derivatives	(3,389)	(333)	835
Sub-total	25,067	42,440	63,914
Management expenses	(4,157)	(3,838)	(4,406)
Net exchange gains/(losses)	(2,052)	250	(6,258)
Dividends received from non-consolidated companies	4,866	3,546	6,293
Other income and expenses	(4,937)	763	(855)
TOTAL	18,787	43,161	58,688

Notes to the consolidated financial statements

NOTE 27 – OTHER INCOME AND EXPENSES FROM OPERATIONS

in K€	2009	2008	2007
Other operating income	22,240	3,969	2,122
Other operating expenses	(1,771)	(3,640)	(2,346)
Net	20,469	329	(224)

In 2009, other income from operations primarily included:

- A €1,438 thousand gain on the disposal of Coface shares.
- A gain of €19,689 thousand relating to the disposal of Cerved.

Other expenses on operations mainly comprise:

- Exceptional charges of €1,231 thousand incurred on completion of the liquidation of non-consolidated dormant companies in the UK.

In 2008, other income from operations included:

- A gain of €1,260 thousand on the disposal of Coface shares.
- Interest on arrears of €136 thousand received by Coface SA.

- Exceptional income of €1,528 thousand received by UK Holdings from the liquidation of non-consolidated dormant companies.

Other expenses on operations included:

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

NOTE 28 – INCOME TAX

in K€	2009	2008	2007
Current taxes	(23,231)	(55,476)	(38,315)
Deferred taxes ⁽¹⁾	84,364	41,261	(9,824)
Total	(61,133)	(14,215)	(48,139)

(1) Deferred taxes relate only to temporary differences.

Tax proof	31/12/2009	31/12/2008
Net attributable profit	(162,926)	40,876
Net profit – Minority interests	661	1,200
Income tax for the period ⁽¹⁾	(61,133)	14,215
Share of profits of associates	(5,242)	(12,685)
Dividends received from non-consolidated companies	(4,866)	(3,546)
Consolidated profit before tax and share of profits of associates	(233,506)	40,060
Permanent differences ⁽²⁾	(1,676)	(1,003)
Consolidated taxable profit	(235,182)	39,057
Theoretical tax rate	34,43%	34,43%
Theoretical tax	80,973	(13,447)
Tax credits	661	520
Impact of tax consolidation	1,829	(966)
Social contribution and other surtaxes	(815)	382
Tax reassessments ⁽³⁾	(9,695)	(228)
Differences between Group rates/local rates ⁽⁴⁾	(2,031)	3,926
Deferred taxes not recognised for reasons of prudence	(10,312)	(4,763)
Deferred taxes recognised on temporary differences		361
Tax on prior years and other taxes (including carry back)	523	
Tax charge for the period	61,133	(14,215)

The theoretical tax rate used is the forecast rate at 31 December 2009 for Coface SA which accounts for the bulk of the Group's profit and income tax. The effective tax rate at 31 December 2009 was 27.3%.

Losses not capitalised amounted to €21.5 million at 31 December 2009.

(1) Tax of €84 million on the losses was capitalised based on the 5-year business plan, relating mainly to the parent company Coface SA for €81,214 thousand and Coface Espagne, its branch, for €2,500 thousand.

(2) At 31 December 2009, the main permanent differences concerned Cofinpar following the disposal of Cerved, Coface Allemagne and Coface SA.

(3) Relates mainly to tax adjustments made in Germany.

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

Notes to the consolidated financial statements

NOTE 29 - SHARE OF PROFITS OF ASSOCIATES

in K€	2009	2008	2007
Cerved	(389)	6,097	5,211
Cofacredit	1,397	3,230	3,013
Graydon	4,234	3,358	4,220
TOTAL	5,242	12,685	12,444

Additional information

NOTE 30 – ANALYSIS OF CURRENT OPERATING PROFIT BY BUSINESS SEGMENT

	Insurance + Insurance-related services		Services	
	Dec-09	Dec-08	Dec-09	Dec-08
Turnover	1,170,899	1,175,951	313,436	291,266
Change in unearned premiums provisions	29,200	(30,114)		
Claims expenses and cost of risk relating to factoring	(1,096,465)	(785,582)	(16,183)	(15,955)
External business acquisition costs: commissions	(138,480)	(114,403)		
Other administrative costs	(321,781)	(316,415)	(261,150)	(236,598)
Liaison accounts				
Reinsurance result	36,563	10,044		
Operating margin	(320,063)	(60,520)	36,103	38,713
Net investment income	12,119	32,399	1,676	(4,021)
Current operating profit including finance costs	(307,945)	(28,121)	37,779	34,691

	Factoring		Intra-Group inter-business lines		Total	
	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09	Dec-08
Turnover	89,304	89,612	(39,382)	(20,489)	1,534,257	1,536,340
Change in unearned premiums provisions					29,200	(30,114)
Claims expenses and cost of risk relating to factoring	(18,335)	(13,799)	6,173	3,665	(1,124,810)	(811,671)
External business acquisition costs: commissions			2,010	1,480	(136,469)	(112,923)
Other administrative costs	(49,908)	(39,078)	32,008	18,120	(600,831)	(573,971)
Liaison accounts						
Reinsurance result					36,563	10,044
Operating margin	21,061	36,735	809	2,777	(262,090)	17,705
Net investment income	(4)	(31)	(810)	(2,777)	12,981	25,569
Current operating profit including finance costs	21,057	36,704			(249,109)	43,274

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

In accordance with IFRS 8, in order to ensure consistency with the internal reports used by management, the Insurance and Insurance-related services businesses were combined. The 2008 column was therefore adjusted for comparison purposes.

Notes to the consolidated financial statements

Insurance

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

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

Insurance-related services

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

Services

Turnover from Service consists of the remuneration paid by the French State for public procedures management and income from the sale of company information and from receivables management.

Remuneration from public procedures management is provided for under a financial agreement signed by the French government and Coface. Such an

agreement was signed on 9 June 2008 covering a four-year period (2007 to 2010). This agreement was subject to a rider signed on 8 October 2009 covering the period from 1 January 2009 to 31 December 2010.

Premiums paid by clients are paid over to the State, which is also responsible for paid claims and receives the benefit of any subrogation and salvage. These amounts are therefore not reflected in the Group's consolidated financial statements.

Turnover from the provision of company information and receivables management corresponds primarily to the sale of access to credit information and marketing information, and the sale of debt recovery services. Fees for debt recovery services generally correspond to a percentage of the amount recovered, plus out-of-pocket expense reimbursements in some cases.

The expenses incurred in managing public procedures mainly correspond to the issuance of State guarantees, claims management expenses and the cost of recovering insured bad debts. Expenses consist mainly of the cost of obtaining information and debt recovery expenses, selling expenses, general operating expenses and administrative expenses.

Factoring

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

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

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

Notes to the consolidated financial statements

NOTE 31 – ANALYSIS OF THE BALANCE SHEET BY BUSINESS SEGMENT

ASSETS (in € thousands)	Insurance and insurance-related services	Services	Factoring	TOTAL ASSETS
Intangible assets	202,107	252,621	21,760	476,488
Goodwill	136,155	187,838	21,412	345,405
Insurance companies' contract portfolios				
Other	65,952	64,783	348	131,083
Insurance business investments	1,496,760	8,286	20	1,505,066
Investment property	1,958			1,958
Held-to-maturity securities	56,474			56,474
Available-for-sale securities	1,138,341			1,138,341
Trading securities	104,769			104,769
Loans and receivables	195,218	8,286	20	203,524
Derivative instruments and separated embedded derivatives				
Instruments dérivés et dérivés incorporés séparés				
Debtors arising from banking and other activities	557		3,268,914	3,269,471
Investments in associates		7,220	14,349	21,569
Reinsurers' share of liabilities relating to insurance and financial contracts	281,603			281,603
Other assets	869,082	98,227	7,976	975,284
Operating property and other tangible assets	71,670	12,167	1,706	85,544
Deferred acquisition costs	22,391			22,391
Deferred tax assets	134,321	4,340	104	138,766
Debtors arising from insurance and inward reinsurance operations	389,056			389,056
Debtors arising from outward reinsurance operations	78,886			78,886
Trade debtors arising from other activities	10,693	51,409		62,102
Current taxes	38,568	3,505	261	42,335
Other debtors	123,497	26,805	5,904	156,205
Cash and cash equivalents	200,304	10,862	74,665	285,831
TOTAL ASSETS	3,050,412	377,216	3,387,684	6,815,312

Notes to the consolidated financial statements

LIABILITIES AND SHAREHOLDERS' FUNDS (in € thousands)	Insurance and insurance-related services	Services	Factoring	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS
Shareholders' funds excluding minority interests	863,093	142,407	78,073	1,083,573
Share capital and additional paid-in capital	587,968			587,968
Gains and losses recognised directly in equity	25,315	19,223	(141)	44,397
Consolidated reserves brought forward	452,882	106,290	54,959	614,131
Net profit for the period	(203,072)	16,894	23,255	(162,923)
Minority interests		5,763		5,763
Total shareholders' funds	863,093	148,171	78,073	1,089,336
Provisions for liabilities and charges	59,213	11,634	36	70,883
Liabilities relating to financing operations	369,551	83,169	14,220	466,940
Subordinated borrowings			3	3
Financing liabilities due to banking-sector companies	369,535	81,016	14,217	464,768
Other	16	2,153		2,169
Liabilities relating to insurance contracts	1,256,509			1,256,509
Resources used by banking sector activities	(2)		3,257,964	3,257,962
Due to banking-sector companies			1,089,798	1,089,798
Due to customers of banking-sector companies	(2)		2,168,166	2,168,164
Other liabilities	502,048	134,242	37,391	673,682
Deferred tax liabilities	112,783	9,672	519	122,974
Creditors arising from insurance and inward reinsurance operations	152,693			152,693
Creditors arising from outward reinsurance operations	71,959			71,959
Current taxes	49,843	8,571	1,236	59,650
Derivative instruments				
Other	114,770	115,999	35,636	266,405
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	3,050,412	377,216	3,387,684	6,815,312

Notes to the consolidated financial statements

NOTE 32 – EARNINGS PER SHARE

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

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

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

When earnings per share are negative, diluted earnings per share are identical since splitting the loss over a greater number of shares cannot be considered as having a dilutive effect.

	2009		
	Average number of shares	Net Profit (in thousands of euro)	Earnings per share (in €)
Basic earnings per share	31,051,615	(162,926)	(5.25)
Dilutive instruments			
Number of shares	39,300		
Income net of tax and employee profit-sharing			
Diluted earnings per share	31,090,915		(5.25)
	2008		
	Average number of shares	Net Profit (in thousands of euro)	Earnings per share (in €)
Basic earnings per share	24,146,549	40,875	1.69
Dilutive instruments			
Number of shares	61,884		
Income net of tax and employee profit-sharing			
Diluted earnings per share	24,208,433	40,875	1.69
	2007		
	Average number of shares	Net Profit (in thousands of euro)	Earnings per share (in €)
Basic earnings per share	20,511,226	163,502	7.97
Dilutive instruments			
Number of shares	76,877		
Income net of tax and employee profit-sharing			
Diluted earnings per share	20,588,103	163,502	7.95

NOTE 33 – EMPLOYEES

At 31 December 2009, fully-consolidated companies had 5,190 employees compared with 5,030 at 31 December 2008.

a) By business segment	2009	2008	2007
Insurance and insurance-related services	2,408	2,303	2,459
Information – Receivables management and other	2,782	2,727	2,151
TOTAL	5,190	5,030	4,610

Notes to the consolidated financial statements

b) By country	2009	2008	2007
France	2,182	2,187	2,153
Germany	759	756	731
Italy	185	171	177
United Kingdom	157	150	173
Spain	224	214	176
Portugal	156	158	156
Austria	125	117	123
Other European countries	669	583	268
United States	430	412	406
Other countries	303	282	247
TOTAL	5,190	5,030	4,610

The net increase in the number of employees between 31 December 2008 and 31 December 2009 reflects the combined impact of:

- the acquisition of TKB, giving 79 additional staff (in Other European countries);
- the inclusion in the consolidation scope of Coface Austria Bank, giving an additional 8 employees (in Austria).
- the recruitment of an additional 18 employees (in the United States).

NOTE 34 – OFF-BALANCE SHEET COMMITMENTS

in K€	2009	2008	2007
Commitments given	50,709	48,771	90,803
Guarantees	31,405	29,094	56,668
Property guarantee	7,831	7,654	24,113
Financial commitments in respect of equity interests	4,312	4,941	6,351
of which consolidated subsidiaries			
Obligations under finance leases	7,161	7,082	3,671
Contingencies			
Commitments received	69,638	61,254	42,662
Endorsements and letters of credit	59,374	52,377	4,889
Guarantees			4,392
Credit lines ⁽¹⁾			19,500
Financial commitments in respect of equity interests	10,264	8,877	5,316
of which consolidated subsidiaries			
Other			8,565
Reciprocal commitments	12,434	7,700	24,000
Forward purchases and sales of foreign currencies ⁽²⁾	12,434	7,700	24,000
Guarantees received			
Securities lodged as collateral by reinsurers	284,850	240,778	212,479
Financial market transactions	6,600	100	

(1) Undrawn portion of a credit line.

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

Notes to the consolidated financial statements

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

in K€	2009			
	DELOITTE	%	KPMG	%
Audit				
Review of interim financial statements	89		117	
Audit of annual financial statements	827		1271	
Other assignments and due diligence	4		7	
Sub-total	920	99%	1,395	96%
Internal audit				
Legal and tax advisory services			23	
Other	14		30	
Sub-total	14		53	
TOTAL	934	100%	1,448	100%

NOTE 36 – TRANSACTIONS INCORPORATING A GOVERNMENT GUARANTEE

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

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

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

Therefore:

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

Statutory auditors' report on the consolidated financial statements

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2009

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

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

COFACE

12, Cours Michelet
La Défense 10 – 92800 Puteaux
France

To the Shareholders,

In performance of the assignment entrusted to us by your General Meeting, we hereby present our report for the year ended 31 December 2009 on:

- the audit of the consolidated financial statements of Coface S.A., as attached to this report;
- the justification of our assessments;
- specific verifications required by law.

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

1. Opinion on the consolidated financial statements

We performed our audit in accordance with the professional standards applicable in France; these standards require that we plan and perform the audit so as to obtain reasonable assurances that the financial statements are free from any material misstatement. An audit consists of an examination, on a sample basis, of evidence supporting the amounts and information contained in the consolidated financial statements. It also involves an assessment of the accounting principles used and significant estimates made in the preparation of the financial statements and their overall presentation. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities at 31 March 2004 and of the results of its operations for the year then ended, in accordance with the IFRS framework as adopted in the European Union.

2. Justification of our assessments

The deterioration in the economic environment and the ongoing effects of the financial crisis are still significantly adversely affecting companies, particularly their business levels. Once again, this situation created specific conditions this year for the preparation of the financial statements, especially with regard to the accounting estimates that are required when applying the accounting methods. It is against this backdrop that we made our own assessments, which we bring to your attention as required by Article L. 823-9 of the French Commercial Code:

- Certain technical account items for the insurance and reinsurance businesses, including technical provisions and subrogation and salvage, are estimated based on statistical data. The methods used to determine these items are described in Note 3.8 to the consolidated financial statements (General principles).

Our audit consisted in assessing the data, assumptions and methods of

calculation upon which these accounting estimates are based, particularly in relation to the Company's experience and its economic environment, and in reviewing the calculations made by the Company and comparing the accounting estimates for prior periods with actual data.

- In Note 3.8 General principles, the Group sets out the methods used to measure financial instruments.

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

- The Group recognises impairment on available-for-sale assets when there is objective evidence of a decline in the value of these assets, in accordance with the procedures set out in Note 3.8 to the consolidated financial statements (General principles).

We have analysed the control procedures in respect of the identification of evidence of loss of value, the measurement of the lines concerned and the estimates that resulted, where applicable, in any loss of value being covered by impairment provisions.

- The Group recognises impairment provisions to cover counterparty risk on held-to-maturity securities in accordance with the procedures set out in Note 3.8 to the consolidated financial statements (General principles).

We have analysed the control procedures in respect of the identification and monitoring of counterparty risk, impairment methodologies and the recognition of impairment to cover any loss of value.

- At each period end, goodwill is systematically tested for impairment according to the methods described in Note 3.8 to the consolidated financial statements (General principles).

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

- We have examined the criteria used to capitalise deferred tax assets recognised in respect of tax losses carried forward, as described in Note 3.8 to the consolidated financial statements (General principles). Our examination was primarily based on a review of the taxable income forecasts prepared at the balance-sheet date.

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

3. Specific verifications

We also performed, in accordance with the professional standards applicable in France, specific verifications as required by law of the information relating to the Group provided in the management report.

We have no comments to make on the accuracy of this information or its consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense, 18 February 2010

KPMG Audit
A unit of KPMG S.A.

Francine Morelli
Partner

Neuilly-sur-Seine, 18 February 2010

DELOITTE & ASSOCIES

Damien LEURENT
Partner

2009

Statutory financial

Statutory financial statements

BALANCE SHEET AT 31 DECEMBER 2009

(in thousands of euros)

ASSETS	31/12/2009	31/12/2008	31/12/2007
Uncalled subscribed capital / liaison account with head office			
Intangible assets	43,784	37,670	47,240
Investments			
Property	1,003	313	309
Investments in subsidiaries and affiliates	278,651	402,927	402,286
Other investments	510,834	594,063	535,312
Deposits with ceding insurers	884	801	559
	791,371	998,104	938,466
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks	34,197	47,733	40,899
Claims provisions	218,342	223,501	169,832
Provisions for bonuses and rebates	7,219	9,961	9,186
	259,757	281,195	219,917
Debtors			
Debtors arising from direct insurance operations			
Accrued premiums	75,290	100,434	104,072
Other	129,768	123,291	106,297
Debtors arising from reinsurance operations	155,326	51,136	45,103
Other debtors:			
Recoverable personnel costs	746	875	227
Recoverable taxes	4,359	5,876	7,286
Sundry debtors	100,599	74,268	70,459
	466,088	355,880	333,444
Other assets			
Tangible assets used in the business	6,709	6,307	6,312
Cash at bank and in hand	114,954	115,079	82,314
	121,663	121,386	88,626
Prepayments and accrued income			
Prepaid interest and rentals	3,385	3,177	4,081
Deferred acquisition costs	19,303	24,751	20,333
Other	13,265	8,505	6,085
	35,953	36,433	30,499
Unrealised translation losses	23,002	31,495	59,322
TOTAL ASSETS	1,741,618	1,862,163	1,717,514

Statutory financial statements

BALANCE SHEET AT 31 DECEMBER 2009

(in thousands of euros)

LIABILITIES AND SHAREHOLDERS' FUNDS	31/12/2009	31/12/2008	31/12/2007
Shareholders' funds			
Share capital	118,345	107,120	86,550
Share premium account	469,623	389,107	284,918
Other reserves	189,913	150,834	222,618
Net profit for the year	-204,098	78,804	92,037
Interim dividend			(39,962)
	573,783	725,865	646,161
Subordinated liabilities			
Technical provisions before reinsurance			
Provisions for unearned premiums and unexpired risks	92,765	116,573	96,702
Claims provisions	619,223	581,328	418,364
Provisions for bonuses and rebates	22,004	26,767	24,947
Claims equalisation provision	11,724	13,246	157,440
	745,716	737,914	697,453
Provisions for liabilities and charges	41,932	40,398	54,770
Deposits received from reinsurers	4,042	4,857	5,246
Other creditors			
Creditors arising from direct insurance operations	60,225	45,241	36,924
Creditors arising from reinsurance operations	153,057	72,724	70,219
Other creditors			
Other loans and deposits	15,256	14,495	14,949
Accrued personnel costs	27,015	26,462	29,262
Accrued taxes	26,793	22,283	21,518
Sundry creditors	79,498	151,161	100,696
	361,844	332,366	273,568
Accrued charges and deferred income	13,885	20,763	16,737
Unrealised translation gains	416		23,579
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	1,741,618	1,862,163	1,717,514

Off-balance sheet commitments at 31 december 2009

(in thousands of euros)		31/12/2009	31/12/2008	31/12/2007
COMMITMENTS RECEIVED		22,698	16,577	29,316
1. On investments:				
- Commitment to purchase Proparco shares (May 2013 to May 2018)		6,814	5,601	1,804
- SCOR SA liability warranty for Unistrat Assurances, maximum amount		2,500	2,500	2,500
- Lireas Holdings liability warranty for CUAL until 9/03/2011: ZAR 1,592.5 thousand		149	122	159
- Guarantee provided by Hanover Reinsurance Africa for commitments made by Lireas Holdings: ZAR 1,592.5 thousand		149	122	159
- Swanvest liability warranty for CUAL until 9/03/2011: ZAR 1,885 thousand		177	144	188
- Guarantee provided by Santam for commitments made by Swanvest: ZAR 1,885 thousand		177	144	188
- IPRJ Investments liability warranty for CUAL until 9/03/2011: ZAR 1,592.5 thousand		149	122	159
- Guarantee provided by Kreditinform for commitments made by IPRJ Investments: ZAR 1,592.5 thousand		149	122	159
Total		10,264	8,877	5,316
2. Forward purchases of foreign currencies:(*)	EUR	12,434	7,700	24,000
Total		12,434	7,700	24,000

* Representing outstanding commitments under Coface exchange risk insurance policies. In 2007, cover under these policies was restricted to USD and CHF.

Derivative instruments are used solely for hedging purposes. Coface does not engage in derivatives trading activities.

Hedging gains and losses are included in Coface SA's underwriting profit.

Off-balance sheet commitments at 31 December 2009

(in thousands of euros)	31/12/2009	31/12/2008	31/12/2007
COMMITMENTS GIVEN	25 703	15 160	33 761
1. Guarantees and endorsements			
- On loans granted to employees by UCREPPSA	EUR		2
Total			2
2. On investments			
- Commitment to subscribe to the E. de Rothschild venture capital funds (I and II)	2,362	2,887	3,697
- Commitment to subscribe to the Ventech Capital venture capital fund	1,950	1,950	2,550
- Liability warranty granted on the sale of ICAP to Business Data Investments SA (from 01/02/07 to 05/02/09)		104	104
Total	4,312	4,941	6,351
3. Forward sales of foreign currencies and the Cime option (*)			
USD 10,000	6,967		18,000
CHF		3,900	6,000
JPY 261,000	2,000	3,800	
ZAR 37,000	3,467		
Total	12,434	7,700	24,000
4. Interest rate swaps: non-hedging derivatives			
- Schatz contracts: commitment to sell 25 2Y German bonds (maturity March 2010)	2,500		
- Bund contracts: commitment to sell 7 10Y German bonds (maturity March 2010)	3,400		
- Bobl contracts: commitment to sell 34 5Y German bonds (maturity March 2010)	700		
Total	6,600	100	
5. Equipment finance leases			
- Office equipment (Espace Diffusion) with initial cost, excluding VAT, of €44 thousand (01/07/04 to 30/06/08)			5
- Miscellaneous equipment with initial cost, excluding VAT, of €9,734 thousand (3 to 5 years), of which €1,950 due within 1 year	2,357	2,419	3,403
Total	2,357	2,419	3,408
COLLATERAL RECEIVED	284,850	240,778	212,480
Securities lodged as collateral for reinsurer's share of technical provisions			

* Representing outstanding commitments under Coface exchange risk insurance policies. In 2007, cover under these policies was restricted to USD and CHF.

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

Profit and loss account

TECHNICAL ACCOUNT (in thousands of euros)	31/12/2009			31/12/2008	31/12/2007
	Gross	Ceded business	Net	Net	Net
Earned premiums	646,228	(244,763)	401,465	351,664	327,655
Premiums written	622,420	(231,227)	391,194	364,702	326,938
Change in provisions for unearned premiums and unexpired risks	23,808	(13,536)	10,272	(13,038)	717
Allocated investment income transferred from non-technical account	35,043		35,043	22,148	36,884
Other underwriting income	68,811		68,811	72,340	64,581
Claims expenses	(765,540)	220,308	(545,232)	(343,038)	(203,657)
Paid claims	(672,486)	225,468	(447,019)	(182,974)	(138,991)
Change in claims provisions	(37,895)	(5,160)	(43,054)	(109,296)	(10,191)
Claims handling expenses	(55,159)		(55,159)	(50,768)	(54,476)
Policyholders' bonuses					
Change in provisions for policyholders' bonuses	4,763	(2,743)	2,020	(1,044)	823
Business acquisition costs and administrative expenses	(263,106)	74,859	(188,247)	(159,448)	(146,449)
Business acquisition costs	(185,659)		(185,659)	(168,559)	(160,739)
Administrative expenses	(77,447)		(77,447)	(75,785)	(79,681)
Reinsurance commissions		74,859	74,859	84,895	93,972
Other underwriting expenses	(18,950)		(18,950)	(19,215)	(13,060)
Change in claims equalisation provision	1,522		1,522	144,194	(3,048)
Underwriting profit	(291,229)	47,661	(243,566)	67,600	63,728

NON-TECHNICAL ACCOUNT

(in thousands of euros)	31/12/2009	31/12/2008	31/12/2007
Underwriting profit	(243,566)	67,600	63,728
Investment income	164,240	88,932	113,300
Interest and dividend income	48,544	55,598	56,014
Other investment income	6,387	2,173	1,243
Gains on disposal of investments	109,310	31,161	56,043
Investment expenses	(88,209)	(31,879)	(26,920)
Internal and external portfolio management expenses and interest expense	(3,732)	(4,548)	(5,570)
Portfolio management expenses	(1,702)	(1,629)	(1,564)
Other investment expenses	(7,006)	(1,055)	(1,923)
Losses on disposal of investments	(75,768)	(24,646)	(17,864)
Investment income transferred to technical account	(35,043)	(22,148)	(36,884)
Other non-technical income	463	268	
Other non-technical expenses			
Exceptional results	808	2,007	-960
Exceptional income	2,984	24,040	2,571
Exceptional charges	(2,176)	(22,033)	(3,532)
Employee profit-sharing	(1,305)	(4,945)	(6,872)
Corporate income tax	(1,487)	(21,031)	(13,355)
Net profit for the year	(204,098)	78,804	92,037

Subsidiaries and affiliates

Subsidiaries and equity interests	Currency	At 31 december 2008						Year ended 31 December 2008			
		Share capital	Reserves and earnings b/f	Percentage of capital held	Value of securities held		Loans and advances granted by the company not repaid ⁽²⁾	Turnover	Net profit (loss)	Dividends received or recognised by the company	Comments
					Gross	Net					
(*000)		in currency			EUR	EUR	EUR	EUR	EUR	EUR	
I. Value > 1% of Coface's capital (i.e. €1,183 thousand)											
1. Subsidiaries: > 50% of the share capital owned by the company											
a. in French companies											
• Cofinpar 12 Cours Michelet 92065 Paris La Defense	EUR	29,280	15,267	99.999%	29,270	29,270		27,682	1,958		
• Fimipar 12 Cours Michelet 92065 Paris La Defense	EUR	7,546	3,481	99.999%	7,576	7,576		4,767	(3)		
b. dans des sociétés étrangères											
• Coface Italia Via Giovanni Spadolini 4 - 20141 Milan - Italie	EUR	520	1,655	100.00%	3,971	3,971	2,277	910	(124)		
• Coface Seguro de Credito Mexico Insurgentes Sur avenue 1787 10th floor, Guadalupe Inn 01020 - Mexico	MXN	40,405	(12,005)	99.366%	2,799	2,799		1,512	39	MXN = 19,2333 (*)	
• Coface North America Holding Company 1350 Broadway suite 2000 New York, NY	USD	10	12,916	100.00%	12,605	12,605	22,798	(851)		USD = 1.4721 (*)	
• Coface South Africa Insurance Company Ltd 13 Wellington Road, Parktown South Africa	ZAR	0.14	28,670	100.00%	3,615	3,615		10,705	379	3 ZAR = 13.0667 (*)	
• Coface Services South Asia Pacific 36 Robinson Road #19-01 City House Singapore 068877	SGD	15,000	(6,470)	100.00%	7,574	7,574	112	2,246	(552)	SGD = 2.0040 (*)	
• Coface Deutschland AG (ex Coface Holding) Isaac Fulda Allee 1 55124 Mainz Allemagne	EUR	1,510	99,804	100.00%	77,254	77,254		16,889	16,700	(*)	
• Coface Greater China Services Ltd 8/F Sunning Plaza, 10 Hysan Av., Causeway Bay - Hong Kong	HKD	500	10,890	100.00%	1,452	1,452		2,137	118	147 HKD = 10.7858 (*)	
• Coface Central Europe Holding AG Stubenring 24, 1011 Wien - Autriche	EUR	727	8,150	74.99%	4,563	4,563		3,246	3,078	3,150 (*)	
• Coface UK Holdings Ltd 15 Appold Street London EC2A 2DL	GBP	500	1,575	99.999%	8,318	8,318		1,630		GBP = 0.9525 (*)	
• Coface Servicos Portugal Av. Columbano Bordalo Pinheiro 75 1070-061 Lisboa	EUR	200	42	99.95%	5,617	5,617		7,721	54		
• Coface Sigorta AS Buyukdere Cad. Yapi Kredi Plaza 34330 Istanbul	TRY	18,400	411	100.00%	9,040	9,040		7,161	(3,361)	TRY = 2.1488 (*)	
• Coface Service Bilgi	TRY	47	591	99.947%	1,135	1,135		359	(41)	TRY = 2.1488 (*)	
• Coface Assicurazioni SPA Via Giovanni Spadolini 4 20141 Milan - Italie	EUR	20,000	19,848	83.00%	32,662	32,662		132,770	(2,441)	(*)	
• Coface Factoring Chile ⁽¹⁾ Avenida Nueva Tajamar 481 Torre Norte of. 1601 7550099 Las Condes Santiago - Chile	CLP	989,177	(243,392)	99.998%	1,155	1,155		85		CLP = 885.75 (*)	
• Compania de Seguros de Credito Coface Chile ⁽¹⁾ Torre Norte of. 1701	CLP	3,703,942	321,984	84.357%	4,720	4,720		8,566	353	428 CLP = 885.75 (*)	
• Seguradora Brasileira De Crédito A Exportação Rua Senador Dantas 74/11e andar Rio De Janeiro - Brésil	BRL	9,165	7,104	75.82%	6,789	6,789		5,449	444	29 BRL = 3.3127 (*)	

(1) Subsidiaries held by the Chile branch

(2) Including cash current accounts

Subsidiaries and affiliates

Subsidiaries and equity interests	Currency	At 31 december 2008						Year ended 31 December 2008			
		Share capital	Reserves and earnings b/f	Percentage of capital held	Value of securities held		Loans and advances granted by the company not repaid ⁽²⁾	Turnover	Net profit (loss)	Dividends received or recognised by the company	Comments * = 31/12/07
					Gross	Net					
(*000)	en devises				EUR	EUR	EUR	EUR	EUR	EUR	
2. Equity interests (from 10% to 50% of the share capital held)											
a. in French companies											
• Axa Assurcredit 26 rue Drouot - 75009 Paris	EUR	11,400	(971)	40.00%	8,933	6,028		16,783	(4,976)		*
• Coface Services 1 Rue de l'Union 92843 Rueil Malmaison Cedex	EUR	20,294	26,923	11.305%	13,670	13,670	6,351	101,557	6,619	5,006	
• Cofacredit Tour Facto - 18 rue Hoche cedex 88 92988 Paris La Defense	EUR	4,000	31,381	36.00%	1,372	1,372		46,338	4,023	1,440	
b. in foreign companies											
• Coface Austria Holding AG Stubenring 24, 1011 Vienna - Autriche	EUR	3,650	12,872	20.834%	5,982	5,982		2,719	(12)		(*)
• Coface Belgium Services Holding 100 boulevard du Souverain 1170 Bruxelles	EUR	399	7,027	46.58%	5,232	5,232		1,998	471		
• Kyriba Corporation (*)11622 El Camino Real San Diego CA 92130 - USA	USD		5,514.32	10.00%	2,605	2,605	39	6,335	(4,738)		USD = 1.3917
II. Other subsidiaries and equity interests											
1. Subsidiaries (at least 50% of the share capital held by the company)											
a. in French companies ⁽³⁾					1,902	1,902	7,066			3,065	
b. in foreign companies					5,393	4,307	5,869			760	
2. Equity interests (from 10% to 50% of the share capital held by the company)											
a. in French companies ⁽³⁾					235	232					
b. in foreign companies					288	288				37	

(1) Subsidiaries held by the Chile branch

(2) Including cash current accounts

(3) in non-trading property companies, current account advances have been treated as shareholders' equity.

Five-year financial summary

(In application of Articles 133, 135 and 148 of the Decree relating to trading companies)

HEADINGS	2005	2006	2007	2008	2009
I- Capital at 31 December (in K€)					
a) Share capital	54,957,222.38	69,795,415.11	86,550,387.24	107,120,304.13	118,344,691.37
b) Number of ordinary shares outstanding	14,419,830	18,313,117	22,709,334	28,106,527	31,051,615
c) Number of shares to be issued (stock options) ⁽³⁾	8,150	13,966	8,639	10,355	
d) Number of convertible bonds outstanding	None	None	None	None	None
II- Results of operations					
a) Gross premium income excluding taxes ⁽¹⁾	589,858,651.13	621,341,215.50	652,301,545.53	687,770,865.11	691,694,926.60
Ceded premium income excluding taxes	200,222,498.80	228,259,184.44	260,783,442.23	250,461,081.00	231,226,530.44
b) Profit before tax, depreciation, amortisation and provisions	79,334,265.57	93,812,148.17	138,204,627.80	75,685,113.12	(221,032,075.12)
c) Corporate income tax	26,102,081.09	19,880,472.08	13,354,542.26	21,031,437.35	1,487,293.20
d) Profit after tax, depreciation, amortisation and provisions	47,185,879.93	40,705,298.39	92,037,335.58	78,804,272.77	(204,098,338.51)
e) Total dividends	116,866,638.00	114,177,727.09	163,569,405.60	40,872,000.00	
III- Earnings per share (in euros)					
a) Profit after tax but before depreciation, amortisation and provisions	3,69	4,04	5,50	1,94	(7,17)
b) Profit after tax, depreciation, amortisation and provisions	3,27	2,22	4,05	2,80	(6,57)
c) Dividend	8,10	6,23	7,20	1,45	0,00
IV- Personnel					
a) Number of employees at 31 December ⁽²⁾	1,561	1,641	1,710	1,846	1,953
b) Total payroll	70,519,624.46	76,565,193.37	80,992,036.97	87,893,575.49	94,594,341.87
c) Total benefits	32,059,082.62	33,769,697.64	34,290,685.27	37,429,803.54	40,780,234.68

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

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

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

Notes to the statutory financial statements

NOTE 1 – SIGNIFICANT EVENTS

NOTE 1-1 – Management of the crisis

After setting in motion a first action plan in January 2008 to deal with the impact of the credit crisis, 2009 saw the adoption of a tough plan (Act on Crisis Act II), factoring in the deepening of the crisis following the collapse of Lehman.

This plan focused on exposures as well as insurance contracts.

With regard to exposures, Coface opted to take specific measures treating the most fragile debtors, while continuing to provide general support to its policyholders during an extremely difficult period:

- the systematic rating of all risks (the proportion of non-rated risks declined from 17% to 3%), the strengthening of the quality of information purchased or gathered and its timeliness, and the reduction in exposures rated as non investment grade enabled the Group to reduce its Risk Weighted Exposure by 35% during 2009 (down 30% compared with the end of 2007);
- nevertheless, at €370 billion, total exposure was virtually unchanged between the end of 2007 and the end of 2009.

Concerning insurance contracts, Coface stepped up measures concerning reporting (earlier notification of payment arrears), refused to underwrite contracts for more than one year and systematically repriced policies on maturity, particularly those showing a deficit. Furthermore, Coface concentrated its resources on its existing clients, while refusing to underwrite contracts coming from competitors.

The plan enabled Coface to return to technical equilibrium at the year end, with a healthy and substantially repriced credit insurance portfolio.

Note 1.2 – Launch of 421.2 strategic plan

The 2008 – 2010 strategic plan, named the “421 strategic plan”, was interrupted by the credit crisis and a new plan was drawn up during 2009. The new plan, named 421.2 to indicate that it is a continuation of the previous plan, relates to the years 2010 – 2012. Its target is to increase Coface's net profit to €250 million in 2012 as a result of a return to a favourable level of credit insurance claims, the continuing expansion of the factoring business and significant productivity gains, generating for the period a nine-point variance between the growth in revenues and the growth in costs. The plan's four objectives are:

- a “New Deal” with credit insurance policyholders, which takes into account all the lessons of the crisis,
- the consolidation of our worldwide factoring network,
- a stronger integration of our credit management services into our credit insurance and factoring service, and
- a unified worldwide structure, providing better services for customers, higher value-added business lines for staff and, for shareholders, a reduction in costs in general and IT costs in particular.

Note 1.3 – Confirmation of support from Natixis for Coface

Natixis has marked its support for Coface's recovery through two successive capital increases:

- A first increase of €50 million was decided on in June and subsequently staged in July 2009. It reflected Coface's commitment to its partners to maintain throughout the crisis a surplus solvency margin close to the pre-crisis level, i.e. around €400 million.
- A second increase of €175 million was agreed in December and

will be staged in March 2010. Combined with the first capital increase, it fully offset the direct impact on Coface's balance sheet of the negative pre-tax profit in 2009 (-€223 million). The surplus solvency margin at end-2009, on a pro forma basis for this capital increase, came to €569 million, i.e. 27% more than at 31 December 2007, while weighted exposures were 30% lower.

Note 1.4 – CAP Export

After the implementation of CAP and CAP+ in the domestic market, the French government implemented the CAP and CAP + Export systems, the aim of which is to support French exporters who can no longer obtain insurance cover in the private market for their receivables due from foreign customers. For the purposes of CAP Export, the government decided to use the public guarantees managed by Coface's Public Guarantees Department.

Note 1.5 – Development

To comply with the regulatory liquidity ratios, Coface SA, which is both an insurance company and the holding company for the Coface companies worldwide, sold shareholdings in two affiliates to Cofinpar. These transactions generated regulatory liquidity capacity and had no impact on Coface's consolidated profit:

- Disposal of the Graydon shares held by Coface SA to its subsidiary Cofinpar, i.e. 27.5% of the entity's total share capital.
- Disposal of 88.7% of the Coface Service shares held by Coface SA to its subsidiary Cofinpar.

NOTE 2 – ACCOUNTING PRINCIPLES AND METHODS

GENERAL PRINCIPLES

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

ANALYSIS OF EXPENSES BY COST ACCOUNTING PRINCIPLES

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

PUBLIC PROCEDURES MANAGEMENT

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

Notes to the statutory financial statements

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are initially recognised in the currency in which the transaction took place. For the preparation of the financial statements, balance sheet items are translated into euros at the exchange rate ruling at the balance sheet date or, if that rate is not available, at the rate prevailing at the end of the month preceding the balance sheet date.

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

- Translation adjustments on operating items are recognised in profit or loss.
- Translation adjustments arising on additions to provisions recognised for structural changes relating to certain branches for tax or regulatory reasons are recognised in an accruals account in the balance sheet.

In addition, the results of branches taken into account by the parent company are considered as structural items. There are no cash flows arising from the results reported to the parent company. The accumulated profits are used to finance their business and development. Translation adjustments arising on these results are therefore recognised in an accruals account on the balance sheet.

INTANGIBLE AND TANGIBLE ASSETS

a – Intangible assets

Research and IT development costs

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

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

Intangible assets are amortised using the following methods and over the following amortisation periods:

	Amortisation method	Amortisation period
Internally-developed software	Straight line	10 years*
Purchased software	Straight line	5 years

*This period corresponds to the asset's economic useful life

b - Tangible assets

Les durées et modes d'amortissement des immobilisations corporelles sont les suivants :

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

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

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

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

INVESTMENTS

Investments are recognised at historical cost.

A "liquidity risk provision" is recognised in cases where the total fair value of investments covered by Article R.332.20 of the French Insurance Code represents less than their total cost.

No such provision was booked as at 31 December 2009.

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

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

No such provision had been recognised as at 31 December 2009.

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

In accordance with Article R.333-2 of the French Insurance Code, capital gains and losses generated on the disposal of bonds and negotiable debt securities are posted to the capitalisation reserve. This reserve is a technical provision aimed at reducing fluctuations in the performance of fixed rate bonds in the event that rates change.

a - Property assets

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

b - Shares in subsidiaries and affiliates

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

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

c - Forward financial instruments

In 2009, transactions in forward financial instruments were as follows:

Notes to the statutory financial statements

- Forward currency transactions, designed to hedge the risk of adverse fluctuations in exchange rates.
- Swaps, to hedge the risk of a rise in interest rates.
- Purchase (call) and sale (put) options, to hedge the risk of a rise or fall in the prices of the underlying assets.

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

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

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

d - Other investments

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

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

STOCK-OPTIONS

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

These provisions are recognised under provisions for liabilities and charges.

EMPLOYEE BENEFITS

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

Based on plan regulations, independent actuaries calculate:

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

- the interest rate used to discount future benefits at the measurement date.

The main assumptions used are as follows: inflation rate of 1.8% and rate of increase of salaries (including inflation) of 3.00%.

The discount rates used of 3.45% (sensitivity 3.70%) for retirement benefits, 2.9% (sensitivity 3.15%) for long-service awards, 2.45% (sensitivity 2.7%) for pensions and 4.1% (sensitivity 4.35%) for medical expenses are based on the French government bond (OAT) yield curve specific to each plan.

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

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

UNDERWRITING OPERATIONS

a - Premiums

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

Premiums are primarily based on policyholders' declarations as to their turnover. The Company's exchange risk cover activity is classified as financial loss insurance.

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

b - Unearned premium provisions

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

c - Deferred acquisition costs

Business acquisition costs, including commissions and internal expenses related to contract preparation, are deferred over the life of the contracts according to the same rules as those for unearned premium provisions. They are recognised in the balance sheet under "Deferred acquisition costs". Changes in deferred acquisition costs are included under "Business acquisition costs" in the profit and loss account.

d - Paid claims

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

e - Claims provisions

Claims provisions include provisions to cover the estimated cost of all reported claims not settled at the period-end. The Company also records a provision for claims incurred but not reported, which is estimated based

Notes to the statutory financial statements

on statistics corresponding to an estimate of the final amount of the loss to be settled after expiry of the risk and after all subrogation and salvage. Claims provisions include a provision for future economic risks that may impact end-of-year premiums as well as claims handling expenses.

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

Provisions for claims incurred but not reported are calculated on a 'best estimate' basis using the information known at the balance sheet date. This method remains unchanged relative to that used in 2008.

f - Subrogation and salvage

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

g - Provisions for policyholders' bonuses and rebates

This provision is calculated policy by policy based on the whole portfolio for which policyholders are contractually entitled to bonuses.

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

h - Claims equalisation provision

The claims equalisation provision for credit insurance business is intended to cover future possible underwriting losses and is funded by transfers from underwriting profit each year.

In accordance with Article R 331-33 of Decree no. 91398 of 25 April 1991, 75% of credit insurance underwriting profit is allocated to the claims equalisation provision each year.

The calculation of underwriting profit does not include the fraction of credit insurance revenue corresponding to business that does not qualify as insurance cover or the related direct and indirect costs.

Transfers are no longer compulsory once the claims equalisation provision represents 134% of average annual premium collections for the previous five years, net of ceded premiums but including inward reinsurance premiums. Annual transfers to the provision are used on a first-in first-out basis to offset underwriting losses for the year.

Annual allocations that have not been utilised for this purpose within ten years are written back to taxable profit in the eleventh year.

If credit insurance operations generate an underwriting loss, an equivalent amount is released from the claims equalisation provision to offset the amount.

i - Allocated investment income transferred from non-technical account

This income represents the fraction of total net investment income relating to assets that represent technical provisions transferred from the non-technical account to enable the underwriting profit or loss to be more representative.

REINSURANCE OPERATIONS

a - Inward reinsurances

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

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

b - Ceded reinsurance

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

Tax consolidation

Coface SA has been a member of the Natixis tax consolidation group since 1 January 2003. The registered office of Natixis is at 30, Avenue Pierre Mendes France, 75013 Paris, France.

Financial statements consolidation

Coface SA is fully consolidated into the financial statements of Natixis.

TRANSACTIONS WITH STATE GUARANTEES

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

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

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

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

Notes to the statutory financial statements

NOTES TO THE BALANCE SHEET

NOTE 3 - INTANGIBLE ASSETS

Note 3.1 Movements in intangible assets

(in thousands of euros)

	31/12/08	Acquisitions	Disposals	Other movements	Assets brought into service in 2009	31/12/09
Software development costs ⁽¹⁾	47,929	7			45	47,981
Software development costs in progress	16,018	8,383		(45)		24,357
Head office	12,462	7,282		(45)		19,700
Internal costs	3,556	1,101				4,657
Merger costs	344					344
Software	13,900	1,047	683	155		14,419
Software - France	11,399	681				12,080
Software - branches	2,501	366	683	155		2,339
Cofacering.com merger deficit	2,256					2,256
Business goodwill - branches		1,249				1,249
TOTAL	80,448	10,686	683	110	45	90,606

(1) The Atlas credit insurance project launched in January 2010 is included in development costs in the amount of €24 million amortised over 15 years on a straight-line basis.

Note 3.2 Movements in amortisation and provisions

(in thousands of euros)

	31/12/08	Charges	Disposals	Translation differences	31/12/09
Software development costs	30,618	3,194			33,812
Provision for impairment of assets in progress	1,390				1,390
Merger costs	344				344
Software	10,426	1,487	682	45	11,276
Software - France	8,658	1,047			9,705
Software - branches	1,768	440	682	45	1,571
TOTAL	42,778	4,681	682	45	46,822

Notes to the statutory financial statements

Note 3.3 Net tangible assets

	31/12/2009 Gross	Amortisation and provisions	31/12/2009 Net
Software development costs	47,981	33,812	14,169
Software development costs in progress	24,357		24,357
Provision for impairment of assets in progress		1,390	(1,390)
Merger costs	344	344	
Software	14,419	11,276	3,143
Software - France	12,080	9,705	2,375
Software - branches	2,339	1,571	768
Cofacering.com merger deficit	2,256		2,256
Business goodwill - branches	1,249		1,249
TOTAL	90,606	46,822	43,784

NOTE 4 – PROPERTY INVESTMENTS

Note 4.1 Movements in property investments

	Opening balance	Acquisitions and current account advances	Disposals and current account repayments	Total
Buildings not used in the business	21			21
Shares in property companies (not used in the business)	70		1	70
Buildings used in the business	313	700		1,013
TOTAL	404	700	1	1,103

Note 4.2 Movements in depreciation and provisions – property investments

	31/12/2008	Additions	Reversals amounts used	31/12/2009
Buildings not used in the business	7			8
Shares in property companies (not used in the business)	8			8
Buildings used in the business	75	9		84
TOTAL	91	10		100

Note 4.3 Net property investments

	Gross	Impairment depreciation	Carrying amount	Realisable value
Buildings not used in the business	21	8	13	210
Shares in property companies (not used in the business)	70	8	62	66
Buildings used in the business	1,013	84	928	1,166
TOTAL	1,103	100	1,003	1,442

Notes to the statutory financial statements

NOTE 5 – INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

		Gross	Provisions for impairment	Carrying amount	Realisable value
Subsidiaries	Note 5.1	239,253	3,990	235,263	893,852
Affiliates	Note 5.2	26,470		26,470	69,448
Sub-total		265,723	3,990	261,733	963,300
Other investments in subsidiaries	Note 5.3	17,013	421	16,591	16,591
Other investments in affiliates	Note 5.4	326		326	326
Sub-total		17,339	421	16,918	16,918
TOTAL		283,062	4,412	278,651	980,218

Note 5.1 Movements in investments in subsidiaries

In K€	Opening	Acquisitions	Disposals	TOTAL	Provisions	Carrying amount
UNISTRAT COFACE	976			976		976
COFACE SERVICES	141,930		128,260	13,670		13,670
COFINPAR	29,270			29,270		29,270
COFACE GESTION RESEAU INTERNATIONAL (Cogeri)	38			38		38
FIMIPAR	7,576			7,576		7,576
AXA ASSURCREDIT	6,533	2,400		8,933	2,904	6,028
KOMPASS POLAND	2,913		2,913			
KOMPASS CZECH REPUBLIC	1,108		1,108			
KOMPASS JAPAN	928		928			
KOMPASS TURKEY	1,089		1,089			
COFACE HOLDING AMERICA LATINA	2			2		2
UNISTRAT HOLDING BV	2,942		2,942			
UNISTRAT CORPORATION OF AMERICA	83			83		83
COFACE SERVICES KOREA	200			200		200
COFACE SERVICIOS ESPANA	3			3		3
COFACE SERVICES SUISSE (formerly COFACERATING.CH)	66			66		66
COFACE SERVICES JAPAN	100			100	100	
KOMPASS US	1,736		1,736			
COFACE CENTRAL EUROPE HOLDING AG (formerly Coface Intercredit holding AG)	4,563			4,563		4,563
COFACE UK HOLDINGS LIMITED	8,318			8,318		8,318
COFACE ITALIA SRL	3,971			3,971		3,971
COFACE SERVICIOS Portugal (formerly COFACE MOPE)	5,617			5,617		5,617
COFACE NORTH AMERICA HOLDING COMPANY	12,605			12,605		12,605
COFACE HOLDING AKTIENGESELLSCHAFT	77,254			77,254		77,254
COFACE AUSTRIA HOLDING AG	5,982			5,982		5,982
COFACE SEGURO CREDITO MEXICO	2,799			2,799		2,799
COFACE SIGORTA AS	5,241	3,799		9,040		9,040
COFACE ASSICURAZIONI SPA	32,662			32,662		32,662
COFACE SOUTH AFRICA INSURANCE COMPANY LIMITED	2,329	1,286		3,615		3,615
COFACE RUS INSURANCE COMPANY		689		689		689
COFACE SERVICES SOUTH ASIA PACIFIC PTE LTD	7,574			7,574		7,574
COFACE SERVICE TAIWAN	986			986	986	
COFACE CHINA		387		387		387
KOMPASS CHINA INTERNATIONAL INFORMATION SERVICE	92			92		92
COFACE GREATER CHINA FINANCE (formerly COFACERATING.COM HONG KONG)	1,043			1,043		1,043
COFACE ARB LCC	62			62		62
BUSINESS DATA ISRAEL (BDI)	199			199		199
COFACE SOUTH AFRICA SERVICES	877			877		877
OUTSTANDING PAYMENTS						
TOTAL	369,668	8,561	138,976	239,253	3,990	235,263

Notes to the statutory financial statements

Note 5.2 Movements in investments in affiliates

These are investments the long-term ownership of which is deemed to be beneficial to the company's business, in particular because it enables the company to exercise significant influence over or to control the affiliate concerned.

Investments in affiliates are recognised at their historical cost (purchase or contribution value) plus incidental acquisition expenses.

The following table provides a breakdown of the movements in the gross values of these investments:

	31/12/2008	Acquisitions	Disposals	Revaluation	TOTAL 31/12/2009	Provisions	Carrying amount
<i>(in thousands of euros)</i>							
COFACREDIT	1,372				1,372		1,372
GRAYDON N.V.HOLDING	5,250		5,250				
Sub-total - companies accounted for by the equity method	6,622		5,250		1,372		1,372
COFACE RBI	76				76		76
CERIP SERVICES BANQUES	157				157		157
CEMECA	55				55		55
PLANET RATING SAS	175				175		175
COFACE AMEEM SERVICES (CAMEEMS) (formerly SOARI)	656				656		656
COFACE SERVIS BILGI	1,135				1,135		1,135
COFACE EASTERN EUROPE HOLDING (formerly Coface IGK Holding)	804				804		804
KYRIBA CORPORATION	2,444	161			2,605		2,605
COFACE SERVICES Belgique HOLDING (formerly RBB)	5,232				5,232		5,232
SEGURADORA BRASILEIRA DE CREDITO A EXPORTACAO	6,789				6,789		6,789
COFACE GREATER CHINA SERVICES (formerly Coface Frontline)	1,452				1,452		1,452
COFACE SERVICES WEST AFRICA	2		2				
SORENCO	28				28		28
RECOURS SA	58				58		58
Sub-total - other investments in affiliates	19,062	161	2		19,222		19,222
	25,684	161	5,251		20,594		20,594
Investments in branches							
COFACE CHILE SA	2,910			680	3,590		3,590
COFACE CHILE SA IN EUROS		1,130			1,130		1,130
COFACE FACTORING CHILE	936			219	1,155		1,155
TOTAL	29,531	1,292	5,251	899	26,470		26,470

Notes to the statutory financial statements

Note 5.3 Movements in other investments relating to subsidiaries and affiliates

	31/12/2008	Acquisitions	Revaluation	TOTAL	Provisions	Carrying amount
in thousands of euros						
LOANS TO SUBSIDIARIES:						
Coface Services Korea	421	22		443	(421)	22
Kompass Poland	205		2	208		208
Coface Services Colombia	25		(1)	24		24
Coface Services Ecuador	62		(2)	60		60
Coface Services Peru	40		(1)	38		38
Sub-total - loans to subsidiaries	753	22	(2)	773	(421)	352
DEPOSITS WITH CEDING INSURERS:						
Coface Assicurazioni	5,694			5,694		5,694
Coface South Africa Ins.Zar	3,395	6,008	1,143	10,545		10,545
Sub-total - deposits	9,089	6,008	1,143	16,239		16,239
TOTAL INVESTMENTS RELATING TO SUBSIDIARIES	9,842	6,029	1,141	17,013	(421)	16,591
PRETS :						
COFACE EASTERN EUROPE HOLDING (ex coface IGK holding)	287			287		287
KYRIBA		38	1	39		39
TOTAL LOANS TO AFFILIATES	287	38	1	326		326
TOTAL	10,128	6,067	1,142	17,339	-421	16,918

Note 5.4 Movements in provisions for impairment in value of investments relating to subsidiaries and affiliates in 2009

in K€	31/12/2008	Additions	Reservals	Other movements	Revaluation	31/12/2009
Subsidiaries	5,980	3,858	5,847			3,990
Affiliates						
Loans and debtors - subsidiaries	421					421
Loans and debtors - affiliates						
TOTAL	6,401	3,858	5,847			4,412

The additions to provisions for impairment relate to the subsidiaries Coface Sces Taiwan (€954 thousand) and Axa Assurcrédit (€2,904 thousand).

The reversals relate to the disposals of Kompass Poland, Kompass Japan, Kompass US and Kompass Turkey.

Notes to the statutory financial statements

NOTE 6 - INVESTMENTS

Note 6.1 Investments

	Gross	Provisions for impairment	Premium/ discount	Carrying amount	Realisable value
in thousands of euros					
Listed French and foreign equities	17,040			17,040	15,647
Money-market funds	136,575			136,575	136,876
Money-market funds - branches	35,330			35,330	35,545
Other SICAV mutual funds and listed mutual fund units	55,097	1,243		53,854	51,089
Shares in venture capital funds	2,943	329		2,614	2,614
Unlisted French and foreign equities	15,734	3,448		12,285	17,176
Foreign equities not including OECD branches	12			12	12
Government bonds	19,455		(352)	19,103	18,446
Other listed securities - convertible bonds	91,444		(817)	90,627	91,937
Indexed government bonds	24,317		212	24,529	26,058
Variable rate bonds	3,382			3,382	3,316
Listed bonds - branches	45,502			45,502	44,914
Treasury bills	7,459		(100)	7,360	7,335
Treasury bills - branches	7,500			7,500	7,505
Commercial paper and medium-term notes	3,166			3,166	3,165
Commercial paper - branches					
Certificates of deposit, money-market securities - branches	4,015			4,015	4,015
SUB-TOTAL	468,971	5,020	(1,057)	462,895	465,651
Marketable securities lodged as collateral for ceding insurers	73			73	73
Other deposits with banks	42,646			42,646	42,646
TOTAL	511,691	5,020	(1,057)	505,614	508,370
Adjustment: premium/discount				1,057	-1,057
Derivatives / SWAPs				4,163	4,163
TOTAL				510,834	513,590

Notes to the statutory financial statements

Note 6.2 Movements in investments

in thousands of euros	Opening balance	Acquisitions	Disposals	Other movements	Translation adjustment	Total
Listed French equities	25,974	4,109	25,903			4,180
Listed foreign equities	32,575	5,464	24,728		(451)	12,860
Money-market funds - France	128,444	864,578	888,461			104,561
Money-market funds - branches	33,185	253			1,892	35,330
COFAC2 money-market fund	414	75,121	43,520			32,015
Equity funds	70,558	11,967	31,121			51,404
COFAC2 equity fund	15,490	3,155	14,952			3,693
Shares in venture capital funds	2,663	280				2,943
Unlisted French and foreign equities	15,521	316	56		(47)	15,734
Foreign equities not including OECD branches		12				12
Government bonds	21,480		1,662	(363)		19,455
Listed convertible bonds	82,257	68,747	55,585	(3,976)		91,444
Indexed government bonds	12,501	7,840		3,976		24,317
Variable rate bonds	3,018			363		3,382
Listed bonds - branches	47,156	49,020	50,814		141	45,502
Treasury bills		9,034	5,094	3,519		7,459
Treasury bills - branches	10,502	44,501	51,002		3,499	7,500
Commercial paper - branches	4,292	3,242	7,948		414	
Commercial paper - medium-term notes and certificates of deposit	52,079	69,141	114,535	(3,519)		3,166
Certificates of deposit, money-market securities - branches	7,504	48,595	51,733		(350)	4,015
SUB-TOTAL	565,614	1,265,374	1,367,114		5,098	468,971
Marketable securities lodged as collateral for ceding insurers	73					73
Other deposits with banks	31,157	11,489				42,646
Margin call and DG/Futures Cofob		4,163				4,163
Deposit/Forward financial instruments put call Plac		29,951	29,951			
SUB-TOTAL	596,844	1,310,976	1,397,065		5,098	515,853
Deposits with other ceding insurers	801	97			(14)	884
TOTAL	597,645	1,311,073	1,397,065		5,084	516,737

Note 6.3 Movements in provisions for impairment in value of investments

in thousands of euros	31/12/2008	Additions	reversals	Other movements	31/12/2009
COFAC2 listed equities					
COFAC2 equity fund		1,243			1,243
PLAC equity fund					
Venture capital funds		329			329
Unlisted equities	3,490		42		3,448
Other loans					
TOTAL	3,490	1,571	42		5,020

Notes to the statutory financial statements

Note 6.4 Analysis of total investments

in thousands of euros	Gross	Carrying amount	Realisable value	Unrealised gains/(losses)
BY CATEGORY				
Marketable securities				
• Bonds and other fixed-income securities	206,314	206,314	206,765	451
• Bond premiums and discounts		(1,057)		
• Listed equities and other variable-income securities	17,040	17,040	15,647	(1,394)
• Unlisted equities and other variable-income securities	15,746	12,297	17,187	4,890
• Money-market funds	136,575	136,575	136,876	301
• Money-market funds - branches	35,330	35,330	35,545	216
• Equity funds	58,040	56,469	53,703	(2,766)
• Bond funds				
Properties and shares in property companies	1,103	1,003	1,442	439
Loans				
Shares in subsidiaries	239,253	235,263	893,852	658,589
Loans to subsidiaries	773	352	352	
Shares in affiliates	26,470	26,470	69,448	42,978
Loans to affiliates	326	326	326	
DEPOSIT/FORWARD FINANCIAL INSTRUMENTS PUT AND CALL ASSET-LIABILITY				
MARGINS/EUREX FUTURES COFOB ASSET-LIABILITY	(80)	(80)	(80)	
DG /EUREX FUTURES COFOB ASSET-LIABILITY	111	111	111	
Other forward financial instruments put and call premiums + unrealised PLAC				
Other forward financial instruments put and call premiums COFAC2				
Other forward financial instruments, unrealised foreign exchange gains/losses, COFAC2				
Other EUREX FUTURES - COFOB			42	42
Other forward financial instruments, unrealised foreign exchange gains/losses, COFACE			32	32
Sub-total - detailed analysis of investments	737,002	726,413	1,431,249	703,779
Other deposits with banks	42,646	42,646	42,646	
Sub-total	779,648	769,059	1,473,895	703,779
Deposits with ceding insurers/subsidiaries	16,239	16,239	16,239	
Deposits with other ceding insurers	884	884	884	
- Prepayments and accrued income		516	516	
+ Accrued charges and deferred income		1,573	1,573	
TOTAL FINANCIAL ASSETS	796,771	787,239	1,492,076	703,779
Margin deposit accounts or DG/forward financial instruments - liabilities		4,132	4,132	
Prepayments and accrued income/forward financial instruments - assets				
TOTAL INVESTMENTS RECORDED ON THE BALANCE SHEET	796,771	791,371	1,496,207	

Notes to the statutory financial statements

NOTE 7 – DEBTORS AND CREDITORS

Note 7.1 Debtor maturity analysis

DEBTORS	Within 1 year	Between 1 and 5 years	More than 5 years	31/12/2009	31/12/2008
Debtors arising from direct insurance operations					
• Accrued premiums	75,290			75,290	100,434
• Other	129,768			129,768	123,291
o/w subsidiaries	76,955			76,955	
Debtors arising from reinsurance operations	155,326			155,326	51,136
o/w subsidiaries	3,305			3,305	
Other debtors					
• Recoverable personnel costs	656	82	8	746	875
• Recoverable taxes	4,359			4,359	5,876
• Sundry debtors	75,524	25,075		100,599	74,268
o/w subsidiaries	24,926	25,075		50,001	42,388
TOTAL	440,922	25,157	8	466,087	355,880

CREDITORS	Within 1 year	Between 1 and 5 years	More than 5 years	31/12/2009	31/12/2008
Creditors arising from direct insurance operations					
o/w subsidiaries	13,850			13,850	2,239
Creditors arising from reinsurance operations	153,057			153,057	72,724
o/w subsidiaries	8,993			8,993	3,756
Bonds					
Bank loans					
Other creditors:					
• Other loans and deposits	4,131	7,131	3,994	15,256	14,495
• Accrued personnel costs	27,015			27,015	26,462
• Accrued taxes	26,793			26,793	22,283
• Sundry creditors	79,498			79,498	151,161
o/w subsidiaries	37,181			37,181	108,510
TOTAL	350,719	7,131	3,994	361,844	332,366

Notes to the statutory financial statements

NOTE 8 – SHAREHOLDERS' FUNDS AND RESERVES

Note 8.1 Composition of the share capital

At 31 December 2008, the share capital consisted of 28,106,527 shares with a value of €107,120 thousand.

During the year ended 31 December 2009:

1/ 1,672,884 shares were created for the payment of the dividend in shares (subscription price €24.37 per share), giving a capital increase of €40,769 thousand (including an issue premium of €34,392 thousand).

2/ A capital increase in cash in July 2009 totalling €50 million was subscribed for in full by Coface Holding (1,251,673 shares). This corresponded to a capital increase of €4.8 million and an issue premium of €45.3 million.

3/ Capital increase of €78 thousand following exercise of options: 8,701 shares for the 7 December 1999 stock option plan and 11,830 shares for the 3 December 2002 stock option plan (issue premiums: €840 thousand).

At 31 December 2009, the capital therefore consisted of 31,051,615 shares with a value of €118,345 thousand.

Note 8.2 Statement of changes in shareholders' funds and reserves

(in thousands of euros)	31/12/2008	Appropriation of 2008 profit	Dividend paid in shares ⁽¹⁾	Movements during the financial year	31/12/2009
Capital	107,120		6,376	4,849	118,345
Share premium	389,107		34,392	46,124	469,623
Crisis reserve	56,511				56,511
Capitalisation reserve	2,018			1,044	3,062
Construction gains reserve	488				488
Reserve for reinvested capital gains	144				144
Investment reserve	2,399				2,399
Contingency reserve	116,324	38,035			154,359
Deduction from reserves	(27,051)				(27,051)
Retained earnings		40,769	(40,769)		
Net profit/loss for the year	78,804	(78,804)		(204,098)	(204,098)
TOTAL	725,864		(1)	(152,081)	573,782

(1) Dividend paid in shares to individuals: €1 thousand

Note 8.3 Proposed allocation of profit or loss for the year

We ask you to approve our proposal to allocate the loss for the year of €204,098,338 to retained earnings.

NOTE 9 – PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)	31/12/2009	31/12/2008
Provisions for losses on investments in associates ⁽¹⁾	778	514
Provisions for broker disputes (Brussels branch)	1,068	1,068
Provisions for employee benefits (retirement, medical care, long-service awards)	29,654	27,831
o/w Japanese branch	1,088	917
Provision for employee-related disputes	320	1,578
Excess tax depreciation on development costs	10,112	9,407
TOTAL PROVISIONS	41,932	40,398

(1) At 31/12/2008: provision in respect of Coface Services Japan = 514
 2009: Reversal of provision in respect of Coface Services Japan: -246
 Provision booked in respect of Coface Services Taiwan: + 518

Notes to the statutory financial statements

NOTE 10 – CLAIMS EXPENSES AND CHANGES IN CLAIMS PROVISIONS

Technical provisions, i.e. provisions for potential claims and those incurred but not reported rose by €71,019 thousand, to €880,139 thousand at 31 December 2009 compared with €809,120 thousand at 31 December 2008.

CHANGE IN CLAIMS PROVISIONS :

Accounting year 2007 (in thousands of euros)	Loss year		
	2005	2006	2007
Claims net of recoveries	189,579	187,876	36,741
Provisions	24,828	63,164	238,998
Total claims expenses	214,407	251,040	275,739
Earned premiums	401,248	504,648	435,071
Loss ratio (in %)	53%	50%	63%

Accounting year 2008 (in thousands of euros)	Loss year			
	2005	2006	2007	2008
Claims net of recoveries	198,656	222,068	232,731	61,500
Provisions	21,095	34,999	83,887	371,984
Total claims expenses	219,751	257,067	316,618	433,484
Earned premiums	399,781	509,246	459,360	475,452
Loss ratio (in %)	55%	50%	69%	91%

Accounting year 2009 (in thousands of euros)	Loss year				
	2005	2006	2007	2008	2009
Claims net of recoveries	199,925	231,399	288,023	506,306	143,931
Provisions	43,174	30,248	91,804	234,216	358,950
Subrogation and salvage	(23,448)	(11,124)	(25,982)	(67,897)	(57,943)
Total claims expenses	219,651	250,522	353,845	672,624	444,938
Earned premiums	399,602	510,329	507,611	534,862	514,455
Loss ratio (in %)	55%	49%	70%	126%	86%

Notes to the statutory financial statements

NOTE 11 – OTHER PREPAYMENTS AND ACCRUED INCOME

(in thousands of euros)	31/12/2009	31/12/2008
Accrued premiums inward reinsurance (net of commissions)	11,072	6,569
Prepaid expenses	1,722	1,859
Other	470	77
TOTAL	13,265	8,505

NOTE 12 - ACCRUED EXPENSES RELATING TO OTHER CREDITORS

(in thousands of euros)	31/12/2009	31/12/2008
Accrued personnel costs	27,015	26,462
Accrued taxes		
- Social security	14,323	7,830
- Other	12,470	3,744
	26,793	11,575
Sundry creditors		
- Group current accounts	50,649	130,029
- Accrued expenses	28,614	21,059
- Other	235	56
	79,498	151,143
TOTAL	133,306	189,180

Notes to the statutory financial statements

NOTE 13 - ANALYSIS OF UNDERWRITING INCOME AND EXPENSES BY BUSINESS LINE

	Legal protection	Operating Losses	Transport	Credit Guarantees	Inward Reinsurance	Categories 31/12/2009	Categories 31/12/2008	
1-EARNED PREMIUMS	155		329	515,257	6,528	123,960	646,228	595,292
1A - PREMIUMS	153		329	496,431	6,529	118,978	622,420	615,163
-Premiums written	171		329	498,578	6,529	113,216	618,823	594,657
-Accrued premiums	(18)			(27,269)		5,762	(21,526)	(4,384)
-Policy fees				29,566			29,566	28,513
-Bad debts				(1,839)			(1,839)	(1,310)
-Change in provisions for doubtful premiums				(2,605)			(2,605)	(2,313)
1B-CHANGE IN PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS	2			18,826	(1)	4,982	23,808	(19,871)
2-CLAIMS EXPENSES	(81)	(365)	(68)	630,374	(5,048)	(128,082)	(764,018)	(371,777)
2A-PAID CLAIMS NET OF RECOVERIES			(99)	(491,438)	(715)	(180,234)	(672,486)	(302,238)
2B-CLAIMS PROVISIONS AND OTHER EXPENSES	(81)	(365)	32	(138,936)	(4,333)	52,151	(91,532)	(69,539)
-Claims provisions	1		32	(18,239)	(4,333)	(15,356)	(37,895)	(162,965)
-Claims handling expenses	(82)	(365)		(54,712)			(55,159)	(50,768)
-Other technical provisions								
-Change in claims equalisation provision				(65,985)		67,507	1,522	144,194
A - GROSS UNDERWRITING PROFIT/(LOSS) (1-2)	74	(365)	262	(115,117)	1,479	(4,123)	(117,790)	223,515
5-BUSINESS ACQUISITION COSTS	(82)	(365)	(33)	(154,249)	(97)	(30,833)	(185,659)	(168,559)
6-OTHER ADMINISTRATIVE EXPENSES	(100)	4,440	(114)	(31,811)			(27,585)	(22,660)
- Administrative costs	(82)	(1,199)	(114)	(76,052)			(77,447)	(75,786)
- Other underwriting expenses	(18)	(269)		(18,663)			(18,950)	(19,215)
- Other underwriting income (including financial agreement and other related income)		5,908		62,904			68,812	72,341
B - NET BUSINESS ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES (5 + 6)	(182)	4,075	(147)	(186,060)	(97)	(30,833)	(213,244)	(191,2197)
7-INVESTMENT INCOME	7		18	29,306	354	5,358	35,043	22,148
8-POLICYHOLDERS' BONUSES				4,733		30	4,763	(1,820)
C - NET INVESTMENT INCOME (7 - 8)	7		18	34,039	354	5,388	39,806	20,328
9-REINSURERS' SHARE OF EARNED PREMIUMS			(52)	(63,579)	(704)	(180,428)	(244,763)	(243,627)
- Premiums			(52)	(63,914)	(704)	(166,557)	(231,227)	(250,461)
- Change in unearned premiums and unexpired risk provisions			334		(13,871)	(13,536)	6,834	
10-REINSURERS' SHARE OF PAID CLAIMS				70,680	(528)	155,316	225,468	119,264
11-REINSURERS' SHARE OF CLAIMS PROVISIONS				(7,631)	220	2,252	(5,160)	53,669
- Claims provisions				(7,631)	220	2,252	(5,160)	53,669
- Other technical provisions								
- Change in claims equalisation provision								
12-REINSURERS' SHARE OF POLICYHOLDERS' BONUSES			(1,770)		(973)	(2,743)	775	
13-REINSURANCE COMMISSIONS RECEIVED			4	15,174	50	59,631	74,859	84,895
D - REINSURANCE RESULT (10+11+12+13-9)			(48)	12,873	(962)	35,798	47,661	14,976
UNDERWRITING PROFIT/(LOSS) (A+B+C+D)	(101)	3,710	85	(254,265)	774	6,230	(243,567)	67,600

Notes to the statutory financial statements

NOTE 14 - GROSS PREMIUMS WRITTEN

(in thousands of euros)	Direct insurance France	Direct insurance other EU countries	Direct insurance outside the EU	Direct insurance Total
31/12/2009	271,783	136,211	120,069	528,063
31/12/2008	259,780	125,553	123,124	508,457

NOTE 15 - ANALYSIS OF INVESTMENT INCOME AND EXPENSE

(in thousands of euros)	Income and expense concerning investments in subsidiaries and associates	Other investment income and expense	Total 31/12/09	Total 31/12/08
Income from investments in subsidiaries and associates (dividends)	7,733	30,904	38,636	38,581
Income from property investments		30	30	54
Income from other investments:				
- bonds, treasury bills and medium-term notes		5,686	5,686	8,106
- equities		1,507	1,507	1,879
- UCITS		160	160	1,387
- loans and deposits	332	1,909	2,241	5,363
- other financial income	230	55	284	22
Total income from other investments	561	9,316	9,878	16,963
Total investment income		8,294	40,250	48,544
Utilisation of provision for impairment	6,093	294	6,387	2,173
Gains on sales of investments	492	108,817	109,310	31,161
Merger gain				
Total realised gains on investments	6,585	109,111	115,696	33,334
Total income	14,879	149,361	164,240	88 932
Property investment expenses		9	9	5
Financial expenses :				
- commissions, professional fees, interest and bank charges	1,346	1,244	2,591	3,171
- on securities		1,132	1,132	1,179
- unrealised losses on derivatives				193
Total financial expenses	1,346	2,385	3,732	4,548
Provision for impairment in value of investments		7,006	7,006	1,055
Losses on sales of investments	6,135	69,633	75,768	24,646
Merger deficit				
Total realised losses on investments	6,135	69,633	75,768	24,646
Portfolio management expenses		1,702	1,702	1,629
Total expenses	7,481	80,727	88,209	31,879
NET INVESTMENT INCOME	7,398	68,634	76,032	57,053

Notes to the statutory financial statements

NOTE 16 - ANALYSIS OF GENERAL OPERATING EXPENSES BY TYPE

(in thousands of euros)	31/12/2009	31/12/2008	
	Total	Total	Change
COMMISSIONS			
Commissions paid or due (excluding branches)	56,057	48,625	15.29%
Unistrat commissions - direct insurance and inward reinsurance	6,058	6,768	-10.49%
Commissions paid or due (branches)	40,167	38,923	3.20%
Commission for rating management		13	-100.00%
Total commissions	102,283	94,328	8.43%
OTHER EXPENSES			
Payroll costs			
Remuneration of staff in France	78,259	71,717	9.12%
Remuneration of staff outside France	16,336	16,176	0.98%
Payroll taxes - France	28,167	26,081	8.00%
Payroll taxes outside France	2,654	2,236	18.65%
Provision for employee-related commitments	1,652	1,199	37.75%
Total payroll costs	127,067	117,410	8.22%
Taxes other than income tax			
Business tax	2,977	4,168	-28.58%
Unrecovered and irrecoverable VAT	4,280	2,472	73.13%
Transport tax (gross)	1,862	1,683	10.65%
Other (payroll and land taxes)	3,936	3,559	10.59%
Taxes other than income tax (branches)	1,323	1,520	(12.94%)
Total taxes other than income tax	14,378	13,402	7.28%
External expenses			
Property expenses (rent, service charges and maintenance)	20,371	20,918	(2.62%)
Equipment rental	1,142	1,284	(11.01%)
Vehicle and equipment maintenance	4,531	3,423	32.36%
External works	3,087	6,031	(48.82%)
Supplies, small appliances	1,851	1,577	17.34%
IT expenses	6,225	7,266	(14.33%)
Telecommunication expenses	2,575	2,073	24.20%
External staff (temporary, seconded and "VIE" - French international internship programme)	4,967	4,490	10.61%
Insurance	315	302	4.29%
Professional fees	45,807	37,051	23.63%
Advertising and marketing expenses	2,333	2,863	(18.50%)
Travelling and entertaining	3,296	4,355	(24.32%)
Head office expenses recharged	(13,170)	(11,656)	12.98%
Training	1,043	1,041	0.24%
Sundry expenses (documentation and membership fees)	1,861	1,855	0.31%
Expenses recharged (to third parties and COGERI)	(30,272)	(18,849)	60.60%
External expenses - branches and foreign	25,395	22,359	13.58%
Total external expenses	81,358	86,385	(5.82%)
Depreciation and amortisation			
Depreciation of tangible assets	1,491	1,129	32.09%
Amortisation of intangible assets	4,625	5,452	(15.18%)
Provisions			
Provision for non-current assets in progress	422	1,390	(69.67%)
Reversals of provisions for liabilities and charges	(1,258)		
Total depreciation, amortisation and provisions	5,279	7,971	(33,77%)
TOTAL COMMISSIONS AND OTHER EXPENSES	330,364	319,496	3.40%

Notes to the statutory financial statements

NOTE 17 - COMMISSIONS

(in thousands of euros)	Direct insurance France	Direct insurance CEE	Direct insurance outside the CEE	Direct insurance Totales
31/12/09	33,805	19,163	21,005	73,973
31/12/08	28,540	17,909	21,013	67,462

NOTE 18 - NON-OPERATING INCOME AND EXPENSE

(in thousands of euros)	31/12/2009			31/12/2008		
	Income	Expense	Net total	Income	Expense	Net total
Disposals of assets (Magellan)	25	59	(34)	19,957	19,957	
Interest on arrears on tax relief (payroll taxes, professional taxes)				135		135
Additions to and reversals of excess tax depreciation	1,248	1,954	(705)	1,784	2,009	(225)
Losses/gains on stock options	1,438		1,438	1,260	27	1,233
Reversals of provisions for purchases of shares for allocation on exercise of stock options				192		192
Other	273	164	109	712	40	671
o/w branches	7	135	(128)	627	29	598
TOTAL	2,984	2,176	808	24,040	22,033	2,007

NOTE 19 - ANALYSIS OF CURRENT AND FUTURE TAX CHARGE

Note 19.1 Analysis of 2009 tax charge

The current tax is calculated at the rate of 34.42%.

Note 19.2 Deferred taxes

(in thousands of euros)	
Current taxes	1,218
o/w CLD:	(671)
o/w branches:	1,889
2. Long-term taxes	
3. Tax on non-operating items	269
TOTAL	1,487

Notes to the statutory financial statements

II) DEFERRED TAXES (*)

Short-term rate (*) : 34,43% Long-term rate (*) : 1,72%	Deferred tax assets	Deferred tax liabilities	Net
1. Temporary differences	21,401	848	20,553
Employee benefits (retirement benefits, welfare, long service awards)	9,235		
Holiday pay and company "Time Savings" plan	5,827		
Employee profit sharing			
Solidarity tax contribution	200		
Non-deductible provisions:	6,108		
Unistrat technical provisions			
Unrealised losses on taxed mutual funds		848	
Unrealised gains on forward foreign exchange (JPY and ZAR)	17		
Unrealised gains on Eurex interest rate hedging	14		
2. Tax losses carried forward	81,214		81,214
3. Long-term capital losses			
TOTAL	102 615	848	101 767

* Excluding branches

NOTE 20 - ALLOCATION OF MERGER DEFICIT

(in thousands of euros)

Assets	Carrying amount (gross)	Impairment	Net carrying amount	Actual value	Unrealised gains	Allocation of merger deficit in proportion to and capped at the level of unrealised gains
Assets recognised in the financial statements of:						
Coface Services Suisse (formerly Cofacering.ch)	66		66	3,436	3,370	375
Coface Services España	3		3	16,422	16,419	1,828
Coface Services South Asia Pacific	7,574		7,574	8,048	474	53
TOTAL	7,643		7,643	27,907	20,264	2,257

Notes to the statutory financial statements

Note 21 - ADDITIONAL INFORMATION

Information on employees

Average workforce during the year

Professional category	31/12/2009	31/12/2008
Non-management	407	426
Management	1,546	1,420
TOTAL	1,953	1,846

Amount of remuneration and benefits awarded to the members of the management and supervisory bodies

	Total remuneration for the period	Commitments for retirement benefits	Loans and advances granted during the period
(in thousands of euros)			
To members of supervisory bodies	1,032		
To members of management bodies	3,892	447	

Information on the financial statements

The financial statements of Coface SA may be obtained from the Company.

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE A - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange		Carrying amount	Impairment	Realisable		Redemption
	EUR / ARS :	5.4745			21,982,138.36	Net	
TOTAL TABLE A	EUR	EUR / CAD :	0.00	21,982,138.36	21,982,139.00	21,982,138.36	
TOTAL TABLE A	EUR	EUR / CHF :	0.00	34,725,971.30	34,247,952.92	33,445,000.00	
TOTAL TABLE A	EUR	EUR / JPY :	0.00	20,031,907.02	19,590,464.00	19,186,750.00	
TOTAL TABLE A	EUR		0.00	156,723,323.44	155,666,366.90	147,635,026.96	
TOTAL TABLE A	EUR		0.00	1,204,443,000.00	1,207,893,000.00	1,200,000,000.00	
TOTAL TABLE A EUR EQUIVALENT			-1,056,957.00	205,183,813.00	206,692,055.00	195,702,685.64	
Number and description of investments	Currency	Allo- cation	Loca- tion	Carrying amount	Net	Recoverable	Redemption
				Cost	Impairment	value	value
Total EUR				206,240,769.58 (1,056,956.54)	205,183,813.04	206,692,055.05	195,702,685.64
23 - INVESTMENTS				206,240,769.58 (1,056,956.54)	205,183,813.04	206,692,055.05	195,702,685.64
231 - BONDS AND OTHER FIXED-INCOME SECURITIES				206,240,769.58 (1,056,956.54)	205,183,813.04	206,692,055.05	195,702,685.64
2310 - LISTED BONDS				138,597,902.55 (957,353.51)	137,640,549.04	139,757,476.60	129,615,000.00
NCP_23100				19,454,875.50 (351,780.10)	19,103,095.40	18,446,276.00	18,030,000.00
900	EUR	F	BEL	994,230.00 (3,170.94)	991,059.06	1,027,395.00	900,000.00
2,100	EUR	F	BEL	2,202,730.00 (41,402.10)	2,161,327.90	2,200,800.00	2,100,000.00
950,000	EUR	F	FRA	1,030,560.00 (33,936.51)	996,623.49	1,061,815.00	950,000.00
1,200,000	EUR	F	FRA	1,315,320.00 (87,236.81)	1,228,083.19	1,278,600.00	1,200,000.00
1,460,000	EUR	F	FRA	1,618,660.00 (23,398.91)	1,595,261.09	1,702,798.00	1,460,000.00
1,460,000	EUR	F	FRA	1,440,728.00	9,772.61	1,450,500.61	1,460,000.00
980	EUR	F	GRC	1,008,518.00	7,495.71	1,016,013.71	978,775.00
1,000	EUR	F	GRC	1,013,600.00	20,904.54	1,034,504.54	985,200.00
4,900	EUR	F	GRC	5,026,665.00 (50,920.24)	4,975,744.76	4,576,845.00	4,900,000.00
3,080	EUR	F	GRC	3,803,864.50 (149,887.45)	3,653,977.05	3,080,462.00	3,080,000.00
TOTAL EUR				19,454,875.50 (351,780.10)	19,103,095.40	18,446,276.00	18,030,000.00
NCP_23101				91,443,937.34 (817,313.58)	90,626,623.76	91,936,698.00	87,800,000.00
1,000,000	EUR	F	BEL	975,000.00	21,507.70	996,507.70	1,000,000.00
5,000	EUR	F	DEU	5,191,900.00 (162,577.36)	5,029,322.64	5,115,500.00	5,000,000.00
5,000	EUR	F	ESP	4,915,250.00	79,171.04	4,994,421.04	5,021,000.00
1,000,000	EUR	F	FRA	1,013,500.00 (11,562.27)	1,001,937.73	1,015,360.00	1,000,000.00
1,000	EUR	F	FRA	988,050.00	23,056.12	991,106.12	1,000,000.00
1,800	EUR	F	FRA	1,909,800.00 (13,741.17)	1,896,058.83	1,928,610.00	1,800,000.00
2,500,000	EUR	F	FRA	2,465,000.00	22,373.02	2,487,373.02	2,566,500.00
5,000	EUR	F	PRT	5,270,500.00 (238,041.26)	5,032,458.74	5,096,500.00	5,000,000.00
3,200,000	EUR	F	FRA	3,383,040.00 (40,065.65)	3,342,974.35	3,414,720.00	3,200,000.00
5,000,000	EUR	F	FRA	5,459,400.00 (38,067.82)	5,421,332.18	5,450,000.00	5,000,000.00
3,000,000	EUR	F	FRA	3,085,200.00 (3,191.60)	3,082,008.40	3,091,950.00	3,000,000.00
5,000,000	EUR	F	FRA	5,220,500.00 (32,494.82)	5,188,005.18	5,224,500.00	5,000,000.00
5,000,000	EUR	F	FRA	5,100,000.00 (10,729.42)	5,089,270.58	5,155,000.00	5,000,000.00
9,000,000	EUR	F	FRA	9,640,400.00 (58,972.12)	9,581,427.88	9,673,650.00	9,000,000.00
1,500,000	EUR	F	AUT	1,594,794.00 (19,242.11)	1,575,551.89	1,620,000.00	1,500,000.00
1,000,000	EUR	F	AUT	1,076,320.00 (1,300.07)	1,075,019.93	1,071,500.00	1,000,000.00
2,000,000	EUR	F	DEU	2,155,660.00 (18,944.29)	2,136,715.71	2,142,800.00	2,000,000.00
2,000,000	EUR	F	DEU	2,158,680.00 (10,957.52)	2,147,722.48	2,154,800.00	2,000,000.00
500,000	EUR	F	DEU	541,325.00 (2,272.92)	539,052.08	557,250.00	500,000.00
700,000	EUR	F	DEU	793,234.00	820.18	794,054.18	700,000.00
1,000,000	EUR	F	ESP	1,038,700.00 (4,684.64)	1,034,015.36	1,060,200.00	1,000,000.00
500,000	EUR	F	FIN	523,675.00 (14,778.35)	508,896.65	527,325.00	500,000.00
2,000,000	EUR	F	FRA	2,122,705.00 (21,832.33)	2,100,872.67	2,102,200.00	2,000,000.00

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE A - ENTITY: COFACE - CURRENCY: EUR

2,500,000	OAT 5% COFOB	OAT 5% 11.09.01/25.10.11	EUR	F	FRA	2,702,306.00	(61,046.09)	2,641,259.91	2,663,750.00	2,500,000.00
3,000,000	FR0010011130	OAT 4% 13.08.2003/25.10.2013	EUR	F	FRA	3,074,530.00	(13,577.35)	3,060,952.65	3,192,900.00	3,000,000.00
700,000	FR0010500298	CM CIC COVERED 4.75% 27.07.2007/17.07.2012	EUR	F	FRA	718,927.43	(14,875.45)	704,051.98	742,035.00	700,000.00
200,000	FR0010517417	OAT 4.25% du 06.09.07 au 25.10.2017	EUR	F	FRA	210,816.00	(719.17)	210,096.83	213,510.00	200,000.00
500,000	FR0010526996	CRH 4.375% 11.10.07/11.10.2010	EUR	F	FRA	503,827.23	(3,809.92)	500,017.31	512,775.00	500,000.00
500,000	FR0010547349	DEXIA 4.25% 22.11.07/22.11.2010	EUR	F	FRA	499,899.78	(169.69)	499,730.09	513,300.00	500,000.00
500,000	FR0010776161	OAT 3.75% du 02.07.09 au 25.10.1019	EUR	F	FRA	512,895.00	(45.75)	512,849.25	505,350.00	500,000.00
18	FR0010807917	BNP 2.25% du 23.09.09 au 01.10.2012	EUR	F	FRA	897,912.00	2,307.39	900,219.39	901,800.00	900,000.00
1,500,000	GR0114021463	GREECE 4% 26.03.08 au 20.08.2013	EUR	F	GRC	1,475,720.00	5,496.73	1,481,216.73	1,462,725.00	1,500,000.00
2,000,000	GR0124015497	GREECE 5.35% 30.01.2001/18.05.2011	EUR	F	GRC	2,137,362.30	(104,111.26)	2,033,251.04	2,048,400.00	2,000,000.00
1,000,000	GR4.5%COFOB	GREECE 4.50% 13.01.04/20.05.14	EUR	F	GRC	1,032,800.00	19.34	1,032,819.34	985,200.00	1,000,000.00
1,200,000	IT0004284334	BTPS - ITALY 4.25% 15.10.2007/15.10.2012	EUR	F	ITA	1,233,927.06	(9,577.65)	1,224,349.41	1,268,400.00	1,200,000.00
2,600,000	IT0004365554	BTPS 4.25% du 16.05.2008 au 15.04.2013	EUR	F	ITA	2,564,456.68	9,471.75	2,573,928.43	2,752,230.00	2,600,000.00
2,100,000	IT0004505076	ITALY 3.50% du 11.06.09 au 06.06.14	EUR	F	ITA	2,170,140.00	(2,453.38)	2,167,686.62	2,161,950.00	2,100,000.00
2,000,000	NL0000102325	NETHERLANDS 3.75% du 25.03.2004 au 15.07.2014	EUR	F	NLD	2,048,410.00	(6,582.40)	2,041,827.60	2,108,200.00	2,000,000.00
1,500,000	NL0000102671	NETHERLANDS 5% 15.02.2002/15.07.2012	EUR	F	NLD	1,606,490.52	(48,205.15)	1,558,285.37	1,618,800.00	1,500,000.00
700,000	PTBCU31E0002	BCP 4.75% 29.10.2007/29.10.2014	EUR	F	PRT	711,831.34	(6,048.79)	705,782.55	742,735.00	700,000.00
500,000	PTOTIEGOE0009	PORTUGAL 5.45% du 23.09.98 au 23.09.2013	EUR	F	PRT	539,235.00	(7,011.30)	532,223.70	548,950.00	500,000.00
200,000	PTOTIEGOE0017	PORTUGAL 3.60% du 27.05.09 AU 15.10.2014	EUR	F	PRT	199,818.00	152.22	199,970.22	204,923.00	200,000.00
TOTAL EUR						91,443,937.34	-817,313.58	90,626,623.76	91,936,698.00	87,800,000.00
NCP_23105						1,732,466.90	19,017.78	1,751,484.68	1,843,329.78	1,430,000.00
185,000	FR0000186413	GOVERNMENT BONDS 3.40% 01.10.99/25.07.29	EUR	F	FRA	222,589.30	13,683.69	236,272.99	279,743.38	185,000.00
1,245,000	FR0000188013	GOVERNMENT BONDS 3% 31.10.01/25.07.12	EUR	F	FRA	1,509,877.60	5,334.09	1,515,211.69	1,563,586.40	1,245,000.00
TOTAL EUR						1,732,466.90	19,017.78	1,751,484.68	1,843,329.78	1,430,000.00
NCP_23106						3,381,838.58	0.00	3,381,838.58	3,316,112.50	3,355,000.00
100	FR0000476533	COMPAGNIE DE FINANC.FONC.TX VAR. 08.07.03/08.07.15	EUR	F	LUX	1,000,000.00	0.00	1,000,000.00	976,600.00	1,000,000.00
355	GR0338001531	GREECE TX V. 27.03.03/25.07.25	EUR	F	GRC	363,461.86	0.00	363,461.86	297,312.50	355,000.00
100	XS0185626347	BNP PARIBAS 0% 13.02.04/13.02.14	EUR	F	LUX	1,000,000.00	0.00	1,000,000.00	1,035,200.00	1,000,000.00
1,000,000	FR0010451393	BNP PARIB. TV 22.03.2007/22.03.2010	EUR	F	FRA	1,018,376.72	0.00	1,018,376.72	1,007,000.00	1,000,000.00
TOTAL EUR						3,381,838.58	0.00	3,381,838.58	3,316,112.50	3,355,000.00
NCP_23107						22,584,784.23	192,722.39	22,777,506.62	24,215,060.32	19,000,000.00
3,000,000	FR0000188799	OATE 3.15% du 29.10.02 au 25.07.32	EUR	F	FRA	4,238,424.83	47,771.78	4,286,196.61	4,362,164.85	3,000,000.00
5,000,000	OAT3.40%PLAC	GOVERNMENT BONDS 3.40% 01.10.99/25.07.29	EUR	F	FRA	6,942,295.28	(58,188.89)	6,884,106.39	7,560,631.85	5,000,000.00
3,000,000	FR0010050559	OATE 2.25% du 21.01.04 au 25.07.20	EUR	F	FRA	3,601,950.40	5,784.87	3,607,735.27	3,662,264.97	3,000,000.00
4,000,000	FR0010235176	OAT 1% du 05.09.05/25.07.17	EUR	F	FRA	3,826,111.66	70,688.48	3,896,800.14	4,242,966.00	4,000,000.00
4,000,000	FR0010585901	OAT 2.10% 13.02.08 au 25.07.2023	EUR	F	FRA	3,976,002.06	126,666.15	4,102,668.21	4,387,032.65	4,000,000.00
TOTAL EUR						22,584,784.23	192,722.39	22,777,506.62	24,215,060.32	19,000,000.00
2311-LISTED BONDS BRANCHES						45,502,077.00	0.00	45,502,077.00	44,914,454.64	44,052,289.54
NCP_23110						45,502,077.00	0.00	45,502,077.00	44,914,454.64	44,052,289.54
6,718	CA110709EY41	BRITISH COLUMBIA 6.375% du 19.03.09 au 23.08.2010	CAD	F	CAN	7,223,193.60	0.00	7,223,193.60	6,968,319.40	6,718,000.00
2,463	CA110709FD94	BRITISH COLUMBIA 5.75% du 22.09.09 au 09.01.12	CAD	F	CAN	2,691,566.40	0.00	2,691,566.40	2,665,059.59	2,463,000.00
4,500	CA135087YC26	CANADA GOVT 3.75% du 26.10.09 au 01.09.11	CAD	F	CAN	4,703,400.00	0.00	4,703,400.00	4,683,595.50	4,500,000.00
2,450	CA669827EV53	NOVA SCOTIA PROVINCE 6.25% du 26.10.09 au 01.06.11	CAD	F	CAN	2,647,715.00	0.00	2,647,715.00	2,623,080.20	2,450,000.00
3,462	CA13509PAN3	CANADA HOUSING 3.75% du 03.12.08 au 15.03.10	CAD	F	CAN	3,544,395.60	0.00	3,544,395.60	3,486,088.60	3,462,000.00
5,080	CA683234WX24	ONTARIO 4% du 20.02.09 au 19.05.2010	CAD	F	CAN	5,253,990.00	0.00	5,253,990.00	5,150,170.04	5,080,000.00
3,525	CA74810ZBL00	QUEBEC PROV 0.72% du 10.07.09 au 16.07.2010	CAD	F	CAN	3,499,267.50	0.00	3,499,267.50	3,514,086.60	3,525,000.00
2,247	CA563462KE65	MANITOBA PROV CDS CPON 05.03.2011	CAD	F	CAN	2,214,643.20	0.00	2,214,643.20	2,213,676.99	2,247,000.00
3,000	CA74812ZTU98	QUEBEC PROV CDS BE GENERIC 01.06.2011	CAD	F	CAN	2,947,800.00	0.00	2,947,800.00	2,943,876.00	3,000,000.00
TOTAL CAD						34,725,971.30	0.00	34,725,971.30	34,247,952.92	33,445,000.00
TOTAL CAD EUR equivalent						22,954,766.84	0.00	22,954,766.84	22,638,784.33	22,108,011.62

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE A - ENTITY: COFACE - CURRENCY: EUR

1,528.90	AT0000385067	AUSTRIA 5.25% du 15.10.09 au 04.01.11	CHF	F	CHE	1,614,811.34	0.00	1,614,811.34	1,620,996.00	1,528,900.00
1,528.90	DE0001135184	GERMANY 5% du 15.10.09 au 04.07.11	CHF	F	CHE	1,633,169.19	0.00	1,633,169.19	1,606,065.00	1,528,900.00
2,293.35	DE0001141497	GERMANY 3.50% du 15.10.09 au 14.10.11	CHF	F	CHE	2,391,391.15	0.00	2,391,391.15	2,330,390.01	2,293,350.00
1,528.90	DE0002015708	LRP LDBK RHEINLD 3.25% du 15.10.09 au 04.06.10	CHF	F	CHE	1,561,691.12	0.00	1,561,691.12	1,526,760.99	1,528,900.00
1,528.90	DE000A0A24C6	LDBK BAD WURT 3.75% du 15.10.09 au 10.03.2011	CHF	F	CHE	1,586,310.69	0.00	1,586,310.69	1,568,620.00	1,528,900.00
1,528.90	FR0000187023	OAT 5.50% 08.09.2000/25.10.2010	CHF	F	CHE	1,609,195.28	0.00	1,609,195.28	1,543,680.00	1,528,900.00
1,528.90	FR0000497430	DEXIA AGENCY 5.50% du 15.10.2009 au 26.04.2010	CHF	F	CHE	1,574,397.36	0.00	1,574,397.36	1,559,375.00	1,528,900.00
400	CH0001480083	CONFEDERATION SUISSE 4.25% 06.01.94/01.01.14	CHF	F	CHE	456,467.05	0.00	456,467.05	465,917.00	400,000.00
500	CH0009886646	BANQUE DES LETTRES DE GAGE 31.05.99/25.01.11	CHF	F	CHE	512,351.55	0.00	512,351.55	530,803.00	500,000.00
1,000	CH0010356878	BANQUE CANTONALE VAUDOISE 4.25% 2000/10.02.2010	CHF	F	CHE	1,053,500.00	0.00	1,053,500.00	1,041,378.00	1,000,000.00
500	CH0010368329	CREDIT SUISSE 4.625% 2000/10.02.2010	CHF	F	CHE	533,500.00	0.00	533,500.00	522,406.00	500,000.00
500	CH0012025646	CREDIT SUISSE 4.38% 28.03.01/28.03.11	CHF	F	CHE	547,113.70	0.00	547,113.70	537,178.00	500,000.00
250	CH0012031123	BCV 4.50% 22.03.01/22.03.11	CHF	F	CHE	274,279.55	0.00	274,279.55	269,338.00	250,000.00
300	CH0012616782	ZURICH VERSICHERUNGS 3.88% 27.07.01/27.07.11	CHF	F	CHE	320,250.95	0.00	320,250.95	317,241.00	300,000.00
500	CH0014205071	BANQUE CANTONALE DE BALE 3.5% 14.06.02/14.06.10	CHF	F	CHE	517,923.50	0.00	517,923.50	516,528.00	500,000.00
300	CH0014259375	BQJE LETTRES GAGE ZURICH 3.5% 17.06.02/17.06.11	CHF	F	CHE	298,950.00	0.00	298,950.00	318,529.00	300,000.00
1,000	CH0019574620	SKYGUIDE SA. MEYRIN 2.625% 19.10.04/19.10.11	CHF	F	CHE	1,012,500.00	0.00	1,012,500.00	1,031,677.00	1,000,000.00
790	DE0002760840	KREDITANSTALT FUER WIEDER.5% 04.07.01/04.07.11	CHF	F	CHE	847,383.33	0.00	847,383.33	799,696.00	790,000.00
655	US225434AF69	NOTES CREDIT SUISSE 5.25% du 21.03.06/02.03.11	CHF	F	CHE	654,807.60	0.00	654,807.60	549,521.00	655,000.00
393	US298785D123	BANQUE EUROPEENNE INVEST.4% 21.03.06/03.03.10	CHF	F	CHE	380,851.19	0.00	380,851.19	315,851.00	393,000.00
632	XS0161035943	GENERAL ELECTRIC 4.375% 20.01.03/20.01.10	CHF	F	CHE	651,062.47	0.00	651,062.47	618,514.00	632,000.00
TOTAL CHF						20,031,907.02	0.00	20,031,907.02	19,590,464.00	19,186,750.00
TOTAL CHF EUR equivalent	EUR					13,502,229.06	0.00	13,502,229.06	13,204,680.52	12,932,562.68
1	N°250-JAP	JBP BOND 0.5% 20.06.2003 AU 20.06.2013	JPY	F	JPN	501,325,000.00	0.00	501,325,000.00	503,585,000.00	500,000,000.00
2	N°279-JAP	JBP BOND 0.40% du 15.04.09 au 15.04.2011	JPY	F	JPN	500,990,000.00	0.00	500,990,000.00	501,710,000.00	500,000,000.00
1	N°298-JAP	JBP BOND 1.30% du 18.12.08 au 18.12.2018	JPY	F	JPN	202,128,000.00	0.00	202,128,000.00	202,598,000.00	200,000,000.00
TOTAL JPY						1,204,443,000.00	0.00	1,204,443,000.00	1,207,893,000.00	1,200,000,000.00
TOTAL JPY EUR equivalent	EUR					9,045,081.10	0.00	9,045,081.10	9,070,989.79	9,011,715.24
2316	NEGOTIABLE DEBT SECURITIES AND TREASURY BILLS					22,140,790.03	(99,603.03)	22,041,187.00	22,020,123.81	22,035,396.10
NCP_23162						14,959,318.41	(99,603.03)	14,859,715.38	14,839,754.64	14,855,026.96
2,350,000	FR0107674006	TREASURY BILL .AN.2.50% du 27.06.05 au 12.07.10	EUR	F	FRA	2,401,054.61	(50,082.74)	2,350,971.87	2,347,263.23	2,350,000.00
3,999,026.96	BBVA73	TREASURY BILL 0.51% du 13.10.09 au 11.01.10	EUR	F	ESP	3,999,026.96	0.00	3,999,026.96	3,999,026.29	3,999,026.96
3,506,000	CAIXA126	TREASURY BILL 0.63% du 17.11.09 au 09.02.10	EUR	F	ESP	3,500,924.15	0.00	3,500,924.15	3,505,998.16	3,506,000.00
1,000,000	FR0109970386	BILLET TRESO.AN. 3.75% du 21.05.07/12.01.12	EUR	F	FRA	1,051,434.79	(69,801.32)	981,633.47	991,898.65	1,000,000.00
500,000	FR013087466	BILLET TRESO.AN. 3.75% du 13.08.08 au 12.01.13	EUR	F	FRA	502,593.11	12,537.62	515,130.73	497,278.41	500,000.00
600,000	FR011614929	TREASURY BILL du 15.10.2009 au 14.01.2010	EUR	F	FRA	599,403.59	(311.32)	599,092.27	600,000.00	600,000.00
500,000	FR011614978	TREASURY BILL du 09.04.09 au 12.01.2014	EUR	F	FRA	496,550.69	22,857.96	519,408.65	499,142.90	500,000.00
300,000	FR0116843394	TREASURY BILL DU 02-12-09 AU 06-05-2010	EUR	F	FRA	299,471.35	(3,664.72)	295,806.63	300,000.00	300,000.00
500,000	FR0116843535	TREASURY BILL 3% du 15.07.09 au 12.07.2014	EUR	F	FRA	510,296.00	(2,814.55)	507,481.45	499,147.00	500,000.00
800,000	FR0117505950	TREASURY BILL DU 01-12-09 AU 18-02-2010	EUR	F	FRA	799,326.43	(3,423.75)	795,902.68	800,000.00	800,000.00
800,000	FR0117505968	TREASURY BILL DU 04-12-09 AU 04-03-2010	EUR	F	FRA	799,236.73	(4,900.21)	794,336.52	800,000.00	800,000.00
TOTAL EUR						14,959,318.41	(99,603.03)	14,859,715.38	14,839,754.64	14,855,026.96
NCP_23164						7,181,471.62	0.00	7,181,471.62	7,180,369.17	7,180,369.14
10,700,148	ARGENTINE58	CD ARGENTINA58 0.25% du 23.11.09 AU 04.01.10	ARS	F	ARG	10,700,148.00	0.00	10,700,148.00	10,700,149.00	10,700,148.00
1,332,324	ARGENTINE61	CD ARGENTINA61 0.25% du 14.12.09 au 13.01.10	ARS	F	ARG	1,332,324.00	0.00	1,332,324.00	1,332,324.00	1,332,324.00
9,949,666.36	ARGENTINE62	CD ARGENTINA62 9.75% du 14.12.09 au 13.01.10	ARS	F	ARG	9,949,666.36	0.00	9,949,666.36	9,949,666.00	9,949,666.36
TOTAL ARS						21,982,138.36	0.00	21,982,138.36	21,982,139.00	21,982,138.36
TOTAL ARS EUR equivalent	EUR					4,015,369.14	0.00	4,015,369.14	4,015,369.25	4,015,369.14
3,165,000	CICSOFRAS	CD 0.38% du 09.12.09 au 11.01.10 SOFRASCAU	EUR	F	FRA	3,166,102.48	0.00	3,166,102.48	3,164,999.92	3,165,000.00
TOTAL EUR						3,166,102.48	0.00	3,166,102.48	3,164,999.92	3,165,000.00

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE B - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Realisable value			
		At cost	Impairment		Net		
TOTAL TABLE B EUR	728.37	3,456,403,738.00	0.00	3,456,403,738.00			
TOTAL TABLE B EUR	EUR / CLP rate:	EUR / EUR rate:	EUR / GBP rate:	EUR / PLN rate:			
	1	489,949,327.52	(9,531,727.19)	480,417,600.33			
TOTAL TABLE B EUR	0.8881	21,255,823.78	0.00	21,255,823.78			
TOTAL TABLE B EUR	4.1045	853,348.83	0.00	853,348.83			
TOTAL TABLE B EUR	1.8875	100.00	0.00	100.00			
TOTAL TABLE B EUR	1.4406	17,027,952.10	0.00	17,027,952.10			
TOTAL TABLE B EUR EQUIVALENT		530,656,767.00	(9,531,727.00)	521,125,039.00			
1,224,379,004.00							
Number and description of investments	Currency	Allo- cation	Loca- tion	Carrying amount	Impairment	Net	Realisable value
Total EUR				530 656 766,62	(9 531 727,19)	521 125 039,43	1 224 379 004,12
21 - PLACEMENTS IMMOBILIERS				1 103 130,82	(100 307,50)	1 002 823,32	1 441 523,61
212 - BUILDINGS (EXCLUDING THOSE USED IN THE BUSINESS)				20,561.61	(7,657.30)	12,904.31	210,000.00
2122 - LAND AND BUILDINGS ACQUIRED BEFORE 1.1.82				20,561.61	(7,657.30)	12,904.31	210,000.00
NCP_21220				20,561.61	(7,657.30)	12,904.31	210,000.00
1	EUR	F	FRA	20,561.61	(7,657.30)	12,904.31	210,000.00
TOTAL EUR				20,561.61	(7,657.30)	12,904.31	210,000.00
213 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES - USED IN THE BUSINESS				70,048.72	(8,326.87)	61,721.85	65,523.61
2130 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES				70,048.72	(8,326.87)	61,721.85	65,523.61
NCP_21300				70,048.72	(8,326.87)	61,721.85	65,523.61
1	EUR	F	FRA	5,469.96	(5,128.02)	341.94	0.00
1	EUR	F	FRA	41,320.74	0.00	41,320.74	41,320.74
1	EUR	F	FRA	-521.45	0.00	-521.45	0.00
1	EUR	F	FRA	2,849.20	(2,849.20)	0.00	0.00
700	EUR	F	FRA	10,671.43	0.00	10,671.43	10,671.43
500	EUR	F	FRA	7,622.45	0.00	7,622.45	11,244.70
150	EUR	F	FRA	2,286.74	0.00	2,286.74	2,286.74
99	EUR	F	FRA	151.47	(151.47)	0.00	0.00
40	EUR	F	FRA	60.98	(60.98)	0.00	0.00
90	EUR	F	FRA	137.20	(137.20)	0.00	0.00
TOTAL EUR				70,048.72	(8,326.87)	61,721.85	65,523.61
219 - BUILDINGS USED IN THE BUSINESS				1,012,520.49	(84,323.33)	928,197.16	1,166,000.00
2192 - BUILDINGS				1,012,520.49	(84,323.33)	928,197.16	1,166,000.00
NCP_21920				1,012,520.49	(84,323.33)	928,197.16	1,166,000.00
1	EUR	F	FRA	166,169.43	(41,969.11)	124,200.32	256,000.00
1	EUR	F	FRA	146,351.06	(89,441.89)	107,909.17	210,000.00
1	EUR	F	FRA	700,000.00	(3,912.33)	696,087.67	700,000.00
TOTAL EUR				1,012,520.49	(84,323.33)	928,197.16	1,166,000.00
23 - INVESTMENTS				262,730,630.57	(5,019,857.39)	257,710,773.18	258,958,822.01
230 - EQUITIES AND OTHER VARIABLE-INCOME SECURITIES				262,730,630.57	(5,019,857.39)	257,710,773.18	258,958,822.01
2300 - LISTED EQUITIES AND SECURITIES				17,040,182.55	0.00	17,040,182.55	15,646,658.55
NCP_23000				4,180,322.45	0.00	4,180,322.45	4,396,400.74
80510	EUR	F	FRA	2,002,618.26	0.00	2,002,618.26	2,345,256.30
38000	EUR	F	FRA	708,231.51	0.00	708,231.51	682,860.00
20000	EUR	F	FRA	647,632.38	0.00	647,632.38	671,200.00
11148	EUR	F	FRA	821,840.30	0.00	821,840.30	697,084.44
TOTAL EUR				4,180,322.45	0.00	4,180,322.45	4,396,400.74
NCP_23001				12,859,860.10	0.00	12,859,860.10	11,250,257.81

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE B - ENTITY: COFACE - CURRENCY: EUR

1332	BE0005591624	FORTIS STRIP VPR DROITS	EUR	F	FRA	0.00	0.00	0.00	26.66
2000	IT0003132476	ENI SPA	EUR	F	ITA	387,980.50	0.00	387,980.50	356,000.00
9000	GB000803MLX29	ROYAL DUTCH SHELL CL.A	EUR	F	GBR	2,159,888.00	0.00	2,159,888.00	1,899,000.00
TOTAL EUR						2,547,868.50	0.00	2,547,868.50	2,255,026.66
24000	US3696041033	GENERAL ELECTRIC	USD	F	USA	4,208,100.00	0.00	4,208,100.00	3,631,200.00
19000	US4781601046	JOHNSON AND JOHNSON	USD	F	USA	1,157,060.00	0.00	1,157,060.00	1,223,790.00
24000	AN8068571086	SCHLUMBERGER LTD	USD	F	USA	1,760,464.40	0.00	1,760,464.40	1,562,160.00
15000	US7427181091	PROCTER GAMBLE	USD	F	USA	949,500.00	0.00	949,500.00	909,450.00
20000	US9497461015	WELLS FARGO	USD	F	USA	593,731.50	0.00	593,731.50	539,800.00
45000	US0640581007	BK NY MELLON	USD	F	USA	1,716,692.00	0.00	1,716,692.00	1,258,650.00
30000	US5658491064	MARATHON OIL	USD	F	USA	1,227,533.80	0.00	1,227,533.80	936,600.00
25000	US7134481081	PEPSICO	USD	F	USA	1,670,994.00	0.00	1,670,994.00	1,520,000.00
24000	US9113121068	UNITED PARCEL SERVICE CL.B.	USD	F	USA	1,571,379.40	0.00	1,571,379.40	1,376,880.00
TOTAL USD						14,855,455.10	0.00	14,855,455.10	12,958,530.00
TOTAL USD - EUR EQUIVALENTEUR						10,311,991.60	0.00	10,311,991.60	8,995,231.15
2301 - UNITS IN MUTUAL FUNDS exclusively invested in fixed-income securities						171,904,683.56	0.00	171,904,683.56	172,421,868.77
23012 - UNITS IN MUTUAL FUNDS - FIXED INCOME SECURITIES						139,890,080.41	0.00	139,890,080.41	140,315,005.62
135	FR0000293714	NATIXIS TRESO EURIBOR 3 MONTH	EUR	F	FRA	5,461,989.91	0.00	5,461,989.91	5,466,873.60
260	FR000027864	NATIXIS INSTIT.JOUR C	EUR	F	FRA	10,156,799.38	0.00	10,156,799.38	10,201,347.00
4322	FR0000099301	XIS MONETAIRE	EUR	F	FRA	18,186,740.39	0.00	18,186,740.39	18,230,714.64
306	FR0007084926	NATIXIS CASH EURO PART R.	EUR	F	FRA	39,455,726.12	0.00	39,455,726.12	39,458,696.94
131	FR0010298943	NATIXIS CASH EONIA IC	EUR	F	FRA	14,557,443.58	0.00	14,557,443.58	14,643,483.92
62.3	FR0010322438	NATIXIS CASH A1P1 3DEC	EUR	F	FRA	7,204,439.81	0.00	7,204,439.81	7,212,821.50
44	FR0010369835	NAT.IMP.CASH X.3D	EUR	F	FRA	4,855,216.79	0.00	4,855,216.79	4,859,884.14
682	FR0007498480	OBJECTIF C.T. EUROBA FCP	EUR	F	FRA	4,682,155.04	0.00	4,682,155.04	4,695,685.94
36	SICAVSUC/BEL	NATIXIS CASH A1P1 3	EUR	F	BEL	4,039,110.75	0.00	4,039,110.75	4,167,922.54
20.311	CASA1P13/ESP	NATIXIS CASH A1P1 3DEC	EUR	F	ESP	2,328,297.88	0.00	2,328,297.88	2,351,518.74
45	CASHPREM/BEL	NATIXIS CASH PREM 3 DEC	EUR	F	BEL	5,028,117.54	0.00	5,028,117.54	5,092,013.44
TOTAL EUR						115,956,037.19	0.00	115,956,037.19	116,380,962.40
21255823.78	FUNDS GBP	FUNDS STERLING (BRANCH)	GBP	F	GBR	21,255,823.78	0.00	21,255,823.78	21,255,823.78
TOTAL GBP						21,255,823.78	0.00	21,255,823.78	21,255,823.78
TOTAL GBP - EUR EQUIVALENTEUR						23,934,043.22	0.00	23,934,043.22	23,934,043.22
23013- UNITS IN COFAC2 MUTUAL FUND						32,014,603.15	0.00	32,014,603.15	32,106,863.15
700	OBJECT.CT	OBJECTIF C.T. EUROBA FCP	EUR	F	FRA	4,819,031.00	0.00	4,819,031.00	4,819,619.00
5	FR0010446633	OBJECTIF C.T. EUROBA FCP	EUR	F	FRA	27,195,572.15	0.00	27,195,572.15	27,287,244.15
TOTAL EUR						32,014,603.15	0.00	32,014,603.15	32,106,863.15
2302 - UNITS IN OTHER MUTUAL FUNDS						58,040,243.23	(1,571,455.00)	56,468,788.23	53,703,113.92
NCP_23020						51,404,264.23	0.00	51,404,264.23	48,638,589.92
475	FR0010160507	FRUCTIFDS VAEURS EURO.I FCP	EUR	F	LUX	51,404,264.23	0.00	51,404,264.23	48,638,589.92
TOTAL EUR						51,404,264.23	0.00	51,404,264.23	48,638,589.92
NCP_23021						3,692,829.00	(1,242,690.00)	2,450,139.00	2,450,139.00
21300	FR0000004012	OBJECTIF JAPON	EUR	F	FRA	3,692,829.00	(1,242,690.00)	2,450,139.00	2,450,139.00
TOTAL EUR						3,692,829.00	(1,242,690.00)	2,450,139.00	2,450,139.00
NCP_23025						2,943,150.00	(328,765.00)	2,614,385.00	2,614,385.00
247500	NC118	LCF ROTHSCHILD LBO FUNS	EUR	F	FRA	1,315,250.00	(303,765.00)	1,011,485.00	1,011,485.00
2500	NC119	LCF ROTHSCHILD LBO PARTS (B)	EUR	F	FRA	25,000.00	(25,000.00)	0.00	0.00
29700	NC145	FCPRVENTECH CAPITAL 3 (A)	EUR	F	FRA	1,020,000.00	0.00	1,020,000.00	1,020,000.00
19960	NC160	LCF ROTHSCHILD FUNDS II PARTS A	EUR	F	FRA	548,900.00	0.00	548,900.00	548,900.00
4000	NC161	LCF ROTHSCHILD FUND II PARTS B	EUR	F	FRA	4,000.00	0.00	4,000.00	4,000.00
30000	NC146	FCPRVENTECH CAPITAL 3 (B)	EUR	F	FRA	30,000.00	0.00	30,000.00	30,000.00
TOTAL EUR						2,943,150.00	(328,765.00)	2,614,385.00	2,614,385.00

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE B - ENTITY: COFACE - CURRENCY: EUR

2305 - UNLISTED EQUITIES AND OTHER SECURITIES				15,745,521.23	(3,448,402.39)	12,297,118.84	17,187,180.77
NCP_23050				13,865,079.83	(3,443,834.11)	10,421,245.72	15,311,306.92
2652	NC110	CASHWARE	EUR	F	FRA	0.00	0.00
845	NC112	OSEO GARANTIE	EUR	F	FRA	28,340.27	28,340.27
403500	NC124	LA FINANCIERE PATRIMONIALE D'INVESTISSEMENT	EUR	F	FRA	4,503,375.84	8,181,033.11
1	NC135	SCPI	EUR	F	FRA	2,079.86	0.00
401244	NC39	SFBI (G.F.F)	EUR	F	FRA	2,494,784.74	288,224.40
15000	NC40	COPRA	EUR	F	FRA	231,975.66	0.00
50	NC42	SEMAH	EUR	F	FRA	762.25	0.00
332214	NC50	PROPARCO	EUR	F	FRA	5,601,305.21	6,813,709.14
TOTAL EUR				13,865,079.83	(3,443,834.11)	10,421,245.72	15,311,306.92
NCP_23051				1,362,868.91	(4,537.80)	1,358,331.11	1,358,331.11
2	NC46	DEXNET DE NLG 5000	EUR	F	NLD	4,537.80	0.00
11670	NC165	SOCIEDADE DE GARANTIA MUTUA, SA	EUR	F	PRT	11,670.00	11,670.00
TOTAL EUR				16,207.80	(4,537.80)	11,670.00	11,670.00
1940	NC144	TRADE CARD INC	USD	F	USA	1,940,000.00	1,940,000.00
TOTAL USD				1,940,000.00	0.00	1,940,000.00	1,940,000.00
TOTAL USD - EUR EQUIVALENTEUR				1,346,661.11	0.00	1,346,661.11	1,346,661.11
NCP_23052				358.71	(30.48)	328.23	328.95
2	NC162	COFACE EGYPT INFORMATION AND ECONOMIC CONSULTANTS	EUR	F	EGY	275.00	275.00
2	NC58	S.I.C.R.	EUR	F	CIV	30.48	0.00
1	NC154	COFACE INDIA CREDIT MANAGEMENT SERVICES	EUR	F	IND	0.25	0.25
TOTAL EUR				305.73	(30.48)	275.25	275.97
1	NC123	SORENCO INTERNATIONAL	TND	F	TUN	100.00	100.00
TOTAL TND				100.00	0.00	100.00	100.00
TOTAL TND - EUR EQUIVALENTEUR				52.98	0.00	52.98	52.98
NCP_23053				517,213.78	0.00	517,213.78	517,213.79
33927NC83		STE D'ASSURANCE DE CONSOLIDATION DES RETRAITES	EUR	F	FRA	517,213.78	517,213.79
TOTAL EUR				517,213.78	0.00	517,213.78	517,213.79
25 - INVESTMENTS IN SUBSIDIARIES				240,026,641.91	(4,411,562.30)	235,615,079.61	894,204,076.12
250 - SHARES IN UNLISTED FRENCH SUBSIDIARIES				239,253,268.05	(3,990,439.92)	235,262,828.13	893,851,824.64
NCP_25050				60,462,999.83	(2,904,214.00)	57,558,785.83	147,589,274.04
61370	NC121	UNISTRAT COFACE	EUR	F	FRA	975,703.59	147,589,274.04
764759	NC129	COFACE SERVICES	EUR	F	FRA	13,670,362.29	13,670,362.29
1919999	NC16	COFINPAR	EUR	F	FRA	29,270,196.04	74,431,762.19
249	NC94	COFACE GESTION RESEAU INTERNATIONAL	EUR	F	FRA	38,028.39	28,852,853.09
494799	NC98	FIMIPAR	EUR	F	FRA	7,576,178.52	10,929,664.59
124284	ZZ0007945700	AXA ASSURCREDIT	EUR	F	FRA	8,932,531.00	6,028,317.00
TOTAL EUR				60,462,999.83	(2,904,214.00)	57,558,785.83	147,589,274.04
2506 - SHARES IN UNLISTED SUBSIDIARIES OUTSIDE FRANCE				178,790,268.22	(1,086,225.92)	177,704,042.30	746,262,550.60
NCP_25060				118,763,759.03	(100,100.55)	118,663,658.48	643,489,195.43
25000	NC125	COFACE HOLDING AMERICA LATINA SA DE CV (CHAL)	EUR	F	MEX	1,651.16	1,817.53
10417	NC128	COFACE AUSTRIA HOLDING AG	EUR	F	AUT	5,982,350.50	15,405,974.65
1500	NC134	UNISTRAT CORPORATION OF AMERICA	EUR	F	USA	83,405.22	83,405.22
4000	NC137	COFACE SERVICES KOREA	EUR	F	KOR	199,501.67	1,020,240.32
310	NC138	COFACE SERVICIOS ESPANA SL	EUR	F	ESP	3,100.00	16,422,122.79
1000	NC139	COFACE SERVICES SUISSES	EUR	F	CHE	66,467.77	3,436,470.92

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009; TABLE B - ENTITY: COFACE - CURRENCY: EUR

200	NC143	COFACE SERVICES JAPAN	EUR	F	JPN	100,100.55	(100,100.55)	0.00	0.00
7499	NC29	COFACE CENTRAL EUROPE HOLDING AG	EUR	F	AUT	4,562,844.10	0.00	4,562,844.10	28,505,810.28
99999	NC5	COFACE UK HOLDINGS LIMITED	EUR	F	GBR	8,317,827.99	0.00	8,317,827.99	19,122,365.77
1000000	NC57	COFACE ITALIA SRL	EUR	F	ITA	3,970,564.38	0.00	3,970,564.38	16,566,256.00
39980	NC76	COFACE SERVICIOS PORTUGAL	EUR	F	PRT	5,617,038.58	0.00	5,617,038.58	6,089,897.45
10000	NC77	COFACE NORTH AMERICA HOLDING COMPANY	EUR	F	USA	12,604,965.92	0.00	12,604,965.92	46,481,761.34
1510	NC80	COFACE HOLDING AKTIENGESELLSCHAFT	EUR	F	DEU	77,253,941.19	0.00	77,253,941.19	490,353,073.16
TOTAL EUR						118,763,759.03	(100,100.55)	118,663,658.48	643,489,195.43
NCP_25061						44,501,406.88	0.00	44,501,406.88	78,314,310.04
37635000	NC148	COFACE SEGURO DE CREDITO MEXICO	EUR	F	MEX	2,798,856.76	0.00	2,798,856.76	2,993,638.44
18399998	NC149	COFACE SIGORTA AS	EUR	F	TUR	9,040,050.41	0.00	9,040,050.41	9,245,483.80
16600000	NC34	COFACE ASSICURAZIONI Spa	EUR	F	ITA	32,662,499.71	0.00	32,662,499.71	66,075,187.80
TOTAL EUR						44,501,406.88	0.00	44,501,406.88	78,314,310.04
NCP_25062						4,304,178.20	0.00	4,304,178.20	7,415,509.83
7	NC131	COFACE SOUTH AFRICA INSURANCE COMPANY LIMITED	EUR	F	ZAR	3,615,235.73	0.00	3,615,235.73	6,726,567.36
10000	NC164	COFACE RUS INSURANCE COMPANY	EUR	F	RUB	688,942.47	0.00	688,942.47	688,942.47
TOTAL EUR						4,304,178.20	0.00	4,304,178.20	7,415,509.83
NCP_25063						11,220,924.11	(986,125.37)	10,234,798.74	17,043,535.30
60	NC120	KOMPASS CHINA INTERNATIONAL INFORMATION SERVICE	EUR	F	CHN	92,182.93	0.00	92,182.93	165,835.67
11669000	NC126	COFACE GREATER CHINA FINANCE LTD	EUR	F	HKG	1,043,376.31	0.00	1,043,376.31	1,097,947.88
2123250	NC132	COFACE ARB LCC	EUR	F	RUB	61,987.49	0.00	61,987.49	61,988.28
15000000	NC141	COFACE SERVICES SOUTH ASIA PACIFIC PTE LTD	EUR	F	SGP	7,573,591.32	0.00	7,573,591.32	8,048,070.00
3999993	NC142	COFACE SERVICE TAIWAN	EUR	F	TWN	986,125.37	(986,125.37)	0.00	0.00
20	NC147	BDI (BUSINESS DATA ISRAEL)	EUR	F	ISR	199,445.40	0.00	199,445.40	874,884.78
1	NC166	COFACE CHINA	EUR	F	CHN	386,834.82	0.00	386,834.82	386,834.82
501000	NC99	COFACE SOUTH AFRICA SERVICES	EUR	F	ZAR	877,380.47	0.00	877,380.47	6,407,973.87
TOTAL EUR						11,220,924.11	(986,125.37)	10,234,798.74	17,043,535.30
252 - LOANS						773,373.86	(421,122.38)	352,251.48	352,251.48
2520 - LOANS TO SUBSIDIARIES						773,373.86	(421,122.38)	352,251.48	352,251.48
NCP_25201						773,373.86	(421,122.38)	352,251.48	352,251.48
1	PCOFRATCOREE	COFACE SERVICES KOREA	EUR	L	KOR	443,008.80	(421,122.38)	21,886.42	21,886.42
TOTAL EUR						443,008.80	(421,122.38)	21,886.42	21,886.42
1	PKOMPPOLAND	KOMPASS POLAND	PLN	L	POL	853,348.83	0.00	853,348.83	853,348.83
TOTAL PLN						853,348.83	0.00	853,348.83	853,348.83
TOTAL PLN - EUR EQUIVALENTEUR						207,905.67	0.00	207,905.67	207,905.67
1	PCOFSERCOLOM	COFACE SERVICES COLOMBIA	USD	F	COL	35,000.00	0.00	35,000.00	35,000.00
1	PCOFSERECUAD	COFACE SERVICES ECUADOR	USD	F	ECS	86,415.00	0.00	86,415.00	86,415.00
1	PCOFSEPERU	COFACE SERVICES PERU	USD	F	PER	55,000.00	0.00	55,000.00	55,000.00
TOTAL USD						176,415.00	0.00	176,415.00	176,415.00
TOTAL USD - EUR EQUIVALENTEUR						122,459.39	0.00	122,459.39	122,459.39
26 - INVESTMENTS IN AFFILIATES						26,796,363.32	0.00	26,796,363.32	69,774,582.38
260 - SHARES IN UNLISTED AFFILIATES						26,470,078.68	0.00	26,470,078.68	69,448,297.74
2605 - SHARES IN UNLISTED FRENCH AFFILIATES						2,490,735.11	0.00	2,490,735.11	36,430,935.37
NCP_26050						2,490,735.11	0.00	2,490,735.11	36,430,935.37
4999	NC115	COFACE RBI	EUR	F	FRA	76,234.74	0.00	76,234.74	3,518,525.15
1550	NC13	CERIP SERVICES BANQUES	EUR	F	FRA	156,909.56	0.00	156,909.56	156,909.56
1000	NC130	CEMECA	EUR	F	FRA	55,000.00	0.00	55,000.00	55,000.00
87000	NC140	PLANET RATING SAS	EUR	F	FRA	175,000.00	0.00	175,000.00	174,999.98
72000	NC15	COFACREDIT	EUR	F	FRA	1,372,041.15	0.00	1,372,041.15	31,678,429.75
243	NC55	COFACE AMEEM SERVICES	EUR	F	FRA	655,549.66	0.00	655,549.66	847,070.93
TOTAL EUR						2,490,735.11	0.00	2,490,735.11	36,430,935.37

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009; TABLE B - ENTITY: COFACE - CURRENCY: EUR

2606 - SHARES IN UNLISTED AFFILIATES OUTSIDE FRANCE						23,979,343.57	0.00	23,979,343.57	33,017,362.37
NCP_26060						9,775,895.10	0.00	9,775,895.10	12,566,961.11
1879	NC103	COFACE SERVIS BILGI	EUR	F	TUR	1,134,943.87	0.00	1,134,943.87	1,147,974.68
700	NC111	COFACE EASTERM EUROPE HOLDING	EUR	F	DEU	803,742.75	0.00	803,742.75	834,197.15
4774	NC163	KYRIBA CORPORATION	EUR	F	USA	2,605,437.01	0.00	2,605,437.01	2,605,437.01
7500	NC97	COFACE SERVICES BELGIQUE HOLDING (formerly RBB)	EUR	F	BEL	5,231,771.47	0.00	5,231,771.47	7,979,352.27
TOTAL EUR						9,775,895.10	0.00	9,775,895.10	12,566,961.11
NCP_26062						11,509,618.68	0.00	11,509,618.68	14,331,048.39
5905	NC159	COFACE CHILE SUCCUR	CLP	F	CHL	2,614,911,741.00	0.00	2,614,911,741.00	4,594,691,612.44
TOTAL CLP						2,614,911,741.00	0.00	2,614,911,741.00	4,594,691,612.44
TOTAL CLP - EUR EQUIVALENTEUR						3,590,087.10	0.00	3,590,087.10	6,308,183.50
689992	NC91	SEGURADORA BRASILEIRA DE CREDITO A EXPORTACAO SA	EUR	F	BRA	6,789,213.60	0.00	6,789,213.60	6,892,546.91
1084	NC159-EUR	COFACE CHILE BRANCH - EUR	EUR	F	CHL	1,130,317.98	0.00	1,130,317.98	1,130,317.98
TOTAL EUR						7,919,531.58	0.00	7,919,531.58	8,022,864.89
NCP_26063						2,693,829.79	0.00	2,693,829.79	6,119,352.87
83998	NC158	COFACE FACTORING CHILE BRANCH	CLP	F	CHL	841,491,997.00	0.00	841,491,997.00	1,527,360,135.96
TOTAL CLP						841,491,997.00	0.00	841,491,997.00	1,527,360,135.96
TOTAL CLP contrevaieur EUR						1,155,308.42	0.00	1,155,308.42	2,096,956.40
500000	NC106	COFACE GREATER CHINA SERVICES	EUR	F	HKG	1,451,964.33	0.00	1,451,964.33	3,614,549.00
305	NC31	SORENCO	EUR	F	TUN	28,269.15	0.00	28,269.15	304,096.89
6260	NC35	RECOURS SA	EUR	F	MAR	58,287.89	0.00	58,287.89	103,750.58
TOTAL EUR						1,538,521.37	0.00	1,538,521.37	4,022,396.47
262 - LOANS						326,284.64	0.00	326,284.64	326,284.64
2620 - LOANS TO AFFILIATES						326,284.64	0.00	326,284.64	326,284.64
NCP_26200						326,284.64	0.00	326,284.64	326,284.64
1	PIGK	COFACE EASTERM EUROPE HOLDING	EUR	L	DEU	287,355.03	0.00	287,355.03	287,355.03
TOTAL EUR						287,355.03	0.00	287,355.03	287,355.03
1	PKYRIBA	KIRYBA PRET	USD	L	USA	56,082.00	0.00	56,082.00	56,082.00
TOTAL USD						56,082.00	0.00	56,082.00	56,082.00
TOTAL USD - EUR EQUIVALENTEUR						38,929.61	0.00	38,929.61	38,929.61

Notes to the statutory financial statements

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE F - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net	Realisable value
		At cost	Impairment		
TOTAL TABLE F EUR	1	72,814.37	0.00	72,814.37	72,615.63
TOTAL TABLE F EUR EQUIVALENT	EUR / EUR rate:	72,814.00	0.00	72,814.00	72,616.00

Number and description of investments	Currency	Allo- cation	Loca- tion	Carrying amount		Net	Realisable value
				At cost	Impairment		
Total EUR				72,814.37	0.00	72,814.37	72,615.63
23 - INVESTMENTS				72,814.37	0.00	72,814.37	72,615.63
234 - OTHER INVESTMENTS				72,814.37	0.00	72,814.37	72,615.63
2342 - DEBTORS ARISING FROM LOANED SECURITIES				72,814.37	0.00	72,814.37	72,615.63
NCP_23420				72,814.37	0.00	72,814.37	72,615.63
130.7022	FR0010137323	F	FRA	68,041.49	0.00	68,041.49	67,214.91
36	FR000930455	F	FRA	4,772.88	0.00	4,772.88	5,400.72
TOTAL EUR				72,814.37	0.00	72,814.37	72,615.63

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2009: TABLE G - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net	Realisable value
		At cost	Impairment		
TOTAL TABLE G EUR	1	0.00	0.00	0.00	41,695.00
TOTAL TABLE G EUR EQUIVALENT	cours EUR / EUR :	0.00	0.00	0.00	41,695.00

Number and description of investments	Currency	Allo- cation	Loca- tion	Carrying amount		Net	Realisable value
				At cost	Impairment		
Total EUR				0.00	0.00	0.00	41,695.00
23 - INVESTMENTS				0.00	0.00	0.00	41,695.00
233 - DEPOSITS WITH BANKS				0.00	0.00	0.00	41,695.00
2331 - OTHER SECURITY DEPOSITS WITH BANKS				0.00	0.00	0.00	41,695.00
NCP_23311				0.00	0.00	0.00	41,695.00
-7	FGBL0310	F		0.00	0.00	0.00	13,230.00
-34	FGBM0310	F		0.00	0.00	0.00	26,570.00
-25	FGBS0310	F		0.00	0.00	0.00	1,895.00
TOTAL EUR				0.00	0.00	0.00	41,695.00

Notes to the statutory financial statements

SUMMARY OF TOTAL INVESTMENTS AT 31 DECEMBER 2009 - ENTITY: COFACE - CURRENCY: EUR

Type of investment	Cost	Net	Recoverable value
1. Property investments and property investments in progress	1,103,130.82	1,002,823.32	1,441,523.61
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
2. Equities and other variable-income securities other than mutual fund units	298,509,050.51	291,070,208.20	996,133,961.70
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
3. Mutual fund units (other than those referred to in 4)	229,944,926.79	228,373,471.79	226,124,982.69
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
4. Units of mutual funds invested exclusively in fixed-income securities	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
5. Bonds and other fixed-income securities	206,313,583.95	205,256,627.41	206,764,670.68
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
6. Mortgage loans	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
7. Other loans	1,099,658.50	678,536.12	678,536.12
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
8. Deposits with ceding insurers	0.00	0.00	0.00
9. Cash deposits and guarantees and other investments (deposits other than those mentioned in 8)	0.00	0.00	0.00
10. Assets representing a unit-linked contract	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
11. Other forward financial instruments	31,280.00	31,280.00	105,430.46
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	31,280.00	31,280.00	72,975.00
Forward financial instruments: other	0.00	0.00	32,455.46
12. TOTAL 1 to 11	737,001,630.57	726,412,946.84	1,431,249,105.26
- of which total forward financial instruments	31,280.00	31,280.00	105,430.46
- of which total investments	(31,280.00)	(31,280.00)	105,430.46
a) of which:			
- Investments valued in accordance with Article R. 332-19 and related forward financial instruments	206,240,769.58	205,183,813.04	206,692,055.05
- Discount not yet amortised	43,713,781.22	43,873,199.88	44,573,942.87
- Redemption premium not yet written back	162,526,988.36	161,310,613.16	162,118,112.18
- Investments valued in accordance with Article R. 332-20 and related forward financial instruments	530,760,860.99	521,229,133.80	1,224,557,050.21
- Investments valued in accordance with Article R. 332-5 and related financial instruments	0.00	0.00	0.00
- Property investments	0.00	0.00	0.00
- Variable-income securities other than mutual fund units	0.00	0.00	0.00
- Units of mutual funds invested exclusively in fixed-income securities	0.00	0.00	0.00
- Other mutual fund units	0.00	0.00	0.00
- Bonds and other fixed-income securities	0.00	0.00	0.00
- Investments valued in accordance with Article 28 of Decree 2004-342 of 21 April 2004	0.00	0.00	0.00
- Other forward financial instruments	0.00	0.00	0.00
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
b) of which:			
- Securities representing technical provisions other than those listed below	0.00	0.00	0.00
- Securities pledged to cover commitments to providential insurance companies or covering managed investments funds	0.00	0.00	0.00
- Securities deposited with assignors	0.00	0.00	0.00
- of which joint surety	0.00	0.00	0.00
- Securities allocated to special technical provisions for transactions carried out in the context of a fiduciary trust in France	0.00	0.00	0.00
- Other allocations or unallocated	0.00	0.00	0.00
c) of which:			
- Investments and forward financial instruments within the OECD	702,492,382.08	693,310,976.58	1,381,117,679.54
- Investments and forward financial instruments outside the OECD	34,509,248.49	33,101,970.26	50,131,425.72

Notes to the statutory financial statements

SECURITIES LODGED AS COLLATERAL AT 31 DECEMBER 2009

Number of securities	Code	Description	Net value	in thousands of euros
				Realisable value
MARKETABLE SECURITIES				
BONDS				
850,000	DE0001135200	5% BUNDESREP.DEUTSCHL.ANL.V	921	921
1,200,000	FR	3% FRANKREICH BTAN V,04	1,226	1,226
700	FR0010637876	AIRES (FCP) C FCP	212	212
830,000	DE0001135234	Germany 3.75%03-13	895	895
2,784,000	DE0001135317	Germany 3.75%06-040117	3,057	3,057
550,000	DE0001134468	Germany 6%86-15 E.II	673	673
1,600,000	XS0452167991	AMERICAN 3.875% 14	1,855	1,855
1,300,000	XS0238514581	ARLO IV TV12 MTN	1,288	1,288
2,000,000	XS0300662621	AUS NZL 4.375%12	2,143	2,143
33,166	LU0094219127	BNP INSTICASH EUR INST CAPIT	4,588	4,588
15,000,000	FR0108847049	BTAN FRA BT 3.5%	16,444	16,444
1,800,000	ES0414970311	CAJA BARC 3.75%11	1,876	1,876
3,258,000	XS0439750431	CAMPARI 6.375% 18	3,319	3,319
3,805,000	US195143AZ84	CANADA WTG HS 5%11	2,729	2,729
118,000	XS0354788238	DNB NOR 4.75%0311	127	127
1,062,000	CE0933026784	DELHAIZE 5.625% 14	1,149	1,149
10,918	DE0005610055	DEUTCHE BOERSE	633	633
2,005,000	FR0010011130	GOVERNMENT BONDS 4%1013 OAT	2,151	2,151
899,200	FR0000187874	GOVERNMENT BONDS 5%01 OAT	966	966
305,000	US91282LV00	United States 1% 02-11	213	213
2,250,000	US3133MNVVD9	FDAL 5.75%12 S 312	1,728	1,728
6,200,000	FR0108354806	FRA BT BNT 3.00 120111	6,336	6,336
1,800,000	FR0107369672	FRANKREICH BTAN 3% V04	1,801	1,801
891,500	DE0001030500	GERMANY 1.50%06-15	1,007	1,007
1,509	FR0010495044	HALBIS CAPITAL MANAG	17,120	17,120
3,996	FR0000971301	HSBC ETAT 3DEC	6,471	6,471
2,000,000	XS0231937797	HSBC BK TV 15 EMTN	2,000	2,000
5,063	FR0000096166	HSBC FRENCH GOVERNMENT BONDS C SI. I	1,133	1,133
29,187	FR0000285561	HSBC FRENCH GOVERNMENT BONDS C SI. I	11,032	11,032
978	FR0007486634	HSBC MONETAIRE FCP	2,999	2,999
2,000,000	XS0359389897	INTESA 5%280411	2,146	2,146
111,000	E000A0E83L5	KDTA WIED TV240718	111	111
12,700,000	DE0002760923	KFW INTERNATIONAL FINANCE INC	8,280	8,280
699,000	XS0128477633	KON PHIL 6.1/8%01	754	754
2,000,000	FR0010216481	OAT3%05-15	2,033	2,033
917,000	ZZ3010288357	OAT 3.25% 06-25-04-2016	960	960
3,000,000	ZZ3010288357	OAT 3.25% 06-25-04-2016	3,137	3,137
590,000	FR0010163543	OAT 3.5% 05-15	625	625
2,000,000	FR0000188989	OAT 4%03-13	2,158	2,158
14,465,000	FR0010061242	OAT 4%04-25042014	15,798	15,798
41,570	FR0000188690	OAT 4.75%02-12	45	45
357,000	FR0000188590	OAT 4.75%02-25102012	389	389
7,551,000	FR0000187023	OAT 5.50%00-10	7,866	7,866
849,569	FR0010050559	OATE 2.25% 04-20 IND	1,045	1,045
17,187,260	DE0001141471	OBL Germany 2.50% 10	175	175
19,000	XS0482984343	PORT TEL 5% 041119	19	19
316,000	FR0010744987	PPR8.625% 14 EMTN	394	394
3,420,000	US742651DF06	PRIVATE 3.55%13	2,501	2,501
150,000	XS0255800285	RFF 4.375%22	158	158
5,080	DE0007037128	RWE A	413	413
1,525,000	XS0438380247	SES GLOB 4.075%14	1,628	1,628
107,540	FR0010807666	SGI EURO GOVIES 30	1,078	1,078
17,000	XS0429465163	SWEDBANK 3.375% 14	18	18
10,200	GB00BOLNX641	UK TREA 4.25% 05-11	12	12
968,000	FR0010750497	VEOLIA ENV 5.25% 14	1,083	1,083
44,000	XS0438750431	VOLKSWAGE 3.875% 12	46	46
Total bonds			150,962	150,962

Notes to the statutory financial statements

SECURITIES LODGED AS COLLATERAL AT 31 DECEMBER 2009

Number of securities	Code	Description	Net value	in K€
				Realisable value
Mutual funds				
1,794	FR0010076521	BNP PAR OBL.C 3 DEC	9,083	9,083
2,696	FR0007040084	CEZANNE OBL.FCP	1,081	1,081
1,860	FR0000292443	CHATEAUDUN OBL.SI.	783	783
2,430,300	FR0007448568	FRACOM FCP	54,074	54,074
360	FR0007474259	GERVAFRANC FCP 3DEC (GLOBAL RUCK)	295	295
264	FR0007436654	MUNICH RE PLAC FCP	6,292	6,292
1,268	LU0086914446	PVEOMEDTEBDCD 3DEC	131	131
87,338	GB00802MLX28	ROYAL DUTCH SHELA	1,847	1,847
61,300	GG00B1GHHH78	VOLTA FINANCE	88	88
		Total mutual funds	73,674	73,674
Equities				
223	FR0000131104	BNP PARIBAS ACT A	12	12
40,840	LU0324447506	E SWISS RE FDS(LUX) I FIX.EUR A	39,893	39,893
79,387	FR0000120172	CARREFOUR	2,664	2,664
33,345	FR0000120289	GUYENNE GASCORNE	2,124	2,124
6,576	FR0000130608	SOCIETE GENERALE A	322	322
3,000	FR0000120271	TOTAL	135	135
		Total equities	45,151	45,151
Letters of credit and cash deposits				
		STAND-BY LETTER OF CREDIT	1,232	1,232
		LETTER OF CREDIT	3,000	3,000
		LETTER OF CREDIT	7,075	7,075
		LETTER OF CREDIT	1,585	1,585
		Cash deposit	1,562	1,562
		Cash deposit	58	58
		Total letters of credit and cash deposits	14,512	14,512
SOFRASCAU pledges				
97	FR0000292443	CHATEAUDUN OBL SI	40	40
2,000	XS0340180149	GE CAPIT 5.375%18	2	2
31,000	GR0124015497	GRECE 5.35%11	34	34
7,748	FR0000120644	DANONE	273	273
199,000	XS0431772572	DEU.TELEK 4.375%14	203	203
		Total SOFRASCAU pledges	552	552
TOTAL MARKETABLE SECURITIES			284,850	284,850

Statutory auditors' report on the financial statements

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December 2009

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

COFACE

12, Cours Michelet
La Défense 10- 92800 PUTEAUX

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2009, on:

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

The annual 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 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 annual financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the accounting policies used and significant accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual 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 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. Justification of our assessments

The worsening of the economic climate and the effects of the financial crisis continued to have a significant impact on Group companies and their businesses in particular. This situation resulted in the Group having to address certain specific problems as regards the preparation of the financial statements and, in particular, the accounting estimates made. In the light of this uncertain environment and in accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we draw to your attention the following matters:

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

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

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

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

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

We have reviewed the control procedures in respect of the identification and monitoring of counterparty risk, the methods for providing for impairment and the coverage of impairment losses by impairment provisions.

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

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

- Your company updates the valuation of its subsidiaries in accordance with methods detailed in Note II to the financial statements ("Accounting principles and methods").

We have reviewed the methods of implementation of this valuation together with the assumptions and forecasts used.

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

3. Specific verifications and information

In accordance with professional standards applicable in France, we have also carried out the verification required by law of the information given in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Paris La Défense, 18 February 2010

KPMG Audit
Department of KPMG S.A.

Francine Morelli
Partner

Neuilly-sur-Seine, 18 February 2010

DELOITTE & ASSOCIES

Damien LEURENT
Partner

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

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

Year ended 31 December 2009

To the shareholders,

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

Agreements and commitments authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been advised of agreements which received the prior authorisation of your Board of Directors.

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

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

Agreement between Coface SA and Cofinpar for the sale of Coface Services shares

In connection with the restructuring of the financing of its equity investments, Coface SA sold 88.7% of its shareholding in Coface Services to Cofinpar, of which Coface SA is the majority shareholder. In accordance with the share sale agreement dated 17 December 2009, Cofinpar paid €138 million to Coface SA on 22 December 2009.

The sale of these 5,999,992 shares generated a capital gain of €9,740,290 in Coface SA's annual financial statements for the year ended 31 December 2009.

Agreement between Coface SA and Cofinpar for the sale of Graydon Holding NV shares

In connection with the restructuring of the financing of its equity investments, Coface SA sold its entire shareholding in Graydon Holding NV to Cofinpar, of which Coface SA is the majority shareholder. In accordance with the share sale agreement dated 20 November 2009, Cofinpar paid €60 million to Coface SA on 2 December 2009.

The sale of these 412,500 shares generated a capital gain of €54,750,275 in Coface SA's annual financial statements for the year ended 31 December 2009.

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

In accordance with the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years, which remained in force during the year ended 31 December 2009.

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

Under the terms of an agreement entered into on 4 February 2002 and amended annually since that date by means of a rider, the most recent of which was signed on 30 December 2009, Coface and Coface SCRL (now Coface Services) perform certain services related to the sale of their products, on their own behalf and on behalf of their partner, within the context of their joint sales network. The 30 December 2009 rider set the rate at which the network's sales costs are recharged by Coface SA to Coface Services.

In application of this agreement, Coface billed a total of €8,682,000 (excluding taxes) to Coface Services in respect of the year ended 31 December 2009.

Paris La Défense and Neuilly-sur-Seine, 18 February 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Francine Morelli
Partner

Deloitte & Associés

Damien LEURENT
Partner

Risk management

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

Underwriting risk has a potential impact on Coface's underwriting result, which consists of the results of insurance activities (earned premiums, less claims expenses, business acquisition and administrative costs). Given the rise in claims, the operating margin on insurance business (excluding insurance related services) was negative for the second consecutive year in 2009.

Net investment or financial income (excluding finance costs) is exposed to financial risk. The risk management tools put in place by Coface are designed to maintain tight control over financial risk and keep the impact of negative market trends on net investment income within the prudential limits set by the Group.

1. Underwriting risk

Credit risk

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

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

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

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

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

Coface's "major risks" correspond to risks whose loss given default (after proportional reinsurance) exceeds 3% (approximately) of the Group's revalued shareholders' funds, i.e., €35 million. The threshold for the combined indicator for these risks, which takes into account the probability of default, is €5 million.

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

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

To maintain its underwriting profitability, Coface draws on the following strategies:

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

(i) Diversification of credit risks

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

The Group's credit insurance portfolio covers a wide range of industry sectors, with no one sector accounting for over 10% of the total portfolio at 31 December 2009.

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

Exposure to debtor risk

Coface's insurance policies cover the risk of non-payment by more than 2.5 million debtors worldwide. At 31 December 2009, the average exposure per debtor was 144,296.

More than 65% of debtors covered by Coface's credit insurance policies are located in Europe, mainly in Germany, France, Italy, Spain and the United Kingdom.

The vast majority of debtors, taken individually, do not represent a material risk since no individual debtor represents more than 1% of the portfolio. The following table analyses debtors at 31 December 2009, based on Coface's total credit risk exposure in each case:

Risk management

Exposure band (in thousands of euros)	Exposure (in thousands of euros)	Number of limits	Number of debtors
Refus	0	943,7	678,7
1 - 10 K€	4,3	593,7	546,1
11 - 20 K€	6,3	477,2	370,3
21 - 30 K€	4,0	259,5	150,4
31 - 40 K€	3,7	208,5	102,6
41 - 50 K€	5,2	190,3	107,9
51 - 60 K€	2,9	128,4	50,1
61 - 70 K€	2,9	112,4	44,2
71 - 80 K€	2,7	95,6	34,9
81 - 90 K€	1,9	74,3	22,4
91 - 100 K€	5,5	110,2	55,5
101 - 150 K€	11,1	295,2	88,6
151 - 200 K€	9,9	207,8	55,6
201 - 300 K€	15,0	275,0	60,4
301 - 400 K€	12,3	186,1	35,2
401 - 500 K€	10,4	141,2	22,9
501 - 800 K€	24,0	276,2	37,9
801 - 1 M€	12,3	119,1	13,7
1 M€ - 2 M€	39,8	311,5	28,6
2 M€ - 5 M€	55,3	280,8	18,1
5 M€	136,0	280,2	9,3
Total	365,6	5 566,8	2 533,5
Average exposure per debtor €	144,296		

Geographical distribution of risks

The debtors covered by Coface's credit insurance policies are mainly concentrated in Western Europe, particularly Germany, France, Italy and Spain, which together represented a little less than half of the Group's total credit insurance exposure at 31 December 2009. More than 65% of the debtors covered by the Group's insurance policies are located in Europe. Debtors outside the OECD represented around 22.5% of the Group's exposure at the end of 2008, and 95% of exposure is to countries with investment grade ratings.

The breakdown of the Group's exposure to debtor risk by country at 31 December 2009 is provided in the table below.

Country/region	Exposure in € million	%
OECD		
GERMANY	64.9	17.8
FRANCE	53.0	14.5
ITALY	39.6	10.8
SPAIN	21.2	5.8
UNITED KINGDOM	21.2	5.8
UNITED STATES	17.7	4.8
NETHERLANDS	11.0	3.0

Country/region	Exposure in € million	%
AUSTRIA	8.7	2.4
BELGIUM	8.7	2.4
JAPAN	6.0	1.6
Other OCDE country	31.2	8.5
TOTAL OECD	283.2	77.5
Non-OECD		
AFRICA	6.8	1.9
CENTRAL AND SOUTH AMERICA	17.3	4.7
ASIA	23.5	6.4
NEAR AND EAST	12.1	3.3
CENTRAL AND EASTERN EUROPE	19.1	5.2
OTHER NON-OECD COUNTRIES	3.5	1.0
TOTAL non-OECD	82.3	22.5
Total	365.6	100.0

Duration of risks

The Group's credit insurance portfolio consists primarily of short-term risks. The maximum duration of these policies, which accounted for 93% of the Group's exposure at 31 December 2009, rarely exceeds 180 days.

(ii) Risk sharing with the insured

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

Decision sharing

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

Sales-based premiums

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

Risk-based premiums and bonuses

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

Risk management

Deductibles

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

Coface requires the majority of its clients to assign it responsibility for collection of unpaid receivables, thereby giving this responsibility to the party bearing the financial risk. Coface begins its recovery procedures immediately upon non-payment with a view to limiting the extent of the losses and, as far as possible, maintaining the insured's commercial relations with the debtor. Negotiations and, if necessary, legal recovery procedures are initiated through the worldwide collection network, which includes the internal resources of the Coface Group and its CreditAlliance partners, as well as collection agencies and a network of lawyers. The effectiveness of these procedures is demonstrated by the amounts recovered. In 2009, for example, nearly 37% of amounts due as a result of export defaults were recovered within six months. Coface RBI – a subsidiary of Coface SA – participates in the collection of large losses for all of the Group's entities.

(iii) Proprietary underwriting system (Common Risk System)

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

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

The CRS consists of proprietary software and a database developed by Coface and its main subsidiaries, which is used to manage more than 5.5 million credit limits granted to over 2.5 million debtors. At the end of 2009 it also provided access to information relating to more than 50 million businesses located throughout the world, permitting rapid underwriting decisions relating to purchasers not covered by existing policies but included in the system. These underwriting decisions comply with the overall underwriting standards established for the Group as a whole. The CRS was replaced in January 2010 by a more efficient system, ATLAS, which provides for better integration between credit insurance underwriting decisions and the rating services.

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

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

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

(iv) Provisions

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

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

(v) Intercompany risk sharing and reinsurance

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

- Risk coverage for Coface network entities

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

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

The cumulative risks of the Group – i.e., the risks relating to insurance policies underwritten directly by Group entities and the risks associated with Coface SA's reinsurance of the Group's Credit Alliance partners – are covered by a centralised reinsurance programme which involves a quota-share treaty based on gross premiums written and a Group excess loss treaty programme, which covers the risks retained by the Group after ceded quota-share reinsurance, against losses in excess of certain thresholds by debtor or by country. These Group treaties are described below.

Risk management

Group quota-share treaty

Under this treaty, which covers gross premiums written, the Group undertakes to cede to its reinsurers 17.82% of total premiums written in 2009, as well as the same proportion of corresponding losses. In return, the reinsurers pay the Group a fixed commission.

Group excess loss treaty programme

The Group excess loss treaty covers an accumulation of losses on retained risks (after ceded reinsurance under the quota share treaty) for Coface and its CreditAlliance partners, through two types of coverage. Debtor coverage protects the Group against losses resulting from the default of a debtor or a group of debtors representing over €36 million in retained risks per debtor. Country coverage protects Coface against any annual accumulation of losses in a given country representing over €37 million in retained risks, after the proportional reinsurance and debtor excess loss mechanisms have kicked in. The maximum coverage in both cases is sufficient to cover the maximum probable debtor or country loss.

The excess loss programme deductibles (€36 million per debtor or €37 million per country) are set so that the maximum probable excess loss borne by the Group in relation to any one claim resulting from catastrophic events in a single year has an impact, after tax, of less than 3% of consolidated shareholders' funds.

Coface's external reinsurance is provided by a total of 19 reinsurers. The reinsurers that cover the largest share of the risks are Hannover Re and Partner Re. Standard & Poor's rated the claims paying ability of these principal reinsurers at 'AA-' at 31 December 2009. All of Coface's other reinsurers in 2009 had ratings of between 'A-' and 'AAA' from a major international rating agency. Since 1990 when excess loss reinsurance treaties were first put in place, Coface has never made a claim under an excess loss reinsurance treaty.

Claims equalisation provision

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

Loss ratio

The Group measures its loss experience mainly by reference to its loss ratio. The loss ratio corresponds to the ratio of paid claims, claims handling expenses and changes in technical provisions, to gross written premiums. The Group's overall loss ratio, calculated on the basis of consolidated accounting data, was 98% in 2009 compared with 73% in 2008 and with 49% in 2007.

Claims expenses for a given year correspond to losses incurred over several underwriting years. An analysis of cash flows relating to claims expenses shows that generally around 20% of total claims paid during the year relate to losses incurred in the same underwriting year, while 50% relate to losses incurred in y-1, 15% to losses incurred in y-2, and 15% to losses incurred in y-3 or earlier.

2. Financial risks

The Group is exposed to financial risk with respect to its net investment income and to risks relating to different classes of assets. The Group manages its financial risk using stress scenarios. For each main class of assets (property, equities and fixed-income securities), the stress scenario is based on the highest reduction of value in a single year based on longest available statistical data. The confidence interval applied is 97.5% which means that the predicted maximum loss (Value at Risk) calculated should only occur once in 40 years. The Group policy consists of strictly limiting financial risk, measured on the basis of 3-month VaR for all Group financial assets, other than shares in non-consolidated companies included in admissible assets. The policy sets a ceiling on 3-month VaR of 3.3% of the Group's net assets, corresponding to €35.7 million at 31 December 2009. Actual VaR at that date stood at €30.6 million, an amount significantly below the ceiling.

For example, an immediate 100 basis point increase in bond interest rates would produce a decrease of approximately €13.7 million in unrealised capital gains, i.e. around 1% of the Group's total unrealised capital gains at 31 December 2009.

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

Control of risk exposure

Currency risk

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

Coface directly manages currency futures traded on regulated markets with permanent liquidity, to hedge currency risk relating to equities held in connection with the Lazard discretionary asset management agreement and denominated in Japanese yen. The hedges seek to protect the Group from adverse exchange rate fluctuations and hedging positions are reviewed on a quarterly basis. Coface's trading room is responsible for carrying out and monitoring these transactions. Forward contracts in US dollars have also been acquired to hedge these currency risks as Coface SA's liabilities include commitments to its policyholders.

Counterparty risk

Over 95% of the bonds and other fixed-income instruments held by Coface at 31 December 2009 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

Liquidity risk

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

Risk management

Optimal allocation between investment instruments

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

The carrying amounts of investments included in the portfolio totalled €626.0 million at 31 December 2009, including cash and cash equivalents, compared with €632.2 million at 31 December 2008.

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

- The Group invests only in property used in the business. For reasons of asset/liability management, during the 1990s, the Group decided to dispose of substantially all of its investment property. As a result, the current property portfolio is essentially composed of buildings used in connection with the Group's activities.
- At 31 December 2009 the maximum authorised limit for investments in equities or equity funds was 16% of total financial assets. Investments in equities accounted for 7.2% of the portfolio at the end of 2009. The maximum amount of equities and equity funds that Coface is permitted to include in its portfolio must also respect the monthly VaR calculations as described above.

3. Legal and compliance risks

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

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

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

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

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

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

- All underwriting income and expenses concerning public procedures management, excluding the related management fees received by Coface, are segregated in the Company's accounts, in accordance with Article L. 432-4 of the French Insurance Code.
- Company information and receivables management services are not subject to any specific regulations, apart from the debt collection business exercised on behalf of third parties, which is subject to the specific provisions of the Decree dated 18 December 1996.
- The regulations applicable to the factoring activities differ in the various countries in which the Group operates. Factoring activities may not be subject to any specific regulations or they may be governed by banking or similar regulations.
- Litigation

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

- Coface is required to comply with the general principles relating to business confidentiality.
- To the best of Coface's knowledge, it is not dependent on any other companies, or any marketing, distribution or manufacturing contracts or licences for the conduct of its business.

4. Industrial and environmental risks

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

5. Insurance

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

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

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

6. Operational risks

The organization structure and operational risk control procedures in place at all its entities since 2006 is aimed at developing self-assessment and control of an operational risk by business line managers.

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

A Central Operational Risks unit within the Coface Holdings Organisation and Production department develops operational risk guidelines and procedures (risk mapping, inventory of incidents and losses, second level controls, updating and testing of business continuity plans and action plans), coordinates the work of local control and compliance staff, and provides support with regard to methodology and best practices. It also monitors the progress of action plans, acts as secretary to the Coface Holding All Risks Committee and reports to Coface Holding's management bodies.

At local level, the control and compliance correspondents appointed at the main entities and departments, under the supervision of their management, are responsible for risk management systems and for achieving risk reduction and control targets in compliance with the guidelines. They report to Coface Holding's senior management through the Operational Risk department. In 2009, the control and compliance correspondents attended a collegial work meeting.

The Coface Holding All Risks Committee, renamed at the beginning of 2009 following the new organisation introduced at Coface Holding in November 2008, is chaired by Coface Holding's Chief Executive Officer and meets on a quarterly basis. The committee comprises permanent members, a representative of Natixis's operational risk department and other participants invited according to the agenda set for the meeting. The committee approves measures aimed at reducing exposure to identified risks, monitors their implementation, complies with recommendations resulting from audit assignments and deals with issues of principle.

Operational risk mapping

To improve knowledge of operational risk at all its entities, Coface has developed an operational risk mapping approach, based on:

- an independent appraisal method recommended by a specialist firm of consultants for the Credit Insurance, Business Information and Trade Receivables Management and Collection business lines. At end-2009 the operational risk map of the various entities covered 95% of Group turnover.
- A qualitative method recommended by Natixis used by Coface Finanz, the Group's main factoring entity and skill centre.

The mapping is updated based on the completion of action plans and the resulting control of risk.

For the sake of simplicity and consistency, in the first half of 2010 the Group plans to produce risk maps using the qualitative method for the Group's other factoring entities and for the credit insurance, business information and trade receivables management businesses (based on the existing independent appraisal maps).

Centralisation of incidents and losses

An incident is the occurrence of an operational risk that could result or might have resulted in a financial loss, an unjustified gain, or other non-financial consequences.

Since June 2007, all operating incidents and losses identified by any member of the staff at Coface entities worldwide are reported to the Operational Risks department. A summary report is produced each month.

Level two controls

In addition to the information gathered from mapping and the reporting of incidents and losses, in December 2007 the Group rolled out level two control programmes targeting key control objectives.

In the framework of the COLOR (COntrol Level ORganisation) project, a procedure memorandum relating to second level control of commercial contracts was published in June 2008 followed in February 2009 by a procedure memorandum relating to second level control of the invoicing of premiums and services.

In 2008, the controls, initially limited to the Credit Insurance business in the Group's six main countries of operation (France, Germany, Austria, Italy, the United Kingdom and the United States) were extended to all countries and to all business lines: credit insurance, business information, trade receivables management and debt collection and factoring.

Under a procedure drawn up by Coface Holding's Legal and Compliance department, all new products are examined by the New Products Committee.

Business continuity plan

Coface has prepared a business continuity plan to deal with any prolonged or permanent unavailability of its headquarters building at 12, cours Michelet, La Défense (Hauts de Seine), France, or the unavailability of its IT systems.

The continuity plan was developed with the help of a specialist external firm of consultants, and is based on a detailed survey of user needs and generally accepted business continuity practices. Offsite data back up and IT facilities used by Coface are provided by a Coface subsidiary.

A backup site run by a specialist firm is available to Coface's headquarters employees in the event of a crisis. The "information systems" component of the business continuity plan is tested twice a year.

A blueprint was drawn up in 2007 for developing a system of business continuity management throughout the Group. The 'master document' is consistent with the methods used by Natixis. In 2009, the main operational elements (crisis management plan and business continuity plans) were rolled out at all Coface entities in connection with the possibility of an H1N1 influenza pandemic.

Action plans and reports

The aim of the actions described above is to identify operational risks precisely and then to draw up and implement action plans designed to reduce or contain these risks.

The Operational Risks unit is in charge of reporting to the Coface Holding All Risks Committee and to Coface Holding's management bodies.

Liquidity and Capital Resources

In the insurance business, liquidity generally defines a company's ability to generate – in the normal course of business and through the management of its investment portfolio – sufficient liquidity to meet its financial commitments. These commitments correspond mainly to the company's obligations towards policyholders under the terms of the policies written by the company. The bulk of the resources of the Group's insurance business consists of premiums and net investment income (including realised gains). These resources are used primarily to settle claims and to cover claims handling expenses as well as other general operating expenses. Net cash provided by operating activities generally represents a substantial amount, because premiums are collected before any claims are incurred or settled.

The standard measurement of an insurance company's liquidity is based on its ability to fulfil its financial commitments. Coface generally satisfies the minimum regulatory requirements. Coface's consolidated liquidity position with regard to the minimum regulatory requirements is as follows:

Solvency margin: the solvency margin corresponds to the required level of shareholders' funds, taking into account activity levels as measured by premium income weighted by the average loss ratio. Coface is required to maintain its solvency margin at or above the level set in the insurance regulations. Coface has calculated its minimum solvency margin requirement in accordance with French regulations, as set out in Decree no. 2002-360 dated 14 March 2002 concerning the additional supervision of insurance companies (Ministry of the Economy, Finance and Industry).

At 31 December 2009, the Group's solvency margin stood at €548.7 million, representing 3.7 times the required minimum of €148.5 million, compared with €564.5 million at end-2008, which had also represented nearly four times the required minimum of €144.4 million.

Excess of admissible assets over regulated liabilities: current regulations require the Group's insurance companies to hold assets that fulfil the criteria of admissibility in terms of quality, liquidity and risk diversification to cover their regulated liabilities, consisting essentially of technical provisions. At 31 December 2009, the Coface Group's admissible assets exceeded its regulated liabilities by €96 million on a reported basis and by €271 million when adjusted for the capital increase.

The resources of the business information and receivables management business are derived mainly from the sale of credit reports and credit monitoring services, as well as from receivables management fees. The business's primary use of funds is for general operating expenses. There is no significant time-lag between the collection of revenues and settlement of the related expenses.

In public procedures management, the main source of funds is the remuneration received from the French State, and general operating expenses represent the main use of funds. In this case also, there is no significant time-lag between the collection of revenues and settlement of the related expenses.

General information about the company

Company name and registered office

Company name: COMPAGNIE FRANÇAISE D'ASSURANCE POUR LE COMMERCE EXTÉRIEUR – COFACE

Registered office: 12 Cours Michelet, La Défense 10, 92800 Puteaux Tel.: (33) 1 49 02 20 00

Legal form and applicable legislation

The Company is governed by the French Insurance Code, including the Decree of 14 May 1994, the provisions of the French Commercial Code and the provisions of French Act no. 49-874 of 5 July 1949 introducing various business and financial measures.

Date of incorporation and term

The Company was founded on 1 May 1948 for a period of ninety-nine years. It may be wound up in advance or its term extended.

Corporate purpose

In accordance with article 4 of the Articles of Association, the Company's corporate purpose is to:

1. Cover credit insurance risk and the proper completion of commercial and financial operations, and also all related insurance and/or reinsurance services and/or services which may encourage the development of said operations;
2. Cover and manage, in the interest of France's foreign trade, risks linked to international exchange, commercial, political, monetary

and disaster risks, and also certain risks referred to as extraordinary risks, on behalf of and under the control of the State. These risks are covered by the State's guarantee, as are the operations concerning the management of rights and/or obligations relating thereto, under Article L. 432-2 of the French Insurance Code;

3. And, more generally, to carry out all civil, commercial, industrial, financial and property transactions (personal and/or real), which may be connected directly or indirectly with the above-mentioned objects.

Financial year

The financial year begins on 1 January and ends on 31 December.

Disclosure threshold

As Coface provides a public service, in accordance with Article R. 442-6 of the French Insurance Code, any acquisition of 10% of the Company's share capital or voting rights must be discussed by the Board of Directors and then submitted for approval to the Minister of the Economy. This specific provision applies in addition to the general disclosure requirements applicable to insurance companies which stipulate that in the event of any transaction which causes any person or entity to acquire effective control over the management of the Company or to cross the disclosure thresholds of one half, one third, one fifth or one tenth of voting rights, said person or entity must disclose this situation to the Insurance Industry Committee which has three months to veto the transaction.

General information about the company's capital

Capital social

At 31 December 2009, the Company's share capital amounted to €18,344,691.37 divided into 31,051,615 shares.

Changes in the Company's capital over the last five years

Dates		Number of shares issued	Increase capital (€)	Premium per share (€)	Total premiums (€)	New capital (€)	New number of shares	Par value (€)
20 May 2005	Exercise of 1,455 options granted under the 7 December 1999 plan	1,455	15,073.39	38.19	41,278,804.68	49,811,207.31	13,067,104	3,811225
September 2005	Capital increase via dividend payment in form of shares in respect of 2004	1,345,840	5,129,299.05	31.15	83,200,072.03	54,940,506.36	14,415,444	3,811225
29 December 2005	Exercise of 4,186 options granted under the 7 December 1999 plan	4,186	15,953.79	38.19	83,359,930.24	54,956,460.15	14,419,630	3,811225
30 December 2005	Exercise of 200 options granted under the 3 December 2002 plan (1)	200	762.25	42.90	83,368,510	54,957,222.40	14,419,830	3,81122
30 June 2006	Exercise of 8,618 options granted under the 7 December 1999 plan	8,618	32,845.13	38.19	83,697,620.87	54,990,067.53	14,428,448	3,811225
13 September 2006	Capital increase via dividend payment in form of shares in respect of 2005	3,877,459	14,777,868.68	30.14	185,786,366.45	69,797,936.21	18,305,907	3,811225
28 December 2006	Exercise of 1,035 options granted under the 7 December 1999 plan	1,035	3,944.62	38.19	185,825,891.40	69,771,880.83	18,306,942	3,811225
29 December 2006	Exercise of 6,175 options granted under the 3 December 2002 plan (2)	6,175	23,534.31	42.90	186,090,791.78	69,795,415.14	18,313,117	3,811225
3 September 2007	Exercise of 2,549 options granted under the 7 December 1999 plan	2,549	9,714.81	38.19	186,188,134.96	69,805,129.95	18,315,666	3,811225
5 September 2007	Exercise of 19,112 options granted under the 3 December 2002 plan	19,112	72,834.34	42.90	187,008,016.35	69,877,964.29	18,334,778	3,811225
6 September 2007	Capital increase via dividend payment in form of shares in respect of 2006	4,367,694	16,646,264.56	22.33	284,533,272.94	86,524,228.85	22,702,472	3,811225
27 December 2007	Exercise of 1,118 options granted under the 7 December 1999 plan	1,118	4,260.95	38.19	284,575,967.99	86,528,480.80	22,703,590	3,811225
28 December 2007	Exercise of 5,744 options granted under the 3 December 2002 plan	5,744	21,891.68	42.90	284,822,378.55	86,550,381.48	22,709,334	3,811225
1 July 2008	Exercise of 3,563 options granted under the 7 December 1999 plan	3,563	13,579.39	38.19	284,958,445.15	86,563,960.87	22,712,897	3,811225
31 July 2008	Exercise of 7,665 options granted under the 3 December 2002 plan	7,665	29,213.04	42.90	285,287,264.26	86,593,173.91	22,720,562	3,811225
4 September 2008	Capital increase via dividend payment in form of shares in respect of 2007	5,371,66	20,472,627.75	19.20	388,416,671.17	107,065,801.66	28,092,228	3,811225
23 December 2008	Exercise of 3,925 options granted under the 7 December 1999 plan	3,925	14,959.05	38.19	388,566,562.11	107,080,760.71	28,096,153	3,811225
24 December 2008	Exercise of 10,374 options granted under the 3 December 2002 plan	10,374	39,537.65	42.90	389,011,594.00	107,122,203.97	28,106,527	3,811225
28 May 2009	Exercise of 2,346 options granted under the 7 December 1999 plan	2,346	8,941.13	38.19	389,101,184.86	107 129 239.49	28,108,873	3,811225
29 May 2009	Exercise of 8,048 options granted under the 3 December 2002 plan	8,048	30,672.74	42.90	389,446,434.20	107 159 912.23	28,116,921	3,811225
9 June 2009	Capital increase via dividend payment in form of shares in respect of 2008	1,672,884	3,375,737.33	20.56	423,838,879.96	113 535 649.56	28,789,805	3,811225
29 July 2009	Capital increase decided by the Extraordinary General Meeting of 26 June 2009	1,251,67	4,770,407.43	36.18	469,122,875.80	118 306 056.99	31,041,478	3,811225
22 December 2009	Exercise of 6,355 options granted under the 7 December 1999 plan	6,355	24,220.33	38.19	469,365,565.47	118 330 277.32	31,047,833	3,811225
23 December 2009	Exercise of 3,782 options granted under the 3 December 2002 plan	3,782	14,414.05	42.90	469,527,808.64	118 344 691.37	31,051,615	3,811225

1) Under the terms of the 3 December 2002 stock option plan, the options could be exercised in advance (before 3 December 2006) by the heirs of any beneficiary who dies. The heirs of one beneficiary exercised that person's options by subscribing for 200 shares.

(2) Under the terms of the 3 December 2002 stock option plan, the options could be exercised as from 3 December 2006.

Capital and voting rights

OWNERSHIP STRUCTURE AT 31 DECEMBER 2009

The Articles of Association do not contain any clauses allowing for shares to carry double voting rights or setting a ceiling on the number of voting rights that may be exercised at General Meetings. To the best of the Company's knowledge, the Company's shares have not been pledged or otherwise encumbered.

Shareholders	Number of shares	Percentage interest	Percentage voting rights
Coface Holding SAS	30,990,793	99.805%	99.805%
Natixis	59,925	0.193%	0.193%
Other	897	0.002%	0.002%
Total	31,051,615	100%	100%

CHANGES IN OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Shareholders	31 December 2007			31 December 2008			31 December 2009		
	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights	Number of shares	% interest	% de droits rights
Natixis	6,439	0.028	0.028	33,664	0.12	0.12	59,925	0.193%	0.193%
Coface Holding SAS	22,701,877	99.967	99.967	28,069,030	99.866	99.866	30,990,793	99.805%	99.805%
Other	1,018	0.005	0.005	3,833	0.014	0.005	897	0.002%	0.002%
Total credit insurance	22,709,334	100	100	28,106,527	100	100	31,051,615	100	100

DIVIDENDS

Dividends paid in the last three years and related tax credit

Year	Number of shares	Net dividend in euros
2006	18,327,083	6.23
2007	22,709,334	7.20
2008	28,106,527	1.45

Corporate governance

COMPOSITION AND OPERATION OF CORPORATE GOVERNANCE BODIES

Board of Directors

The Company is managed by a Board of Directors which met five times in 2009. In accordance with the Company's Articles of Association, Directors remain in office for five years.

The Board of Directors currently comprises 20 members, of which 17 were elected by the General Meeting and three were elected by employees in accordance with article 11 of the Articles of Association and Articles L. 225-27 to L. 225-34 of the French Commercial Code.

The following table provides information on the directorships and functions of Coface's Directors as at 31 December 2009.

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company	Other directorships or functions held
François David	27 July 1994	AGM called to approve the financial statements for 2011	Chairman		<ul style="list-style-type: none"> * Chairman of the Board of Directors of: <ul style="list-style-type: none"> . Coface Services . Coface Assicurazioni SpA (Italy) . Coface Italia SRL * Chairman of the Supervisory Board of Coface Kreditversicherung AG (Germany) * Vice-Chairman of the Supervisory Board of Natixis Finance * Chairman of: <ul style="list-style-type: none"> . La Librairie Electronique (LLE) . Centre d'Etudes Financières . Or Informatique * Director of: <ul style="list-style-type: none"> . Vinci . Natixis Coficiné * Member of the Supervisory Board of: <ul style="list-style-type: none"> . Rexel . Areva . Lagardère * Director of the Coface Trade Aid association
Jérôme Cazes	15 March 1999	AGM called to approve the financial statements for 2011	Chief Executive Officer		<ul style="list-style-type: none"> * Member of the Executive Committee of Natixis * Chief Executive Officer of: <ul style="list-style-type: none"> . Coface Holding SAS * Chairman of the Board of Directors of: <ul style="list-style-type: none"> . Kompass International Neuenschwander . Coface North America Holding Cy (USA) . Coface UK Holdings Ltd (UK) * Vice-Chairman of: <ul style="list-style-type: none"> . Coface Austria Kreditversicherung AG (Austria) . Coface Assicurazioni SpA (Italy) . Coface Italia SRL * Director of Coface Services * Member of the Supervisory Board of: <ul style="list-style-type: none"> . Coface Holding AG (Germany) . Coface Austria Holding * Permanent representative of Natixis on the Board of Directors of Natixis Factor * Director of the Coface Trade Aid association

Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company	Other directorships or functions held
<p>Natixis</p> <p>Represented by Dominique Ferrero since 28 May 2008</p>	Became Director on 30 June 2000 to replace Natexis Banques Populaires (formerly BFCE) which it took over. Natexis Banques Populaires had been a Director of the Company since 23 February 1949. NBP became Natixis following the merger with Ixis, Groupe Caisse d'Épargne (November 2006)	AGM called to approve the financial statements for 2011		Chairman of Management Board of Natixis	<ul style="list-style-type: none"> * Chairman of Coface Holding * Director of Vinci * Permanent representative of Natixis on the Board of Directors of: <ul style="list-style-type: none"> . Natixis Private Equity
Bernard Benisti	9 June 2009	AGM called to approve the financial statements for 2011	Deputy Manager, Club de Paris unit, Public Guarantees department		
Pierre Carli	4 September 2008	AGM called to approve the financial statements for 2011		Chairman of the Management Board, Caisse d'Épargne de Midi-Pyrénées	<ul style="list-style-type: none"> * Chairman of the Board of Directors and Chief Executive Officer of Promo Gestion * Chairman of the Board of Directors of: <ul style="list-style-type: none"> . Midi Foncière . Toulouse Télévision TLT * Chairman of the Supervisory Board of: <ul style="list-style-type: none"> . Sotel . Midi 21 . Capitole Finance – Tofinso . Ecoreuil Service . GCE Car Lease * Chairman of: <ul style="list-style-type: none"> . Midi Epargne . Sorepar SAS . Comité des Banques de Midi Pyrénées * Deputy Chairman of the Supervisory Board of Promologis * Director of: <ul style="list-style-type: none"> . Compagnie européenne de garanties et caution . GIRCE Stratégie GIE . Midi Capital . Groupe Ecole Supérieure de Commerce de Toulouse * Member of the Supervisory Board of: <ul style="list-style-type: none"> . GIRCE Ingénierie GIE . Ecoreuil Négoce . La Compagnie 1818-Banquiers privés * Permanent representative of Caisse d'Épargne Midi Pyrénées on the Board of Directors of:

Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company	Other directorships or functions held
					<ul style="list-style-type: none"> . Ecureuil Lease . Association Promo Accueil . Association Eurosud Transport . Tofinso Investissement <p>* Permanent representative of SA Midi Foncière on the Board of Directors of SAS Saint Exupéry Montaudran</p> <p>* Non-voting member of the Board of:</p> <ul style="list-style-type: none"> . Semest . Semeccel . Smat <p>* Technical advisor to the Regional Chamber of Trade and Industry</p>
Claude Cordel	16 May 2006	AGM called to approve the financial statements for 2011			<p>* Chairman of the Board of Directors of Natixis Factor</p> <p>* Chairman of:</p> <ul style="list-style-type: none"> . SAS CPSL . SAS Holding Clobia . SAS Holding Vigie . SAS Batir . SAS LGM Yachting <p>* Director of:</p> <ul style="list-style-type: none"> . Pramex <p>* Member of the Supervisory Board of Foncia</p>
Jean Criton	5 November 2002	AGM called to approve the financial statements for 2011		Chief Executive Officer of Banque Populaire Rives de Paris	<p>* Chairman and CEO of Sud Participation SA</p> <p>* Chairman of the Board of Directors of Turbo SA</p> <p>Director of:</p> <ul style="list-style-type: none"> . Natixis . Natixis Private Equity . Natixis Assurances . Natixis Private Banking . Société Marseillaise de Crédit . Vice President of i-BP (Informatique Banques Populaires) <p>* Member of the Supervisory Board of BPCE</p>
Edouard Esparbès	11 May 2004	AGM called to approve the financial statements for 2011		Honorary Chief Executive Officer of Calyon	<p>* Chairman of Attijariwafa Bank Europe</p>
Steve Gentili	5 November 2002	AGM called to approve the financial statements for 2011		Chairman of the Board of Directors of BRED Banque Populaire	<p>* Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> . Banque Internationale de Commerce . Bred Gestion . Natixis Pramex International . Compagnie financière de la Bred – Cofibred . Natixis Institutions Jour . Spig . NRJ Investment <p>* Director of:</p> <ul style="list-style-type: none"> . Natixis . Bercy Gestion Finances + . Bred Cofilease . Natixis Algérie . Natixis Pramex Italia SRL . Prepar IARD . Promepar Gestion . Société Marseillaise de Crédit <p>* Member of the Supervisory Board of:</p> <ul style="list-style-type: none"> . BPCE . Prepar Vie

Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company	Other directorships or functions held
					<ul style="list-style-type: none"> * Permanent representative of Bred Banque Populaire on the Board of Directors of: <ul style="list-style-type: none"> . BICEC . Banque Commercial Internationale (BCI Congo)
Daniel Karyotis	20 February 2007	AGM called to approve the financial statements for 2011		Chairman of the Management Board of Banque Palatine	<ul style="list-style-type: none"> * Chairman of the Supervisory Board and President of the Remuneration Committee of Palatine Asset Management * Director of: <ul style="list-style-type: none"> . Natixis Epargne Financière . Natixis Epargne Financière Gestion * Permanent representative of Banque Palatine on the Board of Directors of: <ul style="list-style-type: none"> . OCBF * Permanent representative of Banque Palatine on the Supervisory Board of: <ul style="list-style-type: none"> . GCE Capital * Chairman of the Executive Committee, Trade Exploitation.
Olivier Klein	20 February 2007	AGM called to approve the financial statements for 2011		Chairman of the Management Board of Caisse d'Epargne Rhône Alpes	<ul style="list-style-type: none"> * Chairman of the Supervisory Board of Rhône Alpes PME Gestion * Member of the Supervisory Board of: <ul style="list-style-type: none"> . Natixis * Director of: <ul style="list-style-type: none"> . Neptune Technologies . Natixis Global Asset Management . Natixis Consumer Finance ? . Natixis Financement * Permanent representative of CERA on the Supervisory Board of: <ul style="list-style-type: none"> . Société des Trois Vallées . GCE Business Services * Permanent representative of CE Participations on the Supervisory Board of Compagnie des Alpes * Permanent representative of CERA on the Board of Directors of Fédération Nationale des Caisses d'Epargne (FNCE) * Permanent representative of CERA, manager of SNC Terrae
Yvan de La Porte du Theil	5 November 2002	AGM called to approve the financial statements for 2011		Member of the Management Board of BPCE and Chief Executive Officer of Banques Populaires	<ul style="list-style-type: none"> * Chairman of the Supervisory Board of MA Banque * Deputy Chairman of Financière Océor * Member of the Supervisory Board of: <ul style="list-style-type: none"> . Foncia * Director of: <ul style="list-style-type: none"> . Natixis Private Banking . Société Marseillaise de Crédit . Banque Privée 1818 * Permanent representative of BPCE on the Board of Directors of BP Participations * Chairman of the Board of Directors of Banque Tuniso-Koweïtienne (BTK) * Member of the Executive Committee of CIBP (Confédération Internationale des Banques Populaires)
Colette Mahe O' Chinal	9 June 2009	AGM called to approve the financial statements for 2011	Head of Major Accounts, Public Guarantees Department, land and naval transport		

Corporate governance

First name and surname or company name	First appointment	Current term expires	Main function within the Company	Main function outside the Company	Other directorships or functions held
Laurent Mignon	27 October 2009	AGM called to approve the financial statements for 2011		Chief Executive Officer, Natixis	<ul style="list-style-type: none"> * Chairman of Natixis Global Asset Management * Director of: <ul style="list-style-type: none"> . Arkema . Sequana . Lazard (NY)
Nicole Notat	4 December 2008	AGM called to approve the financial statements for 2011		Présidente de VIGEO	<ul style="list-style-type: none"> * Member of the Board of Directors of IEFP (Institut pour l'Education Financière du Public)
Jean-Luc Parer	4 December 2008	AGM called to approve the financial statements for 2011		Head of Global Finance	<ul style="list-style-type: none"> * Chairman of the Board of Directors and Chief Executive Officer of: <ul style="list-style-type: none"> . Calif . Genecomi * Chairman of the Supervisory Board of SGBN * Director of: <ul style="list-style-type: none"> . Sogeprom . Genecal . Genefim . Surzur Overseas . Glory Irish . PLTC . GLTC . SGBT Luxembourg . New Esporta Holding
Laurence Parisot	20 February 2007	AGM called to approve the financial statements for 2011		Vice President of the Management Board of IFOP Group	<ul style="list-style-type: none"> * Chair of Medef * Member of the Supervisory Board of Michelin SCA * Director of BNP Paribas
Dominique Remy	20 February 2007	AGM called to approve the financial statements for 2011		Head of Structured Finance – BNP Paribas	<ul style="list-style-type: none"> * Director of: <ul style="list-style-type: none"> . BNP Paribas ZAO (Russia) . BNP Paribas Switzerland SA . BNP Paribas Canada
Bruno Retif	4 December 2008	AGM called to approve the financial statements for 2011	Administration and Facilities Management, Coface HR & Admin. Department		
Laurent Roubin	4 December 2008	AGM called to approve the financial statements for 2011		Director, Banque du développement régional BPCE Caisse d'Épargne	<ul style="list-style-type: none"> * Director of: <ul style="list-style-type: none"> . Natixis Securities . Cicobail . Alpha Demeter / Sofirem Member of the Supervisory Board of: <ul style="list-style-type: none"> . GCE Capital . GCE Habitat . GCE SEM . Banque Palatine . Palatine Asset Management . Efidis . Masseran Gestion * Member of the Audit Committee of: <ul style="list-style-type: none"> . Palatine Asset Management . Alpha Demeter / Sofirem . Efidis

Corporate governance

Independent directors

The Board of Directors comprises five independent directors, Edouard Esparbès, Nicole Notat, Jean-Luc Parer, Laurence Parisot and Dominique Remy.

Directors elected by employees

In accordance with article 11 of the Company's Articles of Association, the Board of Directors includes three directors elected by employees. The status and method of election of these directors are specified in Articles L. 225-27 to L. 225-34 of the French Commercial Code and in the Company's Articles of Association.

In 2009, the three directors elected by employees were Bernard Benisti and Colette Mahé O'Chinal (replacing Martine Bianchi and Jean-Louis Warnet from 10 April 2009), and Bruno Rétif.

Committees set up by the Board of Directors

The Board of Directors established three committees on 22 June 1998. An independent director sits on each committee.

The Strategy Committee issues an opinion on the Group's development strategy, investment policies and product strategy. The current members are Yvan de la Porte du Theil (Committee Chairman since May 2006), Jérôme Cazes, Olivier Klein and Dominique Remy. The Strategy Committee met three times in 2009.

The Audit Committee reviews the Company's accounts and the controls and procedures carried out by the Statutory Auditors. The current members are Edouard Esparbès (Committee Chairman since May 2006), Jean Criton, Daniel Karyotis and Colette Mahé O'Chinal (since April 2009). The Audit Committee met twice in 2009.

The main task of the Compensation Committee is to submit recommendations to the Board of Directors relating to the compensation of Company officers. The current members are Dominique Ferrero (Committee Chairman since February 2009) and Steve Gentili. The Committee did not meet in 2009.

Attendance fees paid to the Company's officers who were also officers of Natixis in 2009

in euros	Coface		Natixis	
	Sum payable	Sum actually Paid	Sum dus	Sum actually Paid
Jean Criton	9,000	9,000	0	0
Dominique Ferrero	0	0	0	0
Steve Gentili	10,000	10,000	0	0
Olivier Klein	8,000	8,000	0	0
Yvan de La Porte du Theil	10,000	10,000	0	0
Bruno Mettling	3,000	3,000	0	0
Laurent Mignon	0	0	0	0

Group Executive Committee

This Committee decides the Group's overall strategies and reviews major Group issues. The Committee members are managers of the Holding

functions and managers of the main Group companies. It meets at monthly intervals.

The members of the Committee, in addition to François David, Chairman of the Board of Directors, and Jérôme Cazes, Chief Executive Officer, are:

François Meunier, Vice President
 Thierry Coldefy, Company Secretary, Holding
 Daniel Garcia, Director, Information Systems
 Corine Troncy, Director, Sales and Development, Holding
 Fouad Bitar, Director, Organisation and Production, Holding
 Carole Lytton, Director, Legal Affairs and Compliance
 Jean-Yves Bajon, Chief Executive Officer, Coface Services
 Mike Ferrante, Chairman and CEO, Coface North America
 Franz Michel, Chairman of the Management Board and Chief Executive Officer of Coface Kreditversicherung
 Stefan Brauel, Member of the Coface Kreditversicherung Management Board
 Norbert Langenbach, Member of the Coface Kreditversicherung Management Board
 Lionello Albertazzi, Vice President, Coface Assicurazioni
 Martina Dobringer, Chairman of the Executive Committee and Chief Executive Officer, Coface Austria
 Xavier Denecker, Chief Executive Officer, Coface UK

Management of main Group entities

In addition to François David, Chairman of the Board of Directors, and Jérôme Cazes, Chief Executive Officer, the members of the Coface SA Executive Committee responsible for France are as follows:

François Meunier, Vice President
 Sylvie Arnautu, Director, Risk Cover
 Alain Camilleri, Director, Commercial Development
 Jenny Clei, Director, Internal Audit
 Daniel Garcia, Director, Information Systems;
 Sylviane Greisman, Chief Executive Officer, Unistrat Coface
 Martine Haas, Director, Communications
 Christophe Herrmann, Director, Human Resources and Administration
 Jean-Claude Rideau, Chief Executive Officer, Coface RBI
 Philippe Liszewski, Director, Litigation
 Carole Lytton, Director, Legal Affairs and Compliance
 Marc Murcia, Director, Public Guarantees
 Carine Pichon, Director, Finance
 Olivier Poncet, Director, Client Relationships and Marketing.

In addition to Jérôme Cazes, Chief Executive Officer, the members of the Coface SA Executive Committee responsible for the Holding functions are as follows:

Thierry Coldefy, Company Secretary, Holding
 Fouad Bitar, Director, Organisation and Production, Holding
 Frédéric Bourgeois, Director, Finance, Holding,
 Jenny Clei, Director, Internal Audit;
 Thierry Coldefy, Director, Human Resources (interim)
 Daniel Garcia, Director, Information Systems
 Martine Haas, Director, Communications

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Laurene Lottmann, Director, Marketing
Carole Lytton, Director, Legal Affairs and Compliance
Didier Morand, Director, Risks
Corine Troncy, Director, Sales and Development, Holding
Eric Vaingnedroye, Director, Information, Coface

The members of the Coface Services Executive Committee are:

Jean-Yves Bajon, Chief Executive Officer
Gérôme Boulay, Director, Information Research and Development
Jean-Luc Brizard, Director, Information Systems
Philippe Brocca, Director, Receivables Recovery and Management
Michèle Hégron, Deputy Director, Production
Isabelle Lecomte, Director, Organisation, Process and Change (Production)
Sylvain Morellet, Director, Human Resources and Administration
Isabelle Rabaron, Director, Audit
Jacques Tapié de Cleyran, Director, Finance
Emmanuel Texier, Director, Production
Eric Vaingnedroye, Director, Information, Coface

Coface Kreditversicherung

Chairman of the Management Board and Chief Executive Officer:
Franz Michel
Members of the Management Board: Stefan Brauel, Norbert Langenbach

Coface Belgium

Chief Executive Officer: Olivier Nifle

Coface Holding America Latina

Chief Executive Officer: Bart Pattyn

Coface Hong Kong

Chief Executive Officer: Richard Burton

Coface Iberica

Chief Executive Officer: Juan Saborido

Coface Central Europe Holding

Chairman of the Management Board and Chief Executive Officer:
Martina Dobringer
Member of the Management Board: Christian Berger

Coface Japan

Chief Executive Officer: Hiroyuki Motohashi

Coface Nederland

Chief Executive Officer: Roy Oenen

Coface Singapore

Chief Executive Officer: Jean-Claude Speitel

Coface South Africa

Chief Executive Officer: Garth de Klerk

Coface Suisse

Chief Executive Officer: Jean-François Tarel

Coface UK

Chief Executive Officer: Xavier Denecker

Kompass International Neuenschwander

Chairman of the Board of Directors: Jérôme Cazes

Managing Director: Bertrand Macabeo

Coface Austria Kreditversicherung

Chairman of the Management Board and Chief Executive Officer:

Martina Dobringer

Members of the Management Board: Gabriele Düker, Christian Berger

Unistrat Coface

Chairman of the Board of Directors: François Meunier

Chief Executive Officer: Sylviane Greisman

Coface North America Holding Company

Chairman and Chief Executive Officer: Mike Ferrante

Senior Vice-President: Kenneth Moyle

Coface Assicurazioni

Board Member, Chief Executive Officer: Riccardo Carradori

Director: Lionello Albertazzi

Government Representatives

In addition, as Coface provides a public service, the French Minister of the Economy appoints a representative to monitor Coface's fulfilment of its responsibilities in connection with the management of French State programmes.

The current Government Representative is:

Raphaël Bello, Deputy Director of Corporate International Financing, French Treasury

Employee data

1. NUMBER OF EMPLOYEES

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
France	67	31	98	486	613	1 099	553	644	1 197	39	165	204	592	809	1 401
Branches	16	3	19	164	116	280	180	119	299	57	145	202	237	264	501
Total	83	34	117	650	729	1 379	733	763	1 496	96	310	406	829	1 073	1 902

In 2009, 56.4% of Coface employees were women. The level of qualifications is high, with 78.6% of staff employed at management level.

a. New hires

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
France															
Permanent contracts	2	0	2	22	23	45	24	23	47	4	12	16	28	35	63
Fixed-term contracts	0	0	0	5	5	10	5	5	10	3	7	10	8	12	20
Total	2	0	2	27	28	55	29	28	57	7	19	26	36	47	83
Branches															
Permanent contracts	0	0	0	24	18	42	24	18	42	12	23	35	36	41	77
Fixed-term contracts	0	0	0	4	0	4	4	0	4	1	3	4	5	3	8
Total	0	0	0	28	18	46	28	18	46	13	26	39	41	44	85
Consolidated															
Permanent contracts	2	0	2	46	41	87	48	41	89	16	35	51	64	76	140
Fixed-term contracts	0	0	0	9	5	14	9	5	14	4	10	14	13	15	28
Overall total	2	0	2	55	46	101	57	46	103	20	45	65	77	91	168

No major recruitment problems were encountered in 2009. 140 employees signed permanent contracts. The focus was on using internal resources as efficiently as possible and external recruitment was kept to a minimum. Coface's strong reputation means that it attracts a large number of candidates.

b. Overtime (France only)

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
hours	0,0	0,0	0,0	1 597,9	661,1	2 259,0	1 597,9	661,1	2 259,0	26,5	57,0	83,5	1 624,4	718,1	2 342,5
% of annual quota of 12,235 hours	0,00%	0,00%	0,00%	13,06%	5,40%	18,46%	13,06%	5,40%	18,46%	0,22%	0,47%	0,68%	13,28%	5,87%	19,15%

Less than 20% of the authorised annual overtime quota was utilised, essentially on IT work.

c. Dismissals and redundancies

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
France	0	0	0	2	0	2	2	0	2	2	1	3	4	1	5
Branches	0	0	0	7	2	9	7	2	9	5	5	10	12	7	19
Total	0	0	0	9	2	11	9	2	11	7	6	13	16	8	24

All departures in 2009 were negotiated individually. There were no redundancies.

Employee data

d. Temporary staff (France only)

98 temps were taken on for a total of 7,486 days in 2009.

2. WORKING HOURS

a. Full time

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
FRANCE															
5 days	64	24	88	119	74	193	183	98	281	18	29	47	201	127	328
4 days	3	7	10	151	187	338	154	194	348	9	49	58	163	243	406
alternate 4/5 day week	0	0	0	111	212	323	111	212	323	10	61	71	121	273	394
4.5 days	0	0	0	6	33	39	6	33	39	0	7	7	6	40	46
annual basis	0	0	0	93	54	147	93	54	147	0	0	0	93	54	147
Total	67	31	98	480	560	1 040	547	591	1 138	37	146	183	584	737	1 321
Branches	16	3	19	160	109	269	176	112	288	53	129	182	229	241	470
OVERALL TOTAL	83	34	117	640	669	1 309	723	703	1 426	90	275	365	813	978	1 791

b. Part time

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			TOTAL		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
FRANCE															
between 80% and 100%	0	0	0	3	5	8	3	5	8	0	0	0	3	5	8
80%	0	0	0	0	35	35	0	35	35	1	13	14	1	48	49
between 50% and 80%	0	0	0	1	10	11	1	10	11	1	4	5	2	14	16
50% or less	0	0	0	2	3	5	2	3	5	0	2	2	2	5	7
TOTAL	0	0	0	6	53	59	6	53	59	2	19	21	8	72	80
Branches															
between 80% and 100%	0	0	0	1	3	4	1	3	4	0	6	6	1	9	10
80%	0	0	0	0	1	1	0	1	1	0	4	4	0	5	5
between 50% and 80%	0	0	0	1	3	4	1	3	4	1	5	6	2	8	10
50% or less	0	0	0	1	0	1	1	0	1	2	3	5	3	3	6
TOTAL	0	0	0	3	7	10	3	7	10	3	18	21	6	25	31
Ensemble															
between 80% and 100%	0	0	0	4	8	12	4	8	12	0	6	6	4	14	18
80%	0	0	0	0	36	36	0	36	36	1	17	18	1	53	54
between 50% and 80%	0	0	0	2	13	15	2	13	15	2	9	11	4	22	26
50% or less	0	0	0	3	3	6	3	3	6	2	5	7	5	8	13
OVERALL TOTAL	0	0	0	9	60	69	9	60	69	5	37	42	14	97	111

Following the reorganisation of working hours, and in particular the introduction of the 4-day week, 5.8% of employees work part time.

Employee data

c. Absenteeism

	Senior management			Management (excl. senior management)			TOTAL MANAGEMENT			EMPLOYEES			EMPLOYEES		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
FRANCE															
Sickness	107,0	33,0	140,0	3 479,5	6 419,5	9 899,0	3 586,5	6 452,5	10 039,0	719,0	3 891,5	4 610,5	4 305,5	10 344,0	14 649,5
Accidents in the workplace/ when travelling	0,0	0,0	0,0	64,0	79,0	143,0	64,0	79,0	143,0	0,0	101,0	101,0	64,0	180,0	244,0
Maternity / paternity leave	14,0	88,0	102,0	106,0	2 383,0	2 489,0	120,0	2 471,0	2 591,0	26,0	231,0	257,0	146,0	2 702,0	2 848,0
Special leave for family events	15,0	11,0	26,0	549,0	1 719,5	2 268,5	564,0	1 730,5	2 294,5	33,0	357,0	390,0	597,0	2 087,5	2 684,5
Unpaid leave	0,0	0,0	0,0	585,5	627,0	1 212,5	585,5	627,0	1 212,5	17,0	338,0	355,0	602,5	965,0	1 567,5
TOTAL	136,0	132,0	268,0	4 784,0	11 228,0	16 012,0	4 920,0	11 360,0	16 280,0	795,0	4 918,5	5 713,5	5 715,0	16 278,5	21 993,5
Theoretical numbers of days worked	0,87%	1,69%	1,14%	3,83%	7,16%	5,68%	3,50%	6,90%	5,33%	7,51%	11,62%	10,80%	3,78%	7,87%	6,14%
BRANCHES															
Sickness	8	1	8,5	543	576	1 118,0	550	577	1 126,5	229	1 135	1 364,0	779	1 712	2 490,5
Accidents in the workplace/ when travelling	0	0	0,0	0	0	0,0	0	0	0,0	1	11	12,0	1	11	12,0
Maternity / paternity leave	0	0	0,0	19	738	757,0	19	738	757,0	32	1 294	1 326,0	51	2 032	2 083,0
Special leave for family events	6	1	7,0	59	50	108,5	65	51	115,5	36	122	157,0	101	172	272,5
Unpaid leave	0	0	0,0	6	36	41,0	6	36	41,0	18	28	45,0	23	63	86,0
TOTAL	13,5	2,0	15,5	626,0	1 398,5	2 024,5	639,5	1 400,5	2 040,0	315,0	2 589,0	2 904,0	954,5	3 989,5	4 944,0
TOTAL															
Sickness	114,5	34,0	148,5	4 022,0	6 995,0	11 017,0	4 136,5	7 029,0	11 165,5	948,0	5 026,5	5 974,5	5 084,5	12 055,5	17 140,0
Accidents in the workplace/ when travelling	0,0	0,0	0,0	64,0	79,0	143,0	64,0	79,0	143,0	1,0	112,0	113,0	65,0	191,0	256,0
Maternity / paternity leave	14,0	88,0	102,0	125,0	3 121,0	3 246,0	139,0	3 209,0	3 348,0	58,0	1 525,0	1 583,0	197,0	4 734,0	4 931,0
Special leave for family events	21,0	12,0	33,0	608,0	1 769,0	2 377,0	629,0	1 781,0	2 410,0	68,5	478,5	547,0	697,5	2 259,5	2 957,0
Unpaid leave	0,0	0,0	0,0	591,0	662,5	1 253,5	591,0	662,5	1 253,5	34,5	365,5	400,0	625,5	1 028,0	1 653,5
Total général	149,5	134,0	283,5	5 410,0	12 626,5	18 036,5	5 559,5	12 760,5	18 320,0	1 110,0	7 507,5	8 617,5	6 669,5	20 268,0	26 937,5

The absenteeism rate remains low. It is slightly higher among non-management staff, who represent less than a quarter of the total workforce.

3. REMUNERATION AND PAYROLL TAXES (IN EUROS)

a. Average annual remuneration and payroll taxes

France	Senior management + management + employees		
	Men	Women	Total
Average annual remuneration	61 576	47 137	53 114
Payroll taxes	32 164 971		

Branches	Senior management + management + employees		
	Hommes	Femmes	Total
Average annual remuneration	52 966	30 185	40 828
Payroll taxes	3 618 889		

The average annual remuneration reflects the high proportion of management staff.

b. Mandatory profit-sharing

No amounts will be paid under mandatory profit-sharing schemes for the financial year ended 31 December 2009.

c. Optional incentive schemes

1,248,045 euros were paid out under the 2009 optional incentive schemes for the financial year ended 31 December 2009 (80% of the sums paid are proportionate to the beneficiaries' salary, with the remaining 20% shared equally between all).

Employee data

4. EMPLOYEE RELATIONS

(France only)

a. Coface employees are represented by:

- a works council which held 11 ordinary and 6 extraordinary meetings in 2009;
- personnel representatives, who met 11 times in 2009;
- trade union representatives affiliated to the four national trade unions;
- a health & safety and working conditions committee (the CHSCT) which met 5 times in 2009;
- a European works council which met once in 2009;
- a Group works council for France which met twice in 2009.

b. The following agreements were signed with Coface trade union representatives in 2009:

13 January 2009	Rider to "paid leave" agreement of 25 February 1983
9 February 2009	Memorandum of understanding for elections of employee representatives on the Company's Board of Directors
9 February 2009	Memorandum of understanding relating to the electoral campaign for elections of employee representatives on Coface's Board of Directors
9 February 2009	Agreement on electronic voting
29 June 2009	Coface/Fimipar Economic and Social Unit (UES) agreement on optional incentive scheme
29 June 2009	Coface/Fimipar Economic and Social Unit (UES) agreement on mandatory profit-sharing
15 July 2009	Rider no. 3 to the working hours and time savings account agreement (CET)
19 November 2009	Rider no. 1 to the agreement on professional equality and balancing professional and family life

5. HEALTH & SAFETY (CHSCT) *(France only)*

The CHSCT committee updated the risk prevention report (the original concluded that Coface's activities do not give rise to any particular risks).

6. TRAINING *(France only)*

In 2009 Coface invested **3,224,843 euros** in staff training, i.e. approx. 4.40% of its total payroll.

Training continued to be a priority, with particular focus on language skills, international trade, financial and business analysis techniques and management.

7. DISABLED EMPLOYEES

In 2009 Coface employed 28 individuals with a recognised disability.

8. WELFARE AND CHARITABLE DONATIONS *(France only)*

Coface contributed a total of **6,572,945 euros** to welfare funds, associations and charities in 2009.

9. SUBCONTRACTING *(France only)*

Coface used various subcontractors in 2009, for a total cost of **18,311,604 euros**.

10. LOCAL IMPACT OF THE COMPANY'S BUSINESS IN TERMS OF LOCAL EMPLOYMENT AND DEVELOPMENT

Although Coface's business has a significant local impact in terms of its contribution to local economic development, the impact on employment is less significant due to its centralised workforce.

Coface

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