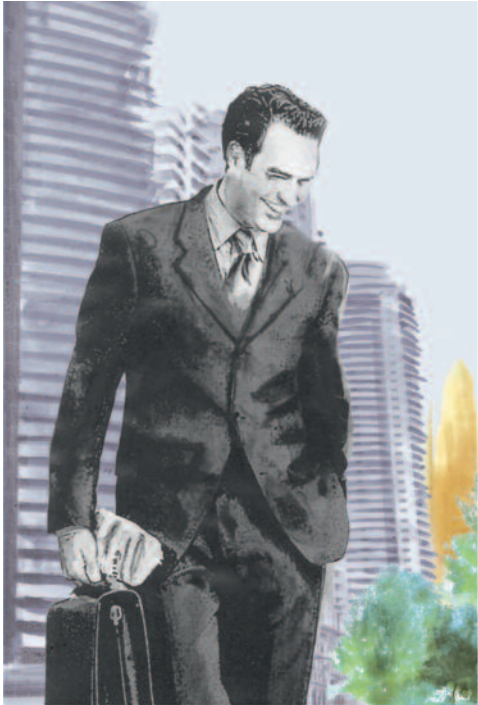


# Financial Report 2010



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## 2010 management report

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## Introduction

At the end of 2010, Coface Services in France, its French subsidiary Kompass International, its Belgian subsidiaries Kompass Belgium and Coface Services Belgium, as well as the Dutch company Graydon, were sold to Coface Holding, Coface SA's parent company. As these transactions took place at the end of the year, their entire 2010 earnings were included in Coface SA's consolidation scope. The profit or loss on disposal of these two companies has been eliminated in the data presented below in order to give an economic view of the activities of Coface and its subsidiaries.



## Overview

2010 confirmed the return to a positive earnings trend, with a net profit of €61 million after a net loss of €163 million in 2009.

The very rapid improvement in the level of credit insurance claims, with a 45-point reduction in the loss ratio to 53%, enabled Coface to generate a current operating profit of €106 million, compared with a loss of €249 million in 2009. Insurance, with €57 million, and factoring, with €43 million, contributed 53% and 41% respectively of the margin, the remaining 6% coming from services.

This return to profitability was achieved against the backdrop of 3.8% overall growth in activity, buoyed by credit insurance (+4.9%) and factoring (+18.6%). This overall performance, combined with the €175 million capital increase staged early in the year, boosted Coface's financial solidity, with the equity base reaching €1.3 billion, i.e. 22% more than in December 2009. Having restored its financial strength, Coface's external ratings were upgraded, Fitch assigning a rating of AA- and Moody's A2 in the second half of the year.

## Significant events in 2010

### **Reorganisation of legal entity structure: Sale of Graydon and Coface Services to Coface Holding**

In December 2010, Cofinpar, a Coface SA subsidiary, sold its 27.5% shareholding in Graydon (a company incorporated under Dutch law) to Coface Holding, Coface SA's parent company.

Coface Services, together with its subsidiaries, Kompass International, Coface Services Belgium and Kompass Belgium, was also sold to Coface Holding.

This internal reorganisation between Coface SA and Coface Holding boosted Coface SA's non-recurring operating profit by a total of €54 million as these operations are considered for accounting purposes as external transactions. At the level of Coface Holding, this gain is eliminated and non-recurring operating profit is reduced by the same amount. The results presented below provide an economic view of Coface, adjusted for these two disposals.

These operations were carried out to achieve a better separation between the insurance and services activities, and to avoid Coface SA, an insurance firm, having to bear an additional capital cost as a result of carrying these securities on its balance sheet.

## Presentation of the 2010 consolidated financial statements

### Continuous growth in activity, picking up pace towards the year end

Since 2006, Coface has recorded continuous growth in activity of 5%, or 4% excluding acquisitions. 2010 saw a continuation of this trend, with a rise of almost 4% over the year as a whole compared with 2009. Insurance, with growth of 4.9%, (premiums alone rising by 6.4%) and factoring, with 18.6% growth, are the key growth engines. Services failed to achieve the level of activity recorded in 2009 and ended the year down 10.2%, or 4.4% on a pro forma basis

in € millions			Change
	2009	2010	yoy
Insurance	1,249	1,311	4.9%
Factoring	102	121	18.6%
Services	212	190	-10.2%
<b>Consolidated turnover</b>	<b>1,563</b>	<b>1,622</b>	<b>3.8%</b>

## Insurance

### Premiums grow by more than 6%

Credit insurance premiums<sup>(1)</sup> grew by 6.4%, boosted in particular by growth of 11% in the last quarter. The portfolio's intrinsic profitability improved substantially as a result of a series of re-pricing campaigns, implemented after a disastrous year in 2009. Besides these price increases, commercial development was a key factor in the growth in premiums, and this despite the fact that the credit insurance market showed little momentum overall and even though clients' sales were down.

This growth was observed in all the regions in which Coface operates: with double-digit growth in Germany, the Americas, Belgium and China, and growth of over 5% in Austria, Central Europe and the Netherlands.

### Further improvement in the level of claims, while supporting clients by underwriting increased risk

The improvement in claims levels that had begun in the second half of 2009 continued throughout 2010 and confirmed Coface's emergence from the crisis. Furthermore, the leading indicator represented by claims requests by policyholders was in marked contrast to the flows recorded during the crisis: claims declined to €323 million in the first half of 2009 followed by €301 million in the second half. 2010 thus saw a return to the claims levels observed before the credit crisis began in 2008. The loss ratio for the year came to 53.1%, down sharply from 97.7% in 2009.

This steady decline in claims expenses was accompanied by an increase of more than 10% in exposure underwritten on our policyholders between 31 December 2009 and 31 December 2010, or 24% when expressed in terms of risk-weighted exposure.

(1) Earned.

(2) At constant consolidation scope and exchange rates.

in € millions	31 December 2009	31 December 2010
Potential claims	1,675	624
Claims expenses	1,040	602
<b>Loss ratio</b>	<b>97.7%</b>	<b>53.1%</b>
<b>Exposures (in € billions)</b>	<b>341</b>	<b>374</b>

### Tight control exercised over management expenses

External business acquisition costs declined<sup>(2)</sup> by 4.2% in 2010 and by 1% when adjusting for prior-year corrections. This decline in commissions, even though premiums increased, was attributable to a structural effect caused by the fact that premiums grew faster in markets where brokers are little used.

Internal management expenses include non-recurring expenses such as the cost of voluntary redundancy schemes in France and Belgium.

Recurring general operating expenses declined by 0.3%, reflecting tight control of expenses, this despite the bringing into production and first-time amortisation of Atlas, the new global application for the credit insurance division's production.

### Net financial income reflects a cautious financial management policy

During 2010, the financial markets were greatly perturbed by a number of concerns, linked in particular to the fiscal situation in certain euro zone countries. Against this background, the investment portfolio generated financial income of €31 million, i.e. 1.9% of average assets. After accounting for earnings on equity interests, currency movements and refinancing cost, net financial income comes to €12 million. The portfolio generated a yield of 0.5%, or 1.4% before accounting for earnings on investments in non-consolidated companies.

Fixed-income products represented 93.7% of the financial portfolio, of which 39.3% related to money market instruments and 54.5% to bonds. Sovereign debt represented almost two thirds of the bond class and related mainly to Italian, French, German and Austrian bonds. The rest of the bond portfolio is invested essentially in covered bonds. The reasonable extension of the bond portfolio's average maturity paved the way for a slight improvement in its yield, which came to 2.4% for the year. By way of comparison, the EUROMTS 3-5 index posted a performance of 1.2% for an average modified duration of 3.5 over the same period.

The following table summarises Coface's exposure to sovereign and bank debt in the main countries affected by the market turbulence in 2010:

in € millions (IFRS)	Bank debt (≤ 6 months)	Bank debt (≤ 6 months)	Sovereign debt	Total
Greece	0.0	0.0	11.3	11.3
Ireland	0.0	0.0	2.4	2.4
Portugal	3.0	0.4	1.3	4.7
Spain	17.5	5.9	2.4	25.7
<b>Total</b>	<b>20.5</b>	<b>6.3</b>	<b>17.4</b>	<b>44.1</b>

Spanish bank debt of over six months relates solely to senior bonds issued by Santander and BBVA, with a maturity of less than four years.

### Insurance business returns to a profit

The insurance business returned to positive territory with a healthy operating profit of €95m, following a loss of €296 million in 2009.

in € millions	2009	2010	Change
Turnover	1,249	1,311	62
Claims	(1,040)	(602)	438
<b>Operating profit</b>	<b>(296)</b>	<b>57</b>	<b>353</b>
<b>Operating profit after adjusting for non-recurring items</b>	<b>(296)</b>	<b>95</b>	<b>+391</b>

### Factoring records strong growth in activity and profitability

Turnover at the factoring business grew sharply, up 18.7% thanks to the growth in clients' business and the acquisition of new contracts. Germany continued to dominate the business at the end of December 2010, representing 65% of total turnover. Other countries, including Poland and the Netherlands, posted 6% growth in turnover during the year.

The cost-income ratio<sup>(3)</sup> improved by 5pp to 51%, boosted by business growth and tight cost control.

The current operating profit came to €43 million, i.e. more than double that recorded in 2009.

in € millions	2009	2010	Change
Net banking income	102	121	19
Cost-income ratio <sup>(3)</sup>	56%	51%	-5pp
<b>Operating profit</b>	<b>21</b>	<b>43</b>	<b>+22</b>

### Services business preserves a positive margin

Turnover for the services business declined by 10.2% at current consolidation scope, and by 4.4% at constant consolidation scope and exchange rates.

in € millions	2009	2010	Change
Turnover	249	225	-24
Information	160	150	-10
Receivables management	89	75	-14
General operating expenses	(223)	(219)	-4
<b>Operating profit</b>	<b>26</b>	<b>6</b>	<b>-20</b>
Margin	10%	3%	-7pp

Contracting by 8.5% in 2010 at current consolidation scope and by 4.6% at constant consolidation scope, **business information** was hit by the slump in marketing information with Kompass down 17.7% and corporate information down 4.6% due to tight information purchasing budgets and the fiercely competitive environment.

(3) The cost-income ratio compares general operating expenses to net banking income.

Following the strong growth seen in 2009, **receivables management** slowed in 2010 (down 3.8% at constant consolidation scope). The volume of receivables for collection dropped substantially following the upturn in economic activity.

The cost ratio for the services business came to 97.3% in 2010, up 7.7pp compared with 2009. After adjusting for non-recurring items and consolidation scope effects, this ratio increased by just 0.8pp.

### Profit back on a positive trend

The current operating profit increased by €355 million to €106 million thanks to the improvement in the margin on the insurance business.

Net profit came to €61 million.

### Financial solidity strengthens

Shareholders' funds, Group share, totalled €1.3 billion at 31 December 2010 compared with €1.1 billion one year earlier (i.e. an increase of 23%), boosted by the return to profitability as well as the capital increase staged by Natixis, which thus renewed its confidence in Coface.

At 31 December 2010, the Group's consolidated borrowings, excluding current operating liabilities, consisted of a financial borrowing in the strict sense of the term amounting to €463 million and an operating borrowing of €3,199 million in respect of factoring financing.

The group's gross gearing ratio came to 30%, while that of Coface SA, net of Coface Holding's debt, stood at 17% at 31 December 2010, compared with 43% at 31 December 2009, a sign of a return to positive cash flows.



Consolidated  
Financial Statements  
for the year ended  
31 December 2010

## Consolidated Financial Statements

### Consolidated balance sheet

ASSETS in K€	Notes	31/12/2010	31/12/2009	31/12/2008
<b>Intangible assets</b>		<b>304,362</b>	<b>476,488</b>	<b>436,591</b>
Goodwill	4	199,678	345,405	330,196
Other	5	104,684	131,083	106,396
<b>Insurance business investments</b>	<b>7</b>	<b>1,897,458</b>	<b>1,505,065</b>	<b>1,540,905</b>
Investment property	7	1,826	1,958	942
Held-to-maturity securities	7	25,505	56,474	89,809
Available-for-sale securities	7	1,198,777	1,138,340	1,101,738
Trading securities	7	235,064	104,769	128,873
Derivatives	7			710
Loans and receivables	7	436,286	203,524	218,834
<b>Debtors arising from banking and other activities</b>		<b>4,013,954</b>	<b>3,269,471</b>	<b>3,634,436</b>
<b>Investments in associates</b>	<b>8</b>	<b>14,960</b>	<b>21,569</b>	<b>77,729</b>
<b>Reinsurers' share of liabilities relating to insurance and financial contracts</b>	<b>11</b>	<b>318,452</b>	<b>281,603</b>	<b>328,945</b>
<b>Other assets</b>		<b>815,463</b>	<b>975,283</b>	<b>822,575</b>
Operating property and other tangible assets	6	69,918	85,543	82,120
Deferred acquisition costs	9	25,524	22,391	26,326
Deferred tax assets	9 15	114,557	138,766	85,913
Debtors arising from insurance and reinsurance operations	9	397,748	467,942	400,567
Trade debtors arising from other activities	9	15,303	62,102	73,519
Current taxes	9	44,417	42,335	17,074
Other receivables	9	147,998	156,205	137,056
<b>Cash and cash equivalents</b>	<b>10</b>	<b>271,943</b>	<b>285,831</b>	<b>260,990</b>
<b>TOTAL ASSETS</b>		<b>7,636,592</b>	<b>6,815,311</b>	<b>7,102,172</b>

<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>Notes</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>in K€</b>				
<b>Shareholders' funds excluding minority interests</b>		<b>1,385,630</b>	<b>1,083,572</b>	<b>1,165,552</b>
Share capital	<b>12</b>	136,951	118,345	107,120
Additional paid-in capital		626,291	469,623	389,107
Gains and losses recognised directly in equity		57,444	44,396	14,425
Consolidated reserves brought forward		449,817	614,131	614,025
Net profit for the period		115,127	(162,923)	40,875
<b>Minority interests</b>		<b>10,686</b>	<b>5,763</b>	<b>5,680</b>
<b>Total shareholders' funds</b>		<b>1,396,316</b>	<b>1,089,335</b>	<b>1,171,232</b>
<b>Provisions for liabilities and charges</b>	<b>13</b>	<b>82,938</b>	<b>70,883</b>	<b>70,478</b>
<b>Liabilities relating to financing operations</b>	<b>16 17</b>	<b>579,817</b>	<b>466,940</b>	<b>392,602</b>
Financing liabilities due to banking sector companies		579,789	464,771	390,738
Other		28	2,169	1,864
<b>Liabilities relating to insurance contracts</b>	<b>11</b>	<b>1,314,948</b>	<b>1,256,509</b>	<b>1,244,718</b>
<b>Resources used by banking sector activities</b>		<b>3,675,422</b>	<b>3,257,962</b>	<b>3,616,084</b>
Due to banking sector companies	<b>18</b>	2,855,067	2,168,164	2,578,227
Due to customers of banking sector companies	<b>18</b>	820,355	1,089,798	1,037,857
<b>Other liabilities</b>		<b>587,151</b>	<b>673,682</b>	<b>607,057</b>
Deferred tax liabilities	<b>9 15</b>	122,850	122,975	141,771
Creditors arising from insurance and reinsurance operations	<b>18</b>	205,033	224,652	170,150
Current taxes	<b>18</b>	61,487	59,650	58,765
Other	<b>18</b>	197,781	266,405	236,371
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>7,636,592</b>	<b>6,815,311</b>	<b>7,102,172</b>

## Consolidated income statement

in K€	Notes	31/12/2010	31/12/2009	31/12/2008
<b>Turnover</b>	<b>19</b>	<b>1,622,178</b>	<b>1,563,457</b>	<b>1,506,226</b>
Premiums written	19	1,252,187	1,141,686	1,152,220
Change in unearned premium provisions	20	(18,986)	29,200	(30,113)
<b>Gross larned premiums</b>	<b>20</b>	<b>1,233,201</b>	<b>1,170,886</b>	<b>1,122,107</b>
Income from banking activities	19	120,984	102,038	99,816
Cost of risk	22	(12,813)	(18,335)	(13,799)
<b>Net banking income, after cost of risk</b>		<b>108,172</b>	<b>83,703</b>	<b>86,017</b>
Revenue or income from other activities	19	267,993	290,533	284,303
Investment income, net of management expenses	25	15,472	29,965	48,720
Gains and losses on disposal of investments	25	(2,895)	(11,178)	(5,559)
<b>Net financial income excluding finance costs</b>	<b>25</b>	<b>12,578</b>	<b>18,787</b>	<b>43,161</b>
<b>TOTAL INCOME FROM ORDINARY ACTIVITIES</b>		<b>1,621,943</b>	<b>1,563,909</b>	<b>1,535,587</b>
Claims-related expenses	21	(640,815)	(1,106,475)	(797,872)
Expenses on banking activities, excluding cost of risk	22	(43,460)	(39,016)	(33,512)
Expenses on other activities		(207,096)	(220,030)	(213,850)
Income from ceded reinsurance	24	234,620	284,643	258,693
Expenses on ceded reinsurance	24	(306,323)	(248,081)	(248,646)
Business acquisition costs	23	(232,542)	(241,667)	(219,128)
Administrative costs	23	(212,350)	(155,673)	(172,245)
Other current income and expenses	23	(101,356)	(78,904)	(48,159)
<b>Total current income and expenses</b>		<b>(1,509,323)</b>	<b>(1,805,203)</b>	<b>(1,474,719)</b>
<b>CURRENT OPERATING PROFIT/(LOSS)</b>		<b>112,620</b>	<b>(241,294)</b>	<b>60,868</b>
Other operating expenses		(14,304)	(1,771)	(3,640)
Other operating income	27	62,183	22,240	3,969
<b>OPERATING PROFIT/(LOSS)</b>		<b>160,499</b>	<b>(220,825)</b>	<b>61,197</b>
Finance costs		(6,412)	(7,813)	(17,592)
Share of profits of associates	29	6,048	5,242	12,685
Income tax	28	(43,026)	61,133	(14,215)
<b>CONSOLIDATED NET PROFIT/(LOSS) BEFORE MINORITY INTERESTS</b>		<b>117,108</b>	<b>(162,262)</b>	<b>42,075</b>
Minority interests		(1,981)	(661)	(1,200)
<b>Net profit/(loss)</b>		<b>115,127</b>	<b>(162,923)</b>	<b>40,875</b>
Basic earnings per share (in euros)	32	3.44	(5.25)	1.69
Diluted earnings per share (in euros)	32	3.43	(5.25)	1.69

## Statement of comprehensive income

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Net profit</b>	<b>115,127</b>	<b>(162,923)</b>	<b>40,875</b>
<b>Change in translation differences</b>	13,027	3,030	(5,703)
<b>Change in the remeasurement of available-for-sale assets</b>	(8,296)	39,155	(65,703)
<b>Change in the remeasurement of hedging derivatives</b>			
<b>Change in deferred tax</b>	8,316	(12,214)	18,126
<b>Total post-tax gains and losses recognised directly in equity - group share</b>	<b>13,047</b>	<b>29,971</b>	<b>(53,280)</b>
<b>Total comprehensive income</b>	<b>132,721</b>	<b>(132,052)</b>	<b>(12,284)</b>
of which:			
- Group share	128,174	(132,952)	(12,406)
- minority interests	4,547	900	122

## Statement of changes in consolidated shareholders' funds

in K€	Share capital and additional paid-in capital		Consolidated reserves	Unrealised or deferred gains and losses (net of income tax)					
	Share capital	Additional paid-in capital	Consolidated reserves	Translation adjustment	Change in fair value of financial instruments	Net profit (loss)	Total share holders' funds	Minority interests	Total share holders' funds
<b>Shareholders' funds at 31 December 2008</b>	<b>107,120</b>	<b>389,107</b>	<b>614,025</b>	<b>(14,725)</b>	<b>29,150</b>	<b>40,875</b>	<b>1,165,552</b>	<b>5,680</b>	<b>1,171,232</b>
Capital increase	11,225	80,516					91,741		91,741
Appropriation of 2008 net profit			40,875			(40,875)	0		0
Payment of 2008 dividends in 2009			(40,769)				(40,769)	(1,634)	(42,403)
<b>Total shareholder-related movements</b>	<b>11,225</b>	<b>80,516</b>	<b>106</b>	<b>0</b>	<b>0</b>	<b>(40,875)</b>	<b>50,972</b>	<b>(1,634)</b>	<b>49,338</b>
2009 net profit						(162,923)	(162,923)	661	(162,262)
Call options on BDI securities							0	(173)	(173)
Call options on securities in Coface Finans A/S (formerly MidtFactoring)							0	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
<b>Shareholders' funds at 31 December 2009</b>	<b>118,345</b>	<b>469,623</b>	<b>614,131</b>	<b>(11,695)</b>	<b>56,091</b>	<b>(162,923)</b>	<b>1,083,572</b>	<b>5,763</b>	<b>1,089,335</b>
Capital increase	18,606	156,668					175,274		175,274
Appropriation of 2009 net loss			(162,923)			162,923	0		0
Payment of 2009 dividends in 2010			0				0	(952)	(952)
<b>Total shareholder-related movements</b>	<b>18,606</b>	<b>156,668</b>	<b>(162,923)</b>	<b>0</b>	<b>0</b>	<b>162,923</b>	<b>175,274</b>	<b>(952)</b>	<b>174,322</b>
2010 net profit						115,127	115,127	1,981	117,108
Error correction: IT development costs (*)			(4,301)				(4,301)		(4,301)
Other movements			2,910	2,794	(62)		5,642	(57)	5,585
Unrealised gains and losses on AFS investments net of deferred tax					84		84	2,003	2,087
First-time consolidation of SBCE							0	1,285	1,285
Translation adjustments				10,232			10,232	663	10,895
<b>Shareholders' funds at 31 December 2010</b>	<b>136,951</b>	<b>626,291</b>	<b>449,817</b>	<b>1,331</b>	<b>56,113</b>	<b>115,127</b>	<b>1,385,630</b>	<b>10,686</b>	<b>1,396,316</b>

(\*) Development costs of €4.3 million net of tax relating to the organisation and design of the software architecture Iris, Coface's information system, were capitalised in financial years prior to 2010. According to the standards applied by Coface (specifically IAS 38), these costs should have been recorded in charges. Error corrections must be recorded in equity (according to IAS 8): as such, these costs were recorded in changes in reserves in 2010.

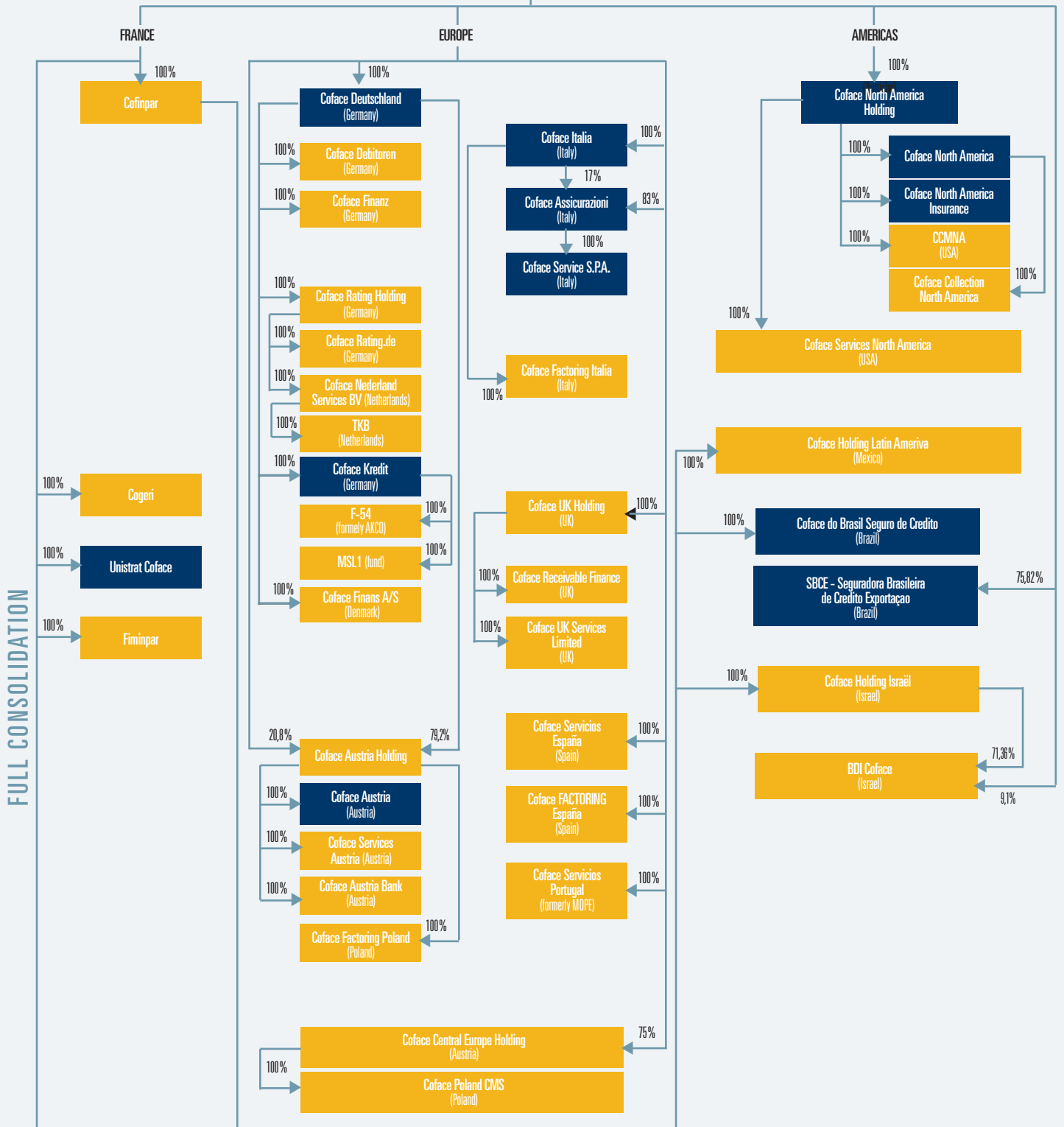
## Consolidated cash flow statement

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Net profit (A)</b>	<b>115,127</b>	<b>(162,924)</b>	<b>40,872</b>
+/- Depreciation and amortisation of tangible and intangible assets	61,155	38,825	18,595
+/- Net additions to technical provisions	5,918	27,334	190,758
+/- Share of profits of associates	(1,327)	2,111	(5,786)
+/- Change in fair value of financial instruments recognised at fair value through profit or loss	(1,668)	221	(163)
+/- Other non-cash items	457	(6,474)	(2,145)
<b>Total adjustments to reconcile net profit to cash flows from operating activities (B)</b>	<b>64,535</b>	<b>62,016</b>	<b>201 259</b>
<b>Cash flows from operating activities (C) = (A)+(B)</b>	<b>179,662</b>	<b>(100,908)</b>	<b>242,131</b>
Change in creditors and debtors	(311,721)	(80,856)	(218,403)
Net taxes paid	(30,772)	(16,878)	13,661
<b>Change in working capital requirement (D)</b>	<b>(342,493)</b>	<b>(97,733)</b>	<b>(204,742)</b>
Change in debtors arising from factoring operations	(729,982)	408,495	(326,583)
Change in creditors arising from factoring operations	(317,499)	41,981	6,182
Change in factoring liabilities	679,449	(441,645)	230,275
<b>Net cash generated from/(used in) banking and factoring operations (E)</b>	<b>(368,033)</b>	<b>8,830</b>	<b>(90,126)</b>
Increase in investments	(1,477,072)	(1,622,875)	(1,278,570)
Decrease in investments	1 502,253	1,701,017	1 190,058
<b>Net cash flows from changes in investments (F)</b>	<b>25,182</b>	<b>78,142</b>	<b>(88,512)</b>
<b>Net cash generated from/(used in) operating activities (G) = (C + D + E + F)</b>	<b>(505,683)</b>	<b>(111,669)</b>	<b>(141,249)</b>
Acquisitions of subsidiaries, net of cash acquired	(6,841)	(16,212)	(21,868)
Disposals of consolidated companies, net of cash transferred	209,540	75,082	0
Deconsolidations			0
Cash flows related to intangible assets	(18,762)	(37,066)	(20,417)
Cash flows related to tangible assets	(620)	(3,919)	(14,225)
<b>Net cash generated from/(used in) investing activities (H)</b>	<b>183,317</b>	<b>17,884</b>	<b>(56,510)</b>
Proceeds from the issue of equity instruments	175,274	91,741	124,759
Dividends paid to shareholders of the parent company	(3)	(40,768)	(123,605)
Dividends paid to minority interests in consolidated companies	(952)	(1 634)	(466)
<b>Cash flows from transactions with shareholders</b>	<b>174 319</b>	<b>49 339</b>	<b>688</b>
Proceeds from the issue of debt instruments	164,152	77,421	79,675
Redemptions of debt instruments	(26,936)	(6,601)	(2,673)
<b>Cash flows from financing of Group operations</b>	<b>137,216</b>	<b>70,820</b>	<b>77,002</b>
<b>Net cash generated from financing activities (I)</b>	<b>311,535</b>	<b>120,159</b>	<b>77,690</b>
<b>Impact of changes in exchange rates on cash and cash equivalents (J)</b>	<b>(3 058)</b>	<b>(1 533)</b>	<b>(1 996)</b>
<b>Net increase/(decrease) in cash and cash equivalents (G + H + I + J)</b>	<b>(13 888)</b>	<b>24 841</b>	<b>(122 065)</b>

## Consolidated cash flow statement

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Net increase/(decrease) in cash and cash equivalents (G+H+I+J)</b>	<b>(13,888)</b>	<b>24,841</b>	<b>(122,065)</b>
Net cash generated from/(used in) operating activities (G)	(505,683)	(111,669)	(141,249)
Net cash generated from/(used in) investing activities (H)	183,317	17,884	(56,510)
Net cash generated from financing activities (I)	311,535	120,159	77,690
Impact of changes in exchange rates on cash and cash equivalents (J)	(3,058)	(1,533)	(1,996)
<b>Opening cash and cash equivalents</b>	<b>285,831</b>	<b>260,990</b>	<b>383,055</b>
<b>Closing cash and cash equivalents</b>	<b>271,943</b>	<b>285,831</b>	<b>260,990</b>
<b>Net change in cash and cash equivalents</b>	<b>(13,888)</b>	<b>24,841</b>	<b>(122,065)</b>

Coface SA



FULL CONSOLIDATION

Equity method



- Insurance and related services
- Company and marketing information - Receivables management and other services

## Note 1. Consolidation scope

### 1.1 Changes in the consolidation scope

The main changes in the consolidation scope in 2010 were as follows:

Newly consolidated companies:

- Seguradora Brasileira de Crédito à Exportação SA (SBCE) was added to the consolidation scope as it represented a stake of 75.82%.

Deconsolidated companies:

In late December 2010, Cofinpar sold the following companies to Coface Holding, Coface SA's parent company, which is not consolidated by Coface SA. These companies are thus removed from Coface SA's consolidation scope:

- Graydon, a business information provider, 27.5%-owned and accounted for by the equity method.

- Cofinpar sold 88.7% of Coface Services to Coface Holding (Coface SA retained the remaining 11.3%). The subsidiaries of Coface Services, Kompas International, Coface Services Belgium Holding and its subsidiaries, Coface Services Belgium and Kompas Belgium, were also sold in their entirety to Coface Holding.

As such, these companies are no longer included on the balance sheet of the Coface SA group as at 31 December 2010. However, as these companies were sold in late December, the 2010 earnings of these companies are included in the notes presented below.

Changes in percentage held:

- Following the purchase of the remaining minority interests in Coface Finans A/S (formerly Midt-Factoring) in February 2010, this company is now fully consolidated, whereas it was previously 75% consolidated.

### 1.2 Consolidated companies

FRENCH COMPANIES	Consolidation method	Percentage		Percentage		Percentage	
		Control 31/12/10	Interest 31/12/10	Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08
<b>Coface</b> 12 Cours Michelet – La Défense 10 92800 Puteaux	Parent company	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Cofacredit</b> Tour facto – 18, rue Hoche 92988 Paris La Défense Cedex 88	Equity method	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
<b>Cofinpar</b> 12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Cogeri</b> 12, cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Fimipar</b> 12 Cours Michelet – La Défense 10 92800 Puteaux	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Kompass International Neuenschwander</b> 66 Quai du Maréchal Joffre 92400 Courbevoie cedex	Not consolidated	-	-	100.00%	100.00%	100.00%	100.00%
<b>Unistrat Coface</b> 1, rue de l'Union 92500 Rueil Malmaison	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Services</b> 5, Quai Jayr 69009 Lyon	Not consolidated	-	-	100.00%	100.00%	100.00%	100.00%

FOREIGN COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/10	Interest 31/12/10	Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08
<b>F - 54</b> (formerly AKCO) Coface Kreditversicherung Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Kreditversicherung</b> Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Finanz GmbH</b> Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Debitorenmanagement GmbH</b> Isaac – Fulda – Allee 5 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Rating Holding</b> Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Deutschland</b> Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Rating GmbH</b> Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>MLS 1 FUND</b> Coface Kreditversicherung Isaac – Fulda – Allee 1 55124 Mainz	Germany	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Nederland Services</b> Claudius Prinsenlaan 126 Postbus 3377 4800 DJ Breda	Netherlands	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>TKB - Trust Krediet Beheer B.V.</b> Tomas R. Malthusstraat 1-3 1066 JR Amsterdam	Netherlands	Full	100.00%	100.00%	100.00%	100.00%	-	-
<b>Coface Finans A/S</b> (formerly Midt Factoring) Nygade 111, 7430 Ikast Danemark	Denmark	Full	100.00%	100.00%	75.00%	75.00%	75.00%	75.00%
<b>Coface Servicios España, SI</b> Calle Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Factoring España, SI</b> Calle Aravaca, 22 28040 Madrid	Spain	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface North America Holding Company</b> Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Credit Management North America</b> Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

FOREIGN COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/10	Interest 31/12/10	Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08
<b>Coface Collection North America</b> Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface North America</b> Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface North America Insurance Company</b> Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor New-Jersey 08520	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Graydon Holding</b> Hullenbergweg 260 1101 BV Amsterdam Z.O	Netherlands	Not consolidated	-	-	27.50%	27.50%	27.50%	27.50%
<b>Coface Central Europe Holding</b> Stubenring 24-2 A – 1010 Vienna	Austria	Full	74.99%	74.99%	74.99%	74.99%	74.99%	74.99%
<b>Coface Poland Cms</b> Al.Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	74.99%	100.00%	74.99%	100.00%	74.99%
<b>Coface Poland Factoring</b> Al.Jerozolimskie 136 PL-02-305 / Warszawa	Poland	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Assicurazioni</b> Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Service S.P.A</b> Piazza Casalegno 9/A 13900 Biella	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Italia</b> Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Factoring Italia</b> Via Giovanni Spadolini 4 20141 Milano	Italy	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface UK Holding</b> 180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface UK Services</b> 180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Receivables Finance</b> 180 St Albans Rd, Watford Hertfordshire WD17 1RP	UK	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Serviços Portugal</b> Av. Columbano Bordalo Pinheiro 75 7º andar Edifício Pórtico 1070-061 Lisboa	Portugal	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

FOREIGN COMPANIES	Country	Consolidation method	Percentage		Percentage		Percentage	
			Control 31/12/10	Interest 31/12/10	Control 31/12/09	Interest 31/12/09	Control 31/12/08	Interest 31/12/08
<b>Coface Austria Holding AG</b> Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Austria Insurance</b> Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Austria Bank</b> Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	-	-
<b>Coface Austria Services</b> Stubenring 24 1011 Vienna	Austria	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Services North America</b> 900 Chapel Street New Haven, CT 06510	United States	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Coface Holding America Latina</b> 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%
<b>Coface Do Brasil Seguros de Credito Interno SA</b> 34, João Duran Alonso Square – Brooklin Novo District São Paulo 12 floor	Brazil	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Seguradora Brasileira de Credito Exportacao SA (SBCE)</b> 74/11e rua Senador Dantas, 16 andar 20031-205 Rio de Janeiro	Brazil	Full	75.82%	75.82%	Not consolidated	Not consolidated	Not consolidated	Not consolidated
<b>Coface Services Belgium</b> 16 Place de l'Université 1348 Louvain-La-Neuve	Belgium	Not consolidated	-	-	100.00%	100.00%	100.00%	100.00%
<b>Kompass Belgium</b> 100 Boulevard du Souverain 1170 Bruxelles	Belgium	Not consolidated	-	-	100.00%	100.00%	100.00%	100.00%
<b>Coface Belgium Services Holding</b> 100 Boulevard du Souverain 1170 Bruxelles	Belgium	Not consolidated	-	-	100.00%	100.00%	100.00%	100.00%
<b>Coface Israël</b> 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	Israel	Full	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>BDI Coface</b> 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	Israel	Full	80.45%	80.45%	80.45%	80.45%	80.45%	80.45%

## Note 2. Accounting standards applied

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 2010 in accordance with the IFRS international framework applicable at that date, as approved by the European Union. 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 2010.

Coface's consolidated financial statements for the year ended 31 December 2010 comprise the:

- balance sheet;
- income statement;
- statement of comprehensive income;
- statement of changes in shareholders' funds;
- cash flow statement; and
- a series of related notes.

They are presented with comparative data for the years ended 31 December 2009 and 31 December 2008.

### 2.1 Texts applicable since 1 January 2010

• IFRS 3 revised, Business Combinations, and IAS 27 revised, Consolidated and Separate Financial Statements, adopted by the European Commission on 3 June 2009, which are subject to mandatory application for all transactions occurring subsequent to the start of the first financial year commencing on or after 1 July 2009. These revised standards modify the accounting treatment applicable to transactions involving the acquisition or sale of businesses.

■ In accordance with the new provisions of IAS 27 revised, changes in the percentage interest held in an exclusively controlled entity are recognised directly in group share of consolidated reserves:

- in the event of an increase in the percentage interest held, the difference between the acquisition price and the share of net assets acquired is recognised in group share of consolidated reserves;

- in the event of a decrease in the percentage interest held, the difference between the sale price and the carrying value of minority interests is also recognised in group share of consolidated reserves.

In 2010, the change in the percentage interest held in entities controlled exclusively by Coface (purchase of the 25% of minority interests in Coface Finans A/S, an entity previously 75% owned) generated a negative movement of €3.9 million in group share of consolidated reserves.

■ In accordance with the provisions of IFRS 3 revised, business combinations are recognised using the acquisition method. This method involves comparing, on the acquisition date, the sum of:

- the consideration paid in respect of the combination,
- the fair value of the stake previously held by Coface, and
- the value of minority interests.

with the fair value of the assets acquired and liabilities assumed in the acquiree. The difference represents the goodwill. This goodwill is recorded directly in profit or loss if it is negative and as "Goodwill" within balance sheet assets if it is positive.

Minority interests are measured at the entity's choice based on either: (i) their share in the net assets acquired; or (ii) their fair value on acquisition date. The choice is made for each transaction in turn, i.e. the so-called full goodwill method.

At 31 December 2010, this new method did not need to be applied for the Coface group.

• IFRS 1 revised, First-time Adoption of International Financial Reporting Standards, adopted by the European Commission on 25 November 2009. This revision involves a reorganisation of the standard's structure in order to facilitate its use. It has no impact on Coface's financial statements.

• The amendment to IFRS 1 entitled Additional Exemptions for First-Time Adopters, adopted by the European Commission on 23 June 2010. This amendment relates to entities applying IFRS for the first time with effect from 1 January 2010. It thus has no impact on Coface's consolidated financial statements.

• The amendment to IFRS 5 stemming from the annual IFRS improvement process adopted by the European Commission on 23 January 2009. This amendment has had 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. This amendment provides clarifications on the application of hedge accounting to the inflation component of financial instruments and on options, when they are used as a hedging instrument. This amendment has had no impact on Coface's consolidated financial statements.

• The amendments to IFRS 2, Share-based Payment, adopted by the European Commission on 23 March 2010 and applicable with effect from 1 January 2010. These amendments relate to intra-group transactions. They stipulate the rules for recognition by a subsidiary, in its own financial statements, of transactions involving share-based payments, when settlement is made by another group entity. These amendments have had no impact on the recognition of Coface's equity-based payment plans.

• The amendment entitled Improvements to international standards for financial information adopted by the European Commission on 23 March 2010 and applicable with effect from 1 January 2010. This amendment arises from the annual improvements process that aims to simplify and clarify the international accounting standards. Most of the changes are clarifications or corrections to standards or changes necessitated by earlier changes made to IFRS. The following standards and interpretations have been modified: IFRS 2, Share-based Payment, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, IFRS 8, Operating Segments, IAS 1, Presentation of Financial Statements, IAS 7, Statement of Cash Flows, IAS 17, Leases, IAS 36, Impairment of Assets, IAS 38, Intangible Assets, IAS 39, Financial Instruments: Recognition and Measurement, IFRIC 9, Reassessment of Embedded Derivatives, and IFRIC 16, Hedges of a Net Investment in a Foreign Operation. These amendments had no effect on Coface's financial statements.

• The interpretation IFRIC 12, Service Concession Arrangements, adopted by the European Commission on 25 March 2009. This interpretation provides clarification on the recognition, by concession operators, of public/private service concession arrangements. It does not apply to Coface's activities 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. This interpretation does not apply to Coface's activities and therefore has no impact on its financial statements.

• The interpretation IFRIC 16, Hedges of a Net Investment in a Foreign Operation, adopted by the European Commission on 4 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 has had no impact on Coface's consolidated financial statements.

(1) The full framework of standards adopted by the European Union can be consulted on the European Commission's website at the following address:  
[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

- The interpretation IFRIC 17, Distribution of Non-cash Assets to Owners, adopted by the European Commission on 26 November 2009. IFRIC 17 specifies the method for recognising dividends distributed in the form of assets other than cash. This interpretation has had no impact on Coface's consolidated financial statements.
- The interpretation IFRIC 18, Transfers of Assets from Customers, adopted by the European Commission on 27 November 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. This interpretation does not apply to Coface's activities and therefore has no impact on its financial statements.

## 2.2 Texts adopted by the European Union at 31 December 2010, but not applied early to the 2010 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 2010:

- The amendment to IAS 32 relating to the Classification of Rights Issues, adopted by the European Commission on 23 December 2009 and subject to mandatory application to financial years commencing on or after 1 February 2010. 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 are no longer recognised as derivatives but as equity instruments. This amendment should have no impact on Coface's consolidated financial statements.
- The amendment to IFRS 1 entitled Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters, adopted by the European Commission on 30 June 2010 and subject to mandatory application to financial years commencing on or after 1 July 2010. This amendment releases first-time IFRS adopters from the requirement to disclose the additional information prescribed by the amendments published in March 2009, entitled Improvements to disclosures on financial instruments (amendments made to IFRS 7, Financial Instruments: Disclosures). This amendment will not impact Coface's financial statements.
- IAS 24 revised, Related Party Disclosures, adopted by the European Commission on 19 July 2010 and subject to mandatory application to financial years commencing on or after 1 January 2011. The changes introduced by the revised standard mainly concern simplifications of the measures relating to disclosures for government-related entities and clarification of the definition of a related party.
- Amendment to the interpretation IFRIC 14 entitled Prepayment of a Minimum Funding Requirement, adopted by the European Commission on 19 July 2010. The changes made to IFRIC 14 stipulate that, when an employee benefit plan calls for minimum contributions, such a prepayment must be recognised as an asset, just like any other prepayment. This amendment is subject to mandatory application to financial years commencing on or after 1 January 2011. It will not impact Coface's financial statements.
- The interpretation IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, adopted by the European Commission on 19 July 2010 and subject to mandatory application to financial years commencing on or after 1 July 2010. This interpretation provides clarifications on the accounting treatment to be applied, in the debtor's accounts, to transactions in which financial liabilities are extinguished by means of equity instruments. It should not impact Coface's accounts.

## Note 3. Accounting principles

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

The 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'Epargne, 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.

### 3.2 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 German 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 2010 consolidated financial statements.

### 3.3 Balance sheet date and accounting period

All consolidated companies have a 31 December year end (12-month accounting year).

### 3.4 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.

### 3.5 Intercompany transactions

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

### 3.6 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

#### *a. 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.

#### *b. 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.

(1) The full framework of standards adopted by the European Union can be consulted on the European Commission's website at the following address:  
[http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission) ;

**c. 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.

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

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

**Underwriting transactions****a. Premiums**

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

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

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

**b. Unearned premium provisions**

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

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

**c. Deferred acquisition costs**

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

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

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

**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 2009.

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. Cessions

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.

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 every six months. 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 (2011-2013) 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 2010.

#### 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 15 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 2010, 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 the risks and rewards incidental to ownership.

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

## Financial assets

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 that had been available in 2008 under the amendments to IAS 39 and IFRS 7 on the reclassification of financial assets adopted on 15 October 2008 had not been 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.

If, during a subsequent period, the fair value of the financial asset improves and this improvement can be directly associated with an event that occurred after the date on which the asset was impaired:

- the impairment recognised in profit or loss on equity instruments (notably shares and non-consolidated investments) cannot be reversed through the profit and loss account but through equity via the revaluation reserves;
- however, any subsequent increase in the value of debt instruments (notably bonds) is recognised in profit or loss to the extent of the impairment previously recognised.

According to the interpretation IFRIC 10, the full-year profit or loss must reflect any impairment that was recognised in profit or loss at previous year ends for which the accounts have already been published. As such, for an equity instrument, such impairment could not be reversed through profit or loss at the year ends.

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.

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 been 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.

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 2010, deferred tax assets relating to tax losses for the Coface SA group amounted to €69 million compared with €84 million at 31 December 2009. This item related mainly to the tax losses of the parent company Coface SA and represented a receivable due from Natixis as a result of Coface SA being part of the Natixis group for tax consolidation purposes.

### 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 and related services;
- factoring;
- company and marketing information – receivables management.

### Control of financial risk exposure

#### a. 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. The hedging objective is to ensure protection against adverse currency movements. Hedging positions are reviewed on a quarterly basis. Contracts for the forward purchase of British pounds and Hong Kong dollars were thus acquired in order to hedge the risk on these currencies as Coface SA has liabilities towards its policyholders in these currencies. Coface's dealing room is responsible for executing and monitoring these transactions.

#### b. Counterparty risk

Almost 92% of the bonds and other fixed-income instruments held by Coface at 31 December 2010 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

#### c. Interest rate risk

The interest rate risk borne by Coface on its financed portfolio is limited, the maximum sensitivity<sup>(2)</sup> authorised on bonds being deliberately capped at 4.

#### d. Liquidity risk

A large proportion of Coface's investments are in money market instruments (39% at end-2010). The majority of the other fixed-income instruments and equities in Coface's portfolio are listed on markets with OECD countries. Consequently, Coface considers its investment portfolio to be sufficiently liquid to cover the funds it may require to meet its obligations.

#### e. Hedging policy

When justified by market circumstances and/or Coface's forecasts, Coface is authorised 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 authorisation was used in 2010 to implement an option strategy with the intention of affording protection against a decline in the equity market.

#### f. Sovereign debt exposure

Only a small part of Coface's financial portfolio is invested in sovereign debt of so-called peripheral euro zone countries: as such, Coface's exposure to Greek, Irish, Portuguese and Spanish sovereign debt represents only €17m, i.e. 2% of its total bond portfolio.

(2) A bond's sensitivity measures the bond's loss in value in the event of an increase in interest rates. As such, the market value of a bond with a sensitivity of 4 will decline by 4% when interest rates rise by 1%.

## 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 2010 related to:

- The elimination of goodwill of €93,808 thousand on Coface Services and on its subsidiaries, being €42,461 thousand for Kompass International, €4,725 thousand for Coface Services Belgium Holding and €2,790 thousand for its subsidiary Kompass Belgium, following the sale of these companies to Coface Holding and their removal from the Coface SA consolidation scope.
- The reversal of goodwill of €5,938 thousand on Coface Finans A/S (formerly Midt Factoring) following the purchase of minority interests not covered by the call option (treatment in accordance with IFRS 3 revised and IAS 27).

- The reversal of goodwill amounting to €2,325 thousand, being part of the goodwill on Coface Services, following the external sale of the personal receivables management business via the IJCOF joint venture.
- The recognition of additional goodwill of €2,622 thousand generated in connection with the TKB earn-out clause.
- The recognition of goodwill of €1,233 thousand on SBCE (Seguradora Brasileira de Crédito) as a result of this entity being added to the Coface consolidation scope.

The main movements 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.
- 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.

#### Analysis by subsidiary

in K€	31/12/2010	31/12/2009	31/12/2008
Groupe Coface Deutschland	144,228	147,970	131,978
Coface Services		96,133	96,133
Coface Service Belgium Holding		4,725	4,725
Kompass Belgique		2,790	2,790
CCNA (Newton)	15,788	14,654	15,012
Groupe Coface Assicurazioni	15,206	15,206	15,206
Groupe Kompass		42,461	42,461
Coface Service North America Group	5,205	4,831	4,949
Coface Austria	5,561	5,813	6,078
Groupe Coface Central Europe Holding	2,857	2,842	2,836
Coface Servicios Portugal	3,791	3,791	3,791
BDI Coface	4,878	3,846	3,893
Seguradora Brasileira C.E (SBCE)	1,821		
Other	343	343	343
<b>Net</b>	<b>199,678</b>	<b>345,405</b>	<b>330,196</b>

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

in K€	31/12/2009	Changes in scope	Translation	Other	31/12/2010
Groupe Coface Deutschland	147,970		(31)	(3,711) <sup>(1)</sup>	144,228
Coface Services	96,133	(93,808)		(2,325) <sup>(2)</sup>	
Coface Service Belgium Holding	4,725	(4,725)			
Kompass Belgique	2,790	(2,790)			
CCNA (Newton)	14,654		1,134		15,788
Groupe Coface Assicurazioni	15,206				15,206
Groupe Kompass	42,461	(42,461)			
Coface Service North America Group	4,831		374		5,205
Coface Austria	5,813		(11)	(241)	5,561
Groupe Coface Central Europe Holding	2,842		15		2,857
Coface Servicios Portugal	3,791				3,791
BDI Coface	3,846		583	448 <sup>(3)</sup>	4,878
Seguradora Brasileira C.E (SBCE)		1,233	588		1,821
Other	343				343
<b>Net</b>	<b>345,405</b>	<b>(142,551)</b>	<b>2,653</b>	<b>(5,829)</b>	<b>199,678</b>

(1) In accordance with IFRS 3 revised and IAS 27, the difference between the acquisition price of the minority interests purchased in Coface Finans A/S and the carrying amount of the minority interests was recorded in equity, being €3.9 million. Recognised previously in goodwill at €5.9 million, the amount was reversed. In addition, an earn-out clause on TKB resulted in the recognition of additional goodwill of €2.6 million on this company.

(2) The sale of the personal receivables management business resulted in the de-recognition of €2.3 million of goodwill in respect of Coface Services.

(3) The difference between the amount of the commitment for the purchase of minority interests in BDI and their carrying amount was recognised in goodwill, being €0.4 million.

## Note 5. Other intangible assets

in K€	31/12/2010	31/12/2009	31/12/2008
	Net	Net	Net
Software development costs	97,034	119,222	97,503
Purchased goodwill	6,575	6,624	5,495
Other	1,075	5,237	3,398
<b>Total</b>	<b>104,684</b>	<b>131,083</b>	<b>106,396</b>

The €26 million decline in intangible assets is mainly attributable to the removal of services entities from the Coface SA consolidation scope for €35 million, the scrapping and provisioning of part of the Iris software for €22 million, partially offset by the acquisition of the Magellan factoring software by Coface SA from Natixis Factor for €35 million.

in K€	31/12/2010		
	Cost	Amortisation and impairment	Net
Software development costs	171,662	(74,628)	97,034
Purchased goodwill	11,713	(5,138)	6,575
Other	3,826	(2,751)	1,075
<b>Total</b>	<b>187,201</b>	<b>(82,517)</b>	<b>104,684</b>

## Change in cost of intangible assets

in K€	31/12/2009	Increases	Decreases	Exchange rate effects	Changes in consolidation scope	Other	31/12/2010
Software development costs	224,409	58,987	(42,554)	1,965	(72,375)	1,231	171,662
Other	7,789	2,343	(70)	34	(5,242)	(1,028)	3,826
Purchased goodwill	11,435	57		713	(492)		11,713
<b>TOTAL</b>	<b>243,633</b>	<b>61,387</b>	<b>(42,624)</b>	<b>2,712</b>	<b>(78,109)</b>	<b>203</b>	<b>187,201</b>

## Change in amortisation and impairment of intangible assets

in K€	31/12/2009	Additions	Reversals	Exchange rate effects	Changes in consolidation scope	Other	31/12/2010
Amortisation of software development costs	(100,481)	(15,856)	7,676	(1,445)	32,344	(22)	(77,785)
Provision for impairment of software development costs	(4,706)	(6,737)	4,583	(17)	10,037	(3)	3,156
<b>Total amortisation and impairment of software development costs</b>	<b>(105,187)</b>	<b>(22,594)</b>	<b>12,259</b>	<b>(1,462)</b>	<b>42,381</b>	<b>(26)</b>	<b>(74,628)</b>
Amortisation of other intangible assets	(1,737)	(197)	52	(17)	39	(242)	(2,102)
Provision for impairment of other intangible assets	(815)	(8)			174		(649)
<b>Total amortisation and impairment of other intangible assets</b>	<b>(2,552)</b>	<b>(205)</b>	<b>52</b>	<b>(17)</b>	<b>213</b>	<b>(242)</b>	<b>(2,751)</b>
Amortisation of purchased goodwill	(4,810)	(262)		(66)			(5,138)
Provision for impairment of purchased goodwill							
<b>Total amortisation and impairment of purchased goodwill</b>	<b>(4,810)</b>	<b>(262)</b>		<b>(66)</b>			<b>(5,138)</b>
<b>TOTAL</b>	<b>(112,550)</b>	<b>(23,060)</b>	<b>12,311</b>	<b>(1,546)</b>	<b>42,594</b>	<b>(267)</b>	<b>(82,517)</b>

Movements due to changes in the consolidation scope consist mainly of:

- Coface Services: €64 million decrease in cost and €31.5 million decrease in amortisation and impairment;
- Kompass International: €14 million decrease in cost and €11 million increase in amortisation and impairment;
- First-time consolidation of SBCE (a credit insurance company in Brazil): €1.1 million increase in cost and €0.8 million increase in amortisation and impairment.

## Note 6. Tangible assets

in K€	31/12/2010 Net	31/12/2009 Net	31/12/2008 Net
Property, plant and equipment	17,002	25,016	23,344
Buildings used in the business	52,916	60,527	58,776
<b>Total</b>	<b>69,918</b>	<b>85,544</b>	<b>82,120</b>

in K€	Cost	31/12/2010 Depreciation and impairment	Net
Property, plant and equipment	74,808	(57,806)	17,002
Buildings used in the business	90,589	(37,673)	52,916
<b>Total</b>	<b>165,397</b>	<b>(95,479)</b>	<b>69,918</b>

At 31 December 2010, the market value of buildings used in the business was €85,356 thousand, representing an unrealised gain of €32,440 thousand. At 31 December 2009, the market value of buildings used in the business was €92,278 thousand, representing an unrealised gain of €31,752 thousand.

### Change in cost of tangible assets

in K€	31/12/2009	Increases	Decreases	Exchange rate effects	Changes in consolidation scope	Other	31/12/2010
Land used in operations	14,352		(75)		(267)		14,010
Buildings used in the business	84,171	925	(2,219)	23	(5,076)	(1 245)	76,579
<b>Total operating property</b>	<b>98,523</b>	<b>925</b>	<b>(2,294)</b>	<b>23</b>	<b>(5,343)</b>	<b>(1 245)</b>	<b>90,589</b>
Operating guarantees and deposits	3,118	39	(378)	164	(371)		2,572
Other	91,287	5,465	(3,139)	979	(21,561)	(795)	72,236
<b>Total tangible assets other than property</b>	<b>94,405</b>	<b>5,504</b>	<b>(3,516)</b>	<b>1,143</b>	<b>(21,932)</b>	<b>(795)</b>	<b>74,808</b>
<b>TOTAL</b>	<b>192,928</b>	<b>6,430</b>	<b>(5,810)</b>	<b>1,165</b>	<b>(27,275)</b>	<b>(2 040)</b>	<b>165,397</b>

### Change in depreciation and impairment of tangible assets

in K€	31/12/2009	Additions	Reversals	Exchange rate effects	Changes in consolidation scope	Other	31/12/2010
Depreciation - buildings used in the business	(37,882)	(2,734)	617	(13)	2,469		(37,543)
Impairment - buildings used in the business	(114)	(17)					(131)
<b>Total depreciation and impairment of buildings used in the business</b>	<b>(37,996)</b>	<b>(2,751)</b>	<b>617</b>	<b>(13)</b>	<b>2,469</b>		<b>(37,673)</b>
Depreciation - other tangible assets	(66,642)	(6,912)	2,824	(556)	15,541	572	(55,173)
Impairment - other tangible assets	(2,747)	(78)		(28)		220	(2,633)
<b>Total depreciation and impairment of other tangible assets</b>	<b>(69,389)</b>	<b>(6,989)</b>	<b>2,824</b>	<b>(585)</b>	<b>15,541</b>	<b>792</b>	<b>(57,806)</b>
<b>TOTAL</b>	<b>(107,384)</b>	<b>(9,740)</b>	<b>3,441</b>	<b>(598)</b>	<b>18,010</b>	<b>792</b>	<b>(95,479)</b>

Movements due to changes in the consolidation scope consist mainly of:

- Coface Services: €22 million decrease in cost and €14 million increase in depreciation and impairment;
- Compass International: €3.5 million decrease in cost and €2.3 million increase in depreciation and impairment.

## Note 7. Investments

### 7.1 Analysis by category

At 31 December 2010, the carrying amount of held-to-maturity (HTM) securities was €25,505 thousand, while available-for-sale (AFS) securities totalled €1,132,099 thousand and trading securities came to €234,903 thousand. HTM securities represented an unrealised loss of €3,699 thousand.

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

in K€	Cost	Impairment	IFRS 31/12/2010	IFRS 31/12/2009	IFRS 31/12/2008
<b>AFS securities</b>	<b>1,220,892</b>	<b>(22,116)</b>	<b>1,198,777</b>	<b>1,138,340</b>	<b>1,101,738</b>
Equities	30,795	(5,294)	25,501	105,252	146,319
Bonds and government securities	1,029,156	0	1,029,156	897,339	808,691
Investments in non-consolidated companies	160,927	(16,814)	144,113	135,691	146,687
Shares in non-trading property companies	14	(8)	6	58	40
<b>HTM securities</b>					
Bonds	25,510	(5)	25,505	56,474	89,809
<b>Fair value through profit or loss - trading securities</b>	<b>235,064</b>		<b>235,064</b>	<b>104,769</b>	<b>128,873</b>
<b>Derivatives</b>					<b>710</b>
<b>Investment property</b>	<b>1,826</b>		<b>1,826</b>	<b>1,958</b>	<b>942</b>
<b>Loans and receivables</b>	<b>437,786</b>	<b>(1,500)</b>	<b>436,286</b>	<b>203,524</b>	<b>218,834</b>
<b>TOTAL Investments</b>	<b>1 921,079</b>	<b>(23,621)</b>	<b>1,897,458</b>	<b>1,505,065</b>	<b>1,540,905</b>

in K€	31/12/2009	Additions	Reversals	Exchange rate effects	Changes in consolidation scope	Other	31/12/2010
<b>AFS securities</b>	<b>11,269</b>	<b>11,741</b>	<b>(1,251)</b>	<b>65</b>	<b>438</b>	<b>(147)</b>	<b>22,116</b>
Equities	4,167	1,477	(1,243)	(2)	895		5,294
Bonds and government securities	155		(8)			(147)	
Investments in non-consolidated companies	6,939	10,264		67	(457)		16,814
Shares in non-trading property companies	8						8
<b>HTM securities</b>							
Bonds	8					(3)	5
<b>Loans and receivables</b>	<b>411</b>	<b>1,500</b>	<b>(421)</b>			<b>10</b>	<b>1,500</b>
<b>TOTAL Provisions</b>	<b>11,688</b>	<b>13,241</b>	<b>(1,672)</b>	<b>65</b>	<b>438</b>	<b>(140)</b>	<b>23,621</b>

**AFS securities:** Equities declined by €80 million, being attributable mainly to Coface SA, which sold its AFS securities (€68 million).

Of the €132 million increase in bonds, €85 million relates to Coface SA.

**HTM securities:** The decline in HTM securities is attributable mainly to the maturity of securities totalling €31 million (of which, €28 million in Germany).

**Loans and receivables:** The movement in loans and receivables stems essentially from provisions for accrued interest (increase of €231 million, including €103 million for Coface Kredit and €61 million for Coface UK).

At 31 December 2010, 59.0% of the group's total bond portfolio was rated "AAA", 19.9% was rated "AA", 12.9% was "A", 4.1% was "BBB", 1.9% was "BB" and 2.3% was unrated.

The derivatives recorded corresponded to futures contracts (Eurex) on interest rate products. Hedge accounting is not applied to these transactions.

The derivatives are forward contracts that appear as off-balance sheet items.

Only a small part of Coface's financial portfolio is invested in sovereign debt of so-called peripheral euro zone countries: as such, Coface's exposure to Greek, Irish, Portuguese and Spanish sovereign debt represents only €17million, i.e. 2% of its total bond portfolio. As no counterparty default has occurred in respect of these countries, no provisions have been raised in the accounts at 31 December 2010.

The group share of the change in unrealised reserves on AFS securities recycled through profit or loss during the year amounted to €11,612 thousand.

## 7.2 Financial instruments recognised 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.

in K€	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>AFS securities</b>	<b>1 132,099</b>	<b>1 198,777</b>	<b>904,982</b>	<b>151,081</b>	<b>142,714</b>
Equities	24,105	25,501	8,488	12,357	4,656
Bonds and government securities	1,029,656	1,029,156	896,494	132,663	
Investments in non-consolidated companies	78,332	144,113		6,061	138,052
Shares in non-trading property companies	6	6			6
<b>HTM securities</b>					
Bonds	25,505	21,757	21,757		
<b>Fair value through profit or loss - trading securities</b>	<b>234,903</b>	<b>235,064</b>	<b>235,064</b>		
<b>Investment property</b>	<b>1,610</b>	<b>1,826</b>			<b>1,826</b>
<b>Loans and receivables</b>	<b>436,286</b>	<b>436,286</b>		<b>436,286</b>	
<b>TOTAL</b>	<b>1,830,403</b>	<b>1,893,710</b>	<b>1,161,803</b>	<b>587,367</b>	<b>144,540</b>

### Movement in securities measured according to level 3

in K€	Level 3	Gains and losses recognised during the period		Transactions for the period		Reclassifications during the period			Changes in consolidation scope	Exchange rate effects	Level 3
	Opening	In profit or loss	Directly in equity	Purchases/Issues	Sales/Redemptions	Out of level 3	Into level 3	Other reclassifications			Closing
<b>AFS securities</b>	<b>335,423</b>										<b>142,714</b>
Equities		(65)	2,047	1,104				1,465		105	4,656
Bonds and government securities	210,078							(210,078)			
Investments in non-consolidated companies	125,287	(8 325)	3,777	10,492	(525)		1,948	(6,893)	8,432	3,859	138,052
Shares in non-trading property companies	58		4	3	(59)						6
<b>HTM securities</b>											
Bonds	28,513				(28,513)						
<b>Fair value through profit or loss - trading securities</b>											
<b>Investment property</b>	<b>1,958</b>				(132)						<b>1,826</b>
<b>Loans and receivables</b>	<b>34,842</b>							(34,842)			<b>0</b>
<b>TOTAL</b>	<b>400,736</b>	<b>(8,390)</b>	<b>5,828</b>	<b>11,599</b>	<b>(29,229)</b>		<b>1,948</b>	<b>(250,348)</b>	<b>8 432</b>	<b>3,964</b>	<b>144,540</b>

Other reclassifications mainly concern the collateralised bonds (Pfandbriefe) held by German companies totalling €181.8 million that were reclassified in level 2 (fair value using observable data).

These securities are measured using rates that are published regularly, which provide an up-to-date value and facilitate calculation of a banking risk premium.

## 7.3 Investments in non-consolidated companies – French companies

in K€	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
		Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Axa Assurcredit</b> 26, Rue Drouot 75 009 Paris	40%	3,956	<b>6,739</b>	3,956	<b>6,029</b>	4,460	<b>5,443</b>
<b>Idealinfo</b> 7, rue d'Artois 75 008 Paris	100%	Merged with Coface Services		Merged with Coface Services		Merged with Coface Services	
<b>CAMEEMS (formely Soari)</b> 12, cours Michelet – La Défense 92 800 Puteaux	100%	228	<b>228</b>	656	<b>847</b>	656	<b>956</b>
<b>Centre D'etudes Financieres (CEF)</b> 7, chemin de Sens 37210 Rochecorbon	100%			380	<b>380</b>	378	<b>378</b>
<b>Or Informatique</b> 2, rue du Général de Gaulle 54340 Pompey	100%			830	<b>830</b>	830	<b>830</b>
<b>Librairie Electronique</b> 7, chemin de Sens 37210 Rochecorbon	100%			701	<b>701</b>	703	<b>703</b>
<b>Cerip Services Banques</b> 1, rue de l'Union 92843 Rueil Malmaison Cedex	62%	157	<b>157</b>	157	<b>157</b>	157	<b>157</b>
<b>Coface RBI</b> 5, rue Alfred de Vigny 75 008 Paris	100%	76	<b>2,201</b>	76	<b>3,519</b>	76	<b>3,619</b>
<b>Planet rating SAS</b> 13, rue Dieumegard 93 400 Saint-Ouen	10%	215	<b>215</b>	175	<b>175</b>	175	<b>175</b>
<b>Coface Services</b> 5 Quai Jayr 69009 Lyon	11.30%	13,670	15,385	Consolidated		Consolidated	
<b>Other</b>		<b>55</b>	<b>55</b>	<b>120</b>	<b>120</b>	<b>57</b>	<b>57</b>
<b>TOTAL FRENCH COMPANIES</b>		<b>18,357</b>	<b>24,980</b>	<b>7,051</b>	<b>12,758</b>	<b>7,492</b>	<b>12,318</b>

## 7.4 Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Coface Chile</b> WTC, Torre Norte, of 1701 Av. Nueva Tajamar 481 Las Condes 7550099 Santiago	Chile	100%	7,675	<b>12,735</b>	6,450	<b>7,429</b>	4,329	<b>5,747</b>
<b>Coface Factoring Chile</b> WTC, Torre Norte, of 1601 Av. Nueva Tajamar 481 Las Condes 7550099 Santiago	Chile	100%	238	<b>238</b>	1 152	<b>2,090</b>	936	<b>990</b>
<b>Coface Servicios Chile</b> WTC, Torre Norte, of 1701 Av. Nueva Tajamar 481 Las Condes 7550099 Santiago	Chile	100%	(109)	<b>(109)</b>	(96)	<b>2,037</b>	(93)	<b>1,723</b>

7.4 Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Coface Austria Bank</b> Stubenring 24 1010 Vienna	Austria	100%	Consolidated		Consolidated		5 050	<b>5 050</b>
<b>Coface Czech Factoring (formerly HP Finance)</b> IP Pavlova 5 120 000 Praha	Czech Republic	100%	3,329	<b>3,329</b>	2,650	<b>2,650</b>	2,993	<b>2,993</b>
<b>Kyriba Corporation</b> 11622 El Camino Real Suite 100 San Diego CA – 92130	United States	10%	2,606	<b>2,606</b>	2,606	<b>2,605</b>	2,444	<b>2,444</b>
<b>Seguradora Brasileira de Credito Exportacao SA (SBCE)</b> 74/11e rua Senador Dantas, 16 andar 20031-205 Rio de Janeiro	Brazil	76%	Consolidated		6,789	<b>6,893</b>	6,789	<b>5,570</b>
<b>Coface South African Insurance Company</b> Nyanga Office Park, Inyanga Close Sunninghill 2157 Sunninghill	South Africa	100%	3,968	<b>6,372</b>	3,968	<b>6,727</b>	2,682	<b>7,570</b>
<b>Coface South Africa Services (formerly CUAL)</b> Nyanga Office Park, Inyanga Close Sunninghill 2157 Sunninghill	South Africa	100%	1,616	<b>6,776</b>	1,616	<b>6,408</b>	1,616	<b>7,928</b>
<b>Cimco Systems Limited</b> 15 Appold Street London EC2A 2DL	UK	100%	Liquidated		Liquidated		1,993	<b>2,081</b>
<b>Coface Debt Purchase Ltd</b> 15 Appold Street London EC2A 2DL	UK	100%	Liquidated		Liquidated		1,023	<b>2,148</b>
<b>Coface Poland CMS (formerly Coface Intercredit Poland)</b> Al.Jerozolimskie 136 02-305 Warszawa	Poland	75%	Consolidated		Consolidated			
<b>Coface Slovenia CMS (formerly Coface Intercredit Slovenia)</b> Cankarjeva 3 1000 Ljubljana	Slovenia	75%	446	<b>1,958</b>	446	<b>1,602</b>	446	<b>1,319</b>
<b>Coface Slovakia CMS (formerly Coface Intercredit Slovakia)</b> Soltesojev 14 811 08 Bratislava	Slovakia	75%	322	<b>1,894</b>	322	<b>1,676</b>	322	<b>2,682</b>
<b>Coface Bulgaria CMS (formerly Coface Intercredit Bulgaria)</b> 85/87, Todor Aleksandrov boul. 1303 Sifa	Bulgaria	75%	157	<b>1,407</b>	157	<b>1,372</b>	157	<b>1,194</b>
<b>Coface Romania CMS (formerly Coface Intercredit Romania)</b> Calea Floreasca, nr 39, etaj.2 014453 Bucuresti Sector 1	Roumania	75%	533	<b>8,071</b>	533	<b>5,808</b>	533	<b>4,792</b>
<b>Coface Croatia CMS (formerly Coface Intercredit Croatia)</b> Prilaz Gjüre Dezelica 23 1000 Zagreb	Croatia	75%	337	<b>2,022</b>	238	<b>2,167</b>	238	<b>1,960</b>

## 7.4 Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Coface Hungary CMS</b>								
<b>(formerly Coface Intercredit Hungary)</b>								
Tüzolto u.59 H 1094 Budapest	Hungary	75%	631	<b>2,458</b>	631	<b>2,321</b>	631	<b>2,979</b>
<b>Coface Czech CMS</b>								
<b>(formerly Coface Intercredit Czech Republic)</b>								
I.P Pavlova 5 120 00 Praha	Czech Republic	75%	608	<b>2,929</b>	608	<b>2,419</b>	608	<b>1,950</b>
<b>Kompass Gmbh Melissa</b>								
Heinrich-von-Stephenstrasse 8b 79 100 Freiburg im Breisgau	Germany	100%	0	0	27	<b>764</b>	27	<b>1,047</b>
<b>Coface Services Suisse SA</b>								
<b>(formerly Cofacering.ch)</b>								
Avenue Belle-Fontaine 18 CP 431 CH-1001 Lausanne	Switzerland	100%	494	<b>3,076</b>	495	<b>3,436</b>	495	<b>3,178</b>
<b>Coface Services South Asia Pacific</b>								
36 Robinson Road- #19-01 City House Singapore 068877	Singapore	100%	5,753	<b>5,637</b>	7,690	<b>8,048</b>	7,690	<b>8,335</b>
<b>Business Data Investment Holding</b>								
16, Agnanton Street Athens	Greece	15%	1,527	<b>1,527</b>	1,527	<b>1,527</b>	1,527	<b>1,527</b>
<b>Intermarket Bank AG</b>								
Marokkanergasse 5-7 A-1030 Wien	Austria	10%	1,562	<b>6,062</b>	1,562	<b>5,127</b>	1,562	<b>4,632</b>
<b>Coface Greater China Services Ltd</b>								
<b>(formerly Coface Frontline)</b>								
8/F & 9/F Sunning Plaza, 10 Hysan Avenue, Causeway Bay Hong-Kong	Hong-Kong	100%	1,452	<b>1,498</b>	1,452	<b>3,615</b>	1,451	<b>3,979</b>
<b>Coface Greater China Finance</b>								
8F, Sunning Plaza, 10 Hysan Avenue, Causeway Bay Hong-Kong	Hong-Kong	100%	0	0	1,043	<b>1,098</b>	1,043	<b>3,744</b>
<b>Coface Services Taiwan</b>								
Room A5, 6th Floor, No. 16, Section 4, Nanjing East Road 105 Taipei	Taiwan	100%	0	0	0	0	954	0
<b>Coface Services Turkey</b>								
Büyükdere Cad. Yapi Kredi Plaza B Blok Kat: 6 Levent 34330 Istanbul	Turkey	100%	515	<b>515</b>	1,345	<b>1,148</b>	1,135	<b>1,135</b>
<b>Coface Eastern Europe Holding</b>								
<b>(formerly IGK Holding)</b>								
Isaac-Fulda-Alee 1 D-55124 Mainz	Germany	92.5%	804	<b>804</b>	804	<b>1,101</b>	804	<b>2,214</b>
<b>Recours</b>								
24, rue Ali Abderrazak Casablanca 20 000	Marocco	35%	58	<b>94</b>	58	<b>104</b>	58	<b>113</b>
<b>Unistrat Holding BV</b>								
55 Rokinrood 1012 Amsterdam	Netherlands	100%	Liquidated		Liquidated		2,942	<b>2,942</b>

7.4 Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Coface Seguro De Credito Mexico</b>								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn 01020, Del. Alvaro Obregon, Mexico, Df	Mexico	100%	3,552	<b>3,678</b>	2,812	<b>3,013</b>	2,811	<b>2,847</b>
<b>Coface Sigorta Turkey</b>								
Plaza B-Blok Kat:6, Buyukdere Caddesi, Yapi Kredi, Levent 34330 Istanbul	Turkey	100%	9,040	<b>16,005</b>	9,040	<b>9,245</b>	5,241	<b>10,678</b>
<b>Kompass Czech Republic</b>								
I.P Pavlova 5 120 00 Praha	Czech Republic	100%	373	<b>722</b>	1,251	<b>1,600</b>	1,251	<b>1,597</b>
<b>Kompass Poland</b>								
1 ul. Inysowa 02660 Warszawa	Poland	100%	323	<b>323</b>	323	<b>1,000</b>	323	<b>1,018</b>
<b>Kompass Japan</b>								
Toranonnon Kotohira Tower SF Tokyo 105 001	Japan	100%	Merged with Coface Services Japan		Merged with Coface Services Japan		(1,251)	0
<b>Coface Services Japan</b>								
Toranomon Kotohira Tower 5F, 1-2-8 Toranomon, Minato-ku Tokyo 105-0001	Japan	100%	(1,251)	<b>(1,252)</b>	(1,251)	0	0	0
<b>Kompass Turkey</b>								
Plaza B-Blok Kat:6, Buyukdere Caddesi, Yapi Kredi, Levent 34 330 Istanbul	Turkey	70%	Owned by Coface Services Turkey		Owned by Coface Services Turkey		210	0
<b>Kompass North America Inc</b>								
50 Millstone Road, Building 100, Suite 360 East Windsor NJ 08520	United States	100%	520	0	482	0	509	0
<b>Coface Poland Insurance Services</b>								
Al. Jerozolimskie 136 02-305 Warszawa	Poland	100%	842	<b>4,110</b>	842	<b>3,758</b>	843	<b>4,629</b>
<b>Coface Servicios Argentina (formerly Veritas Argentina)</b>								
Ricardo Rojas 401, Piso 7 C1001AEA Buenos Aires	Argentina	100%	72	<b>1,040</b>	63	<b>1,600</b>	61	<b>1,763</b>
<b>Coface Servicios Colombia (formerly Veritas Colombia)</b>								
Carrera 15 No. 91-30 Oficinas 601 602 Bogota	Colombia	100%	139	<b>1,597</b>	122	<b>1,091</b>	118	<b>976</b>
<b>Coface Servicios Costa Rica SA (formerly Veritas de Centro America)</b>								
Oficentro La Virgen, Edificio 3, Piso 1, Zone Industrial Pavas 11421-1000 San Jose	Costa Rica	100%	110	<b>111</b>	108	<b>829</b>	105	<b>1,227</b>
<b>Coface Servicios do Brasil</b>								
34 Joao Duran Alonso Square Brooklin Novo District Sao Paulo 12 floor 04571-070 Sao Paulo	Brazil	100%	323	<b>2,690</b>	283	<b>2,614</b>	274	<b>2,386</b>
<b>Coface Servicios Ecuador (formerly Veritas Andina)</b>								
Irlanda 1016 y Republica de El Salvador, Edificio Siglo XXI, PH Quito	Equator	100%	-20	<b>564</b>	(17)	<b>602</b>	(17)	<b>724</b>

## 7.4 Investments in non-consolidated companies – Foreign companies

in K€	Country	Percentage interest	31/12/2010		31/12/2009		31/12/2008	
			Cost	Fair value	Cost	Fair value	Cost	Fair value
<b>Coface Servicios Mexico Sa De Cv (formely Informes Veritas)</b>								
Insurgentes Sur 1787 Piso 10 y 11, Col Guadalupe Inn, 01020, Del. Alvaro Obregon 01020 Mexico City	Mexico	100%	(351)	<b>1,047</b>	(459)	<b>3,904</b>	(445)	<b>3,929</b>
<b>Coface Servicios Panama</b>								
San Francisco, Calle 50 y Calle 71 Edificio Plaza Morica Piso 8 Oficina 801 Panama City	Republic of Panama	100%	Liquidated		111	<b>225</b>	82	<b>586</b>
<b>Coface Services Peru</b>								
Calle 41 No 840 (formely Canaval y Moreyra) San Isidro-Lima 27	Peru	100%	2,107	<b>1,267</b>	1,340	<b>185</b>	120	<b>324</b>
<b>Coface Services Venezuela</b>								
Avenida Francisco de Miranda Edificio EASO Piso 5 Oficina 5H, Chacaito, Caracas 1060	Venezuela	100%	24	<b>24</b>	41	<b>484</b>	40	<b>494</b>
<b>CIMAL (formely Servicing)</b>								
Perón 537 Piso 3, – 3rd Floor – C1038AAJ Buenos Aires	Argentina	100%	782	<b>782</b>	1,713	<b>1,713</b>	2,139	<b>2,139</b>
<b>Coface Sweden Factoring Coface Sverige Finans A/S</b>								
Kungsgatan 33, 8tr 111 35 Stockholm	Sweden	100%	972	<b>972</b>	972	<b>972</b>	972	<b>972</b>
<b>Coface Norden Services A/S</b>								
Nygade 111 7430 Ikast	Denmark	100%	212	<b>212</b>	(462)	0	(462)	0
<b>Kompass Israël</b>								
11 Ben Gurion st. Bnei Brak 51260 Bnei Brak	Israel	75%	(64)	<b>132</b>	(74)	<b>215</b>	(73)	<b>268</b>
<b>Coface Japan Finance</b>								
Toranomon Kotohira Tower 5F, 1-2-8 Toranomom, Minato-ku 105-0001 Tokyo	Japan	100%	1,957	<b>1,957</b>	1,957	<b>1,957</b>	67	<b>67</b>
<b>Coface Serbia Credit Management Services</b>								
Bulevar Oslobođenja 111 11000 Belgrade	Serbia	100%	51	<b>1,562</b>	51	<b>1,334</b>	51	<b>51</b>
<b>Coface Latvia CMS</b>								
Berzaunes 11 a 1039 Riga	Latvia	100%	1,155	<b>1,178</b>	1,155	<b>1,098</b>	0	0
<b>Coface Rus Insurance Co</b>								
1st Tverskaya-Yamskaya str. 23 bldg 1 Moscow, 125047 Russia	Russia	100%	2,447	<b>2,447</b>	689	<b>689</b>	0	0
<b>Other</b>			<b>2,140</b>	<b>6,067</b>	<b>3,044</b>	<b>4,633</b>	<b>2166</b>	<b>3,728</b>
<b>TOTAL FOREIGN COMPANIES</b>			<b>59,975</b>	<b>119,33</b>	<b>68,208</b>	<b>122,933</b>	<b>67,519</b>	<b>134,369</b>
<b>TOTAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES</b>			<b>78,332</b>	<b>144,113</b>	<b>75,259</b>	<b>135,691</b>	<b>75,011</b>	<b>146,687</b>

7.5 Change in gains or losses recognised directly in equity, Group share

Gains and losses recognised directly in equity, Group share (in K€)	31/12/2010	31/12/2009	31/12/2008
<b>OPENING</b>	<b>44 396</b>	<b>14 426</b>	<b>67 706</b>
<b>Change in gains or losses recognised directly in equity, Group share</b>		<b>Movements for the period</b>	
<b>Translation adjustments</b>			
Reclassified in profit or loss			
Other movements	13,027	3,030	(5,703)
	<b>13,027</b>	<b>3,030</b>	<b>(5,703)</b>
<b>Remeasurement of available-for-sale assets</b>			
Reclassified in profit or loss	11,612	13,984	(5,351)
Other movements	(19,908)	25,172	(60,352)
	<b>(8,296)</b>	<b>39,155</b>	<b>(65,703)</b>
<b>Remeasurement of hedging derivatives</b>			
Reclassified in profit or loss			
Other movements			
<b>Deferred tax</b>	8,316	(12,214)	18,126
<b>CLOSING</b>	<b>57,444</b>	<b>44,396</b>	<b>14,426</b>

Change in gains and losses recognised directly in equity (in K€)	31/12/2010			31/12/2009			31/12/2008		
	Gross	Deferred tax	Net	Gross	Deferred tax	Net	Gross	Deferred tax	Net
Translation adjustments	13,027		13,027	3,030		3,030	(5,703)		(5,703)
Remeasurement of available-for-sale assets	(8,296)	8,316	21	39,155	(12,214)	26,941	(65,703)	18,126	(47,577)
Remeasurement of hedging derivatives									
<b>Total gains and losses recognised directly in equity</b>	<b>4,732</b>	<b>8,316</b>	<b>13,048</b>	<b>42,185</b>	<b>(12,214)</b>	<b>29,970</b>	<b>(71,407)</b>	<b>18,126</b>	<b>(53,280)</b>

## Note 8. Investments in associates

### 8.1 Variation

in K€	31/12/2010	31/12/2009	31/12/2008
Investments in associates at 1 January	21,569	77,729	71,943
Changes in consolidation scope <sup>(1)</sup>	(7,936)	(54,048)	
Dividends paid	(4,721)	(7,353)	(6,899)
Share of profits of associates	6,048	5,242	12,685
<b>Investments in associated companies</b>	<b>14,960</b>	<b>21,569</b>	<b>77,729</b>

(1) Changes in consolidation scope at 31 December 2010 correspond to the sale of the stake in Graydon to Coface Holding.  
 At 31 December 2009, changes in consolidation scope corresponded to the sale of the stake in Cerved.

### 8.2 Contribution

in K€	31/12/2010	31/12/2009	31/12/2008
Graydon holding		7,220	8,899
Cofacredit	14,960	14,349	14,392
Cerved			54,437
<b>Total</b>	<b>14,960</b>	<b>21,569</b>	<b>77,729</b>

## NOTE 9. Other assets

in K€	31/12/2010	31/12/2009	31/12/2008
Debtors arising from direct insurance operations	325,804	317,604	339,673
Debtors arising from reinsurance operations	69,931	143,229	57,190
Reinsurance debtors (estimated)	2,013	7,109	3,704
<b>Total debtors arising from insurance and reinsurance operations</b>	<b>397,748</b>	<b>467,942</b>	<b>400,567</b>
<b>Trade debtors arising from other activities</b>	<b>15,303</b>	<b>62,102</b>	<b>73,519</b>
<b>Other debtors</b>	<b>147,998</b>	<b>156,205</b>	<b>137,056</b>
<b>Deferred tax assets (Note 15)</b>	<b>114,557</b>	<b>138,766</b>	<b>85,913</b>
<b>Current taxes</b>	<b>44,417</b>	<b>42,335</b>	<b>17,074</b>
<b>Deferred acquisition costs</b>	<b>25,524</b>	<b>22,391</b>	<b>26,326</b>
<b>Total</b>	<b>745,546</b>	<b>889,741</b>	<b>740,455</b>

## NOTE 10. Cash and cash equivalents

in K€	31/12/2010	31/12/2009	31/12/2008
Cash at bank and in hand	256,303	270,410	239,646
Cash equivalents	15,640	15,421	21,344
<b>Total</b>	<b>271,943</b>	<b>285,831</b>	<b>260,990</b>

## NOTE 11. Liabilities relating to contracts

in K€	31/12/2010	31/12/2009	31/12/2008
Provisions for unearned premiums and unexpired risks	236,789	206,315	237,788
Claims provisions	1 042,167	1 017,646	968,200
Provisions for policyholder bonuses and rebates	35,992	32,548	38,730
<b>Liabilities relating to insurance contracts</b>	<b>1,314,948</b>	<b>1,256,509</b>	<b>1,244,718</b>
Provisions for unearned premiums and unexpired risks	(54,894)	-37,873	-50,691
Claims provisions	(254,590)	-236,488	-268,198
Provisions for policyholder bonuses and rebates	(8,968)	-7,241	-10,056
<b>Reinsurers' share of liabilities relating to insurance contracts</b>	<b>(318,452)</b>	<b>-281,603</b>	<b>-328,945</b>
<b>Net technical provisions</b>	<b>996,496</b>	<b>974,906</b>	<b>915,772</b>

## Management of insurance risks

The group's activities expose it to an "underwriting" risk, which is the risk of losses arising from claims in respect of the insurance portfolio. Tools to manage this risk have been put in place to ensure that it remains within prudent limits.

### Underwriting risk

#### Credit risk

Credit risk corresponds to the risk of losses on the insurance portfolio.

Traditionally, a distinction is made between 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:
  - This risk is covered by technical provisions established using a statistical claims model that simulates the claims-to-premiums ratios based on observed and current claims patterns;
  - This risk is measured for each entity by monitoring the arrears-to-exposure ratio by business segment (domestic credit), by country (export credit), or by product line (caution, single risks). The loss ratios of the various underwriting centres are also tracked at the consolidated level of Coface. Arrears are tracked on a weekly basis and are analysed monthly by a committee.
- Catastrophe risk is the risk of unusually high losses recorded in respect of a single debtor or group of debtors, or an accumulation of losses for a given country. Coverage of this risk is the key objective of Coface's reinsurance.

As well as monthly controls carried out at the level of each underwriting unit, Coface 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 S.A. and Coface Kredit, and €0.5 million for all other underwriting units). The group also has a specialised debt recovery subsidiary (Coface Recovery Business Intelligence);
- The Major Risks Committee, which sets the maximum risk exposure and loss severity Coface accepts for its 400 largest risks, representing a severity of over €35 million or a maximum loss in a stress scenario of €15 million, and which sets risk ceilings for each emerging country;
- A rating system for large corporate risks and country risks;
- A scoring system for small risks;
- Statistical valuation of severity (maximum potential loss in the event of a claim) by debtor, group of debtors or emerging country.

### Diversification of credit risks

Coface maintains a portfolio of diversified credit risks in order to minimise the chances that default by any debtor, a downturn in any particular industry or an adverse event in any particular country might have a disproportionate impact on Coface's overall claims.

Coface's credit insurance portfolio covers a wide range of business sectors. An analysis of debtor exposures by business sector at end-2010 shows that no business sector represented more than 10% of total exposures.

- Exposure to credit risk

The table below shows the breakdown of debtors at 31 December 2010 based on the cumulative credit risk exposure borne by Coface in their regard.

Debtor exposure band	Exposure (in € billions)	Number of limits (in thousands)	Number of debtors (in thousands)	% of total exposure
Refused	0	751,566	552,657	0.00%
€1-10k	4,152	575,017	533,151	1.00%
€11-20k	6,514	487,943	386,156	1.60%
€21-30k	4,359	274,575	165,275	1.10%
€31-40k	3,608	200,499	98,253	0.90%
€41-50k	5,241	190,452	109,481	1.30%
€51-60k	3,198	133,327	56,538	0.80%
€61-70k	2,700	107,069	40,446	0.70%
€71-80k	3,165	102,214	41,762	0.80%
€81-90k	2,157	75,784	24,945	0.50%
€91-100k	4,891	102,403	49,639	1.20%
€101-150k	12,121	302,080	96,692	3.00%
€151-200k	9,730	202,795	54,698	2.40%
€201-300k	16,104	281,063	64,917	4.00%
€301-400k	12,710	189,963	36,318	3.20%
€401-500k	10,923	143,266	24,215	2.70%
€501-800k	25,169	281,711	39,779	6.30%
€801-1,500k	12,871	120,987	14,329	3.20%
€1-2m	42,414	316,882	30,434	10.60%
€2-5m	59,645	283,662	19,487	15.00%
€5-10m	43,431	131,996	6,269	10.90%
€10-50m	73,373	131,421	3,945	18.40%
€50-100m	19,747	16,070	294	5.00%
€100-200m	10,470	6,569	78	2.60%
>€200m	9,986	4,412	29	2.50%
<b>Total</b>	<b>398,679</b>	<b>5,413,726</b>	<b>2,449,787</b>	<b>100.00%</b>

### Geographical distribution of risks

The debtors underlying Coface's credit insurance policies are heavily concentrated in Western Europe, mainly Germany, France, Italy and the UK. Together, these four countries represented 46.5% of Coface's total exposure under its insurance activities at 31 December 2010. More than 68% of the debtors covered

by credit insurance policies are located in Europe. At 31 December 2010, debtors in non-OECD countries represented around 18% of Coface's overall exposure.

95% of risk exposures relate to countries classified in the investment category.

	Country/region	Exposure in € billions	% of total
<b>OECD</b>	GERMANY	66.5	16.7%
	FRANCE	53.5	13.4%
	ITALY	43.3	10.9%
	UNITED KINGDOM	21.8	5.5%
	SPAIN	21.3	5.3%
	UNITED STATES	20.2	5.1%
	NETHERLANDS	11.8	3.0%
	AUSTRIA	9.6	2.4%
	BELGIUM	9.4	2.4%
	POLAND	8.3	2.1%
	JAPAN	7.3	1.8%
	SWITZERLAND	6.2	1.5%
	Other OECD COUNTRIES	48.7	12.2%
	<b>Total OECD</b>		<b>327.9</b>
<b>Non-OECD</b>	ASIA	25.6	6.4%
	CENTRAL AND SOUTH AMERICA	18.0	4.5%
	AFRICA	11.5	2.9%
	NEAR AND MIDDLE EAST	7.9	2.0%
	CENTRAL AND EASTERN EUROPE	4.3	1.1%
	REST OF EUROPE	3.5	0.9%
<b>Total non-OECD</b>		<b>70.8</b>	<b>17.8%</b>
<b>Total</b>		<b>398.7</b>	<b>100.00%</b>

### Duration of risks

94% of Coface's credit exposures comprises short-term risks. The maximum credit duration mentioned in its policies rarely exceeds 180 days.

## Note 12. Share capital

31/12/2010	Number of share	Nominal in €	Capital in €
At 1 January	31,051,615	3,811,225	118,344,691
Capital increase	4,881,873	3,811,225	18,605,916
Options exercised	5,862	3,811,225	22,341
<b>At 31 December</b>	<b>35,933,488</b>	<b>3,811,225</b>	<b>136,950,608</b>

## Note 13. Provisions for liabilities and charges

in K€	31/12/2010	31/12/2009	31/12/2008
Provisions for pension and other post-employment benefit obligations (Note 14)	61,240	63,215	61,347
Other provisions	21,698	7,668	9,131
<b>Total</b>	<b>82,938</b>	<b>70,883</b>	<b>70,478</b>

in K€	31/12/2009	Charges	Reversals	Changes in consolidation scope	Exchange rate effects	Other changes	31/12/2010
Provisions for disputes	4,002	1,574	(1,087)	(2,250)	251	(101)	2,389
Provisions for pension and other post-employment benefit obligations	63,213	8,314	(5,114)	(6,871)	297	1,401	61,240
Other provisions for liabilities and charges	3,667	20,949	(1,377)	(4,173)	239	4	19,310
<b>TOTAL</b>	<b>70,883</b>	<b>30,837</b>	<b>(7,578)</b>	<b>(13,294)</b>	<b>786</b>	<b>1,304</b>	<b>82,938</b>

The €14 million increase in other provisions (excluding provisions for pension and other post-employment benefit obligations) relates mainly to "Provisions for liabilities and charges on non-consolidated companies" for Coface SA. These provisions essentially pertain to non-consolidated Asian entities.

Other changes during the year essentially comprise a €1,768 thousand reclassification from one account to another in respect of Coface Assicurazioni.

## Note 14. Employee benefits

Changes in the group's benefit obligations			
in K€	31/12/2010	31/12/2009	31/12/2008
<b>Present value of benefit obligations at 1 January</b>	<b>72,923</b>	<b>69,890</b>	<b>66,445</b>
Error correction	560		
Acquisitions/mergers/deconsolidations	(7,520)		68
Change in method for calculating retirement indemnities		63	690
Rights earned on past service cost (following revisions to the plan)	1,827		
Past service cost		(6)	(19)
Current service cost	3,433	2,768	2,710
Interest cost	2,856	3,512	4,698
Actuarial (gains)/losses	(4,554)	740	1,606
Benefits paid	(5,114)	(3,930)	(6,310)
Curtailments and settlements	2	2	2
Prior year adjustments	203	(116)	
<b>Present value of benefit obligations at 31 December</b>	<b>64,616</b>	<b>72,923</b>	<b>69,890</b>
<b>Changes in plan assets</b>			
<b>Fair value of plan assets at 1 January</b>	<b>1,367</b>	<b>1,280</b>	<b>1,286</b>
Return on plan assets	77	87	(65)
Acquisitions/mergers/deconsolidations	(439)		
Employees' contributions	7		
Employers' contributions	4,164	3,826	5,568
Benefits paid	(4,109)	(3,826)	(5,509)
<b>Fair value of plan assets at 31 December</b>	<b>1,067</b>	<b>1,367</b>	<b>1,280</b>
<b>Reconciliation</b>			
<b>Present value of benefit obligations at 31 December</b>	<b>64,616</b>	<b>72,923</b>	<b>69,890</b>
Fair value of plan assets	1,067	1,367	1,280
<b>Deficit</b>	<b>(63,549)</b>	<b>(71,556)</b>	<b>(68,610)</b>
Unrecognised past service cost	(4,619)	(4,467)	(4,807)
Unrecognised actuarial losses	6,928	12,810	12,070
<b>Liability recognised on the balance sheet at 31 December</b>	<b>(61,240)</b>	<b>(63,213)</b>	<b>(61,347)</b>
<b>Profit and loss account</b>			
Current service cost	3,433	2,768	2,710
Interest cost	2,856	3,512	4,698
Expected return on plan assets	(77)	(79)	(74)
Amortisation of impact of change in method for calculating retirement indemnities <sup>(1)</sup>	(278)	(277)	(295)
Amortisation of past service cost	1,824	(6)	(19)
Amortisation of actuarial gains and losses	654	504	855
Curtailments and settlements			
Prior year adjustments	(86)	(625)	
<b>Expenses recognised in profit or loss for the period</b>	<b>8,326</b>	<b>5,797</b>	<b>7,875</b>

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

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

	France	Coface Deutschland	Coface Austria	Coface Assicurazioni
Inflation rate	1,60%	1,60%	1,60%	2,00%
Discount rate <sup>(1)</sup> :		4,90%	4,90%	4,65%
Plan for lump-sum retirement payments	3,25%			
Plan for long-service awards	2,70%			
Plan for pensions	2,10%			
Plan for mutual and other medical coverage	3,70%			
Rate of salary increases (including inflation)	2,30%	2,50%	3,00%	3,00%

(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.

## Note 15. Deferred taxes

in K€	31/12/2010	31/12/2009	31/12/2008
Deferred tax assets	114,557	138,766	85,913
Deferred tax liabilities	122,850	122,974	141,771
<b>Net deferred tax asset/(liability)<sup>(1)</sup></b>	<b>8,293</b>	<b>(15,792)</b>	<b>55,858</b>
<b>Deferred tax assets:</b>			
Temporary differences	30,311	39,432	71,089
Provisions for pension and other employee benefit obligations	13,106	13,052	12,399
Adjustments for finance leases <sup>(2)</sup>	1,656	2,094	2,425
Tax loss carryforwards <sup>(3)</sup>	69,484	84,188	-
<b>Total</b>	<b>114,557</b>	<b>138,766</b>	<b>85,913</b>
<b>Deferred tax liabilities:</b>			
Temporary differences <sup>(4)</sup>	122,850	122,974	141,771
Provisions for pension and other employee benefit obligations			
<b>Total</b>	<b>122,850</b>	<b>122,974</b>	<b>141,771</b>

(1) Deferred tax assets for the French entities have been calculated at the rate of 34.43% for expected recovery dates after 2010.

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

(3) The deferred tax asset on losses consists essentially of €68 million in respect of Coface SA. Economically, it represents a receivable due from Natixis as a result of Coface SA being part of the Natixis group for tax consolidation purposes.

The change in deferred tax on tax losses at 31 December 2010 compared with the previous year end was attributable mainly to the €14 million reversal in respect of Coface SA, the parent company, as a result of the profit generated in 2010.

(4) Temporary differences giving rise to deferred tax liabilities primarily concern the cancellation of the claims equalisation provision in an amount of €117 million.

## Note 16. Financing liabilities

in K€	31/12/2010	31/12/2009	31/12/2008
• Bank borrowings	561,959	441,381	358,920
• Obligations under finance leases	17,605	20,299	23,356
• Bank overdrafts and other borrowing	252	5,260	10,326
<b>TOTAL</b>	<b>579,817</b>	<b>466,940</b>	<b>392,602</b>

**Note 17. Maturity analysis of financing liabilities**

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Due within one year:</b>			
• Bank borrowings	561,959	439,745	349,963
• Obligations under finance leases	2,575	2,098	1,985
• Bank overdrafts and other borrowings	217	3,300	8,714
<b>Total</b>	<b>564,751</b>	<b>445,143</b>	<b>360,662</b>
<b>Due between one and five years:</b>			
• Bank borrowings		1,636	8,957
• Obligations under finance leases	12,667	10,245	10,803
• Other borrowings	35	1,960	1,612
<b>Total</b>	<b>12,702</b>	<b>13,841</b>	<b>21,372</b>
<b>Due in more than five years:</b>			
• Bank borrowings			
• Obligations under finance leases	2,363	7,956	10,568
• Other borrowings			
<b>Total</b>	<b>2,363</b>	<b>7,956</b>	<b>10,568</b>
<b>Total</b>	<b>579,817</b>	<b>466,940</b>	<b>392,602</b>

At 31 December 2010, debt due within one year consisted mainly of loans from Natixis to Coface Deutschland and Cofinpar for €165 million and €342 million respectively.

Financing liabilities in the strict sense of the term amounted to €236 million (excluding borrowings entered into by Cofinpar on behalf of the factoring entities, being €342 million, and by CHNA on behalf of CCMNA, an American factoring company, being €2 million).

**Note 18. Other liabilities**

in K€	31/12/2010	31/12/2009	31/12/2008
Creditors arising from direct insurance operations	71,230	83,338	70,159
Guarantees and deposits received	6,732	3,993	7,806
Creditors arising from reinsurance operations	104,768	115,741	62,509
Cash deposits received from reinsurers	10,775	10,061	10,890
Reinsurance creditors (estimated)	11,529	11,519	18,787
<b>Total creditors arising from insurance and reinsurance operations</b>	<b>205,033</b>	<b>224,653</b>	<b>170,150</b>
<b>Current taxes</b>	<b>61,487</b>	<b>59,650</b>	<b>58,765</b>
Employee profit-sharing fund (Coface blocked accounts)	9,232	9,537	8,483
Accrued personnel costs	39,327	44,680	44,378
Sundry creditors	132,389	182,605	147,628
Deferred income	9,420	27,174	33,280
Other accruals	7,410	2,409	2,602
<b>Other liabilities</b>	<b>197,780</b>	<b>266,405</b>	<b>236,371</b>
<b>Deferred tax liabilities (Note 15)</b>	<b>122,850</b>	<b>122,974</b>	<b>141,771</b>
<b>Sub-total - Other liabilities</b>	<b>587,150</b>	<b>673,682</b>	<b>607,057</b>
<b>Due to banking sector companies</b>	<b>2,855,068</b>	<b>2,168,164</b>	<b>2,578,227</b>
<b>Due to customers of banking sector companies</b>	<b>820,355</b>	<b>1,089,798</b>	<b>1,037,857</b>
<b>TOTAL</b>	<b>4,262,573</b>	<b>3,931,644</b>	<b>4,223,142</b>

## Notes to the consolidated profit and loss account

### Note 19. Consolidated turnover by business line

Coface's turnover is now presented on an earned basis, i.e. it includes provisions for unearned premiums and prepaid related services. This presentation of

turnover provides for better apportionment of income for the year.

in K€			
<b>a) By business line</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>Insurance:</b>			
Premiums - direct business	1,069,030	969,093	989,932
Premiums - inward reinsurance	83,320	66,651	58,918
Provisions for unearned premiums	(18,960)	29,206	(30,127)
<b>Earned premiums net of cancellations</b>	<b>1,133,390</b>	<b>1,064,950</b>	<b>1,018,723</b>
<b>Sales of services:</b>			
Policy fees	99,837	105,942	103,370
Other insurance-related services	8,100	14,417	14,079
Prepaid related services	(26)	(6)	13
<b>Insurance-related services</b>	<b>107,911</b>	<b>120,353</b>	<b>117,462</b>
<b>Remuneration of public procedures management services</b>	<b>69,422</b>	<b>63,975</b>	<b>66,761</b>
Information and other services	136,467	149,122	156,762
Trade receivables management	54,005	63,019	46,701
<b>Sub-total</b>	<b>190,472</b>	<b>212,141</b>	<b>203,463</b>
<b>Factoring:</b>	<b>120,984</b>	<b>102,038</b>	<b>99,816</b>
<b>Consolidated turnover</b>	<b>1,622,178</b>	<b>1,563,457</b>	<b>1,506,226</b>
<b>b) By billing country</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
France	441,972	468,642	490,497
Germany	349,618	307,870	305,236
Italy	149,904	142,938	149,241
Austria	55,378	51,988	56,238
United Kingdom	66,724	65,806	60,811
Spain	70,171	76,598	69,708
Other European countries	192,599	182,350	157,516
Americas	180,250	156,645	135,936
Asia	90,987	88,450	62,906
Other	24,575	22,172	18,137
<b>Consolidated turnover</b>	<b>1,622,178</b>	<b>1,563,457</b>	<b>1,506,226</b>
<b>c) Insurance turnover by type of insurance</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>Credit insurance</b>			
Export	531,800	484,715	484,163
Domestic	539,329	517,897	473,648
<b>Total</b>	<b>1,071,129</b>	<b>1,002,611</b>	<b>957,811</b>
Guarantees	57,476	59,104	58,733
Other	4,785	3,235	2,179
<b>Total guarantees and other</b>	<b>62,260</b>	<b>62,339</b>	<b>60,912</b>
<b>Total insurance turnover</b>	<b>1,133,390</b>	<b>1,064,950</b>	<b>1,018,723</b>

The like-for-like increase in consolidated turnover (based on constant group structure and exchange rates) came to 3.8%, i.e. 1.7 percentage points higher than the reported growth figure of 2.1%.

Like-for-like data is calculated by applying 2009 exchange rates to the 2010 data and restating 2009 figures based on the 2010 scope of consolidation.

**Note 20. Earned premiums**

in K€	31/12/2010	31/12/2009	31/12/2008
Premiums net of cancellations	1,152,350	1,035,744	1,048,850
Policy fees	99,837	105,942	103,370
Change in unearned premium provisions	(18,986)	29,200	(30,114)
<b>Total</b>	<b>1,233,201</b>	<b>1,170,887</b>	<b>1,122,106</b>

**Note 21. Claims-related expenses**

in K€	31/12/2010	31/12/2009	31/12/2008
Paid claims, net of recoveries and paid policyholder bonuses	(595,219)	(990,181)	(530,182)
Claims handling expenses	(38,702)	(66,510)	(58,390)
Change in claims provisions and provisions for policyholder bonuses	(6,894)	(49,784)	(209,300)
<b>Total</b>	<b>(640,815)</b>	<b>(1,106,475)</b>	<b>(797,872)</b>

**Note 22. Expenses on banking activities**

in K€	31/12/2010	31/12/2009	31/12/2008
Cost of risk	(12,813)	(18,335)	(13,799)
Operating expenses	(43,460)	(39,016)	(33,512)
<b>Total</b>	<b>(56,273)</b>	<b>(57,351)</b>	<b>(47,311)</b>

**Note 23. Business acquisition/administration costs and other current expenses**

in K€	31/12/2010	31/12/2009	31/12/2008
Commissions	(136,829)	(136,274)	(112,923)
Other business acquisition costs	(95,713)	(105,393)	(106,205)
<b>Total business acquisition costs</b>	<b>(232,542)</b>	<b>(241,667)</b>	<b>(219,128)</b>
<b>Administrative costs</b>	<b>(212,350)</b>	<b>(155,673)</b>	<b>(172,245)</b>
<b>Other current expenses</b>	<b>(101,356)</b>	<b>(78,904)</b>	<b>(48,159)</b>
<b>TOTAL</b>	<b>(546,248)</b>	<b>(476,245)</b>	<b>(439,533)</b>

**Note 24. Reinsurance result**

in K€	31/12/2010	31/12/2009	31/12/2008
Ceded premiums	(322,029)	(234,348)	(255,757)
Change in unearned premium provisions	15,706	(13,733)	7,111
	<b>(306,323)</b>	<b>(248,080)</b>	<b>(248,646)</b>
Ceded claims	163,411	240,258	128,951
Change in claims provisions, net of recoveries	(4,007)	(30,175)	40,751
	<b>159,404</b>	<b>210,083</b>	<b>169,702</b>
Commissions paid by reinsurers	<b>75,216</b>	<b>74,561</b>	<b>88,991</b>
<b>Reinsurance result</b>	<b>(71,704)</b>	<b>36,563</b>	<b>10,407</b>

## Note 25. Net financial income excluding finance costs

in K€	31/12/2010	31/12/2009	31/12/2008
Investment income (excluding net gains/(losses) on assets and liabilities held for trading)	42,480	44,973	53,216
Net gains/(losses) on assets and liabilities held for trading	(47)	(221)	163
Net gains/(losses) on disposals	(2,895)	(11,178)	(5,559)
Change in provisions for impairment in value	(25,285)	(8,578)	(1,071)
Net exchange gains/(losses)	6,149	(2,053)	250
Investment management expenses	(7,825)	(4,157)	(3,838)
<b>Total net financial income excluding finance costs</b>	<b>12,578</b>	<b>18,787</b>	<b>43,161</b>

## Note 26. Financial income by investment class

in K€	31/12/2010	31/12/2009	31/12/2008
Property	278	302	481
Equities	(7,172)	(12,725)	(1,592)
Fixed-income instruments	38,632	40,879	43,885
Derivatives	(1,045)	(3,389)	(333)
<b>Sub-total</b>	<b>30,693</b>	<b>25,067</b>	<b>42,441</b>
Management expenses	(7,819)	(4,157)	(3,838)
Net exchange gains/(losses)	6,149	(2,053)	250
Dividends received from non-consolidated companies	5,429	4,866	3,546
Charges to provisions on shares in non-consolidated companies	(21,874)	(6,812)	1,244
Gains/(losses) on shares in non-consolidated companies	0	1,875	(481)
<b>Total</b>	<b>12,578</b>	<b>18,787</b>	<b>43,161</b>

In 2010, the €22 million of provisions on non-consolidated investments comprises:

- €10 million of impairment on non-consolidated investments, mainly in Asia and Latin America;

- €12 million of provisions for liabilities and charges on non-consolidated investments, mainly in Asia.

## Note 27. Other income and expenses from operations

in K€	31/12/2010	31/12/2009	31/12/2008
Other operating income	62,183	22,240	3,969
Other operating expenses	(14,304)	(1,771)	(3,640)
<b>Net</b>	<b>47,879</b>	<b>20,469</b>	<b>329</b>

In 2010, other income from operations primarily included:

- A €54 million gain on the disposal of services companies to Coface Holding;
- A €3.6 million gain on the disposal of Coface shares;
- A €1.3 million gain on the sale of the personal receivables management business by Coface Services to IJCOF.

Other expenses on operations mainly comprise:

- €12.7 million for the scrapping of part of the Iris information system.

In 2009, other income from operations primarily included:

- A €20 million gain on the disposal of Cerved;
- A €1.4 million gain on the disposal of Coface shares.

Other expenses on operations included:

- €1.2 million of exceptional charges incurred on completion of the liquidation of non-consolidated dormant companies in the UK.

**Note 28. Income tax**

<b>in K€</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Current taxes	(17,439)	(23,231)	(55,476)
Deferred taxes	(25,587)	84,364	41,261
<b>Total</b>	<b>(43,026)</b>	<b>(61,133)</b>	<b>(14,215)</b>

**Tax proof**

<b>in K€</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Net attributable profit/(loss)	115,127	(162,926)	40,876
Net profit/(loss) - minority interests	1,981	661	1,200
Income tax for the period <sup>(1)</sup>	43,026	(61,133)	14,215
Share of profits of associates	(6,048)	(5,242)	(12,685)
Dividends received from non-consolidated companies	(5,429)	(4,866)	(3,546)
<b>Consolidated profit/(loss) before tax and share of profits of associates</b>	<b>148,657</b>	<b>(233,506)</b>	<b>40,060</b>
Permanent differences <sup>(2)</sup>	(23,446)	(1,676)	(1,003)
<b>Consolidated taxable profit/(loss)</b>	<b>125,211</b>	<b>(235,182)</b>	<b>39,057</b>
Theoretical tax rate	34.43%	34.43%	34.43%
<b>Theoretical tax</b>	<b>(43,110)</b>	<b>80,973</b>	<b>(13,447)</b>
Tax credits	531	661	520
Impact of tax consolidation		1,829	(966)
Social contribution and other surtaxes	(281)	(815)	382
Tax reassessments	(654)	(9,695)	(228)
Differences between group rates and local rates <sup>(3)</sup>	2,886	(2,031)	3,926
Deferred taxes not recognised for reasons of prudence	(2,731)	(10,312)	(4,763)
Deferred taxes recognised on temporary differences			361
Tax on prior years and other taxes (including carry back)	333	523	
<b>Tax charge for the period</b>	<b>(43,026)</b>	<b>61,133</b>	<b>(14,215)</b>

The theoretical tax rate used is the forecast rate at 31 December 2010 for Coface SA, the parent company.

The effective tax rate at 31 December 2010 is 27.2% compared with 27.3% at 31 December 2009.

- (1) At 31 December 2010, the total amount of tax capitalised on losses stood at €69,484 thousand, relating mainly to the parent company Coface SA for €67,505 thousand and Coface Espagne, its branch, for €1,730 thousand. The profits of these companies were such that in 2010, €14,704 thousand of tax capitalised on losses was reversed and the five-year business plans still confirm the possibility of these losses being recovered.
- (2) At 31 December 2010, the main permanent differences concerned Cofinpar and Coface SA in respect of the gain on the disposal of the services companies (€54 million), Coface SA in respect of provisions on securities not deductible for tax purposes (€22 million) and Coface Assicurazioni in respect of the cancellation of deferred tax capitalised in prior years (€10 million).
- (3) Principally due to the 31.23% rate applicable in Germany, the 25% rate applicable in Austria and the Netherlands, the 38.72% rate applicable in Italy (average of several rates) and the rate of around 39% applicable in Brazil.

**Note 29. Share of profits of associates**

<b>in K€</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
Cerved	0	-389	6,097
Cofacredit	1,619	1,397	3,230
Graydon	4,429	4,234	3,358
<b>Total</b>	<b>6,048</b>	<b>5,242</b>	<b>12,685</b>

## Additional information

### Note 30. Analysis of current operating profit by business segment

in K€	Insurance + Insurance-related services		Company information/ Receivables management	
	31/12/10	31/12/09	31/12/10	31/12/09
Turnover	1,323,020	1,264,074	225,321	249,461
Claims expenses	(646,951)	(1,112,648)		
External business acquisition costs: commissions	(138,022)	(138,479)		
Other administrative costs	(417,113)	(357,627)	(219,145)	(223,297)
Reinsurance result	(71,708)	36,563		
<b>Operating margin</b>	<b>49,226</b>	<b>(308,117)</b>	<b>6,176</b>	<b>26,164</b>
Net investment income	6,076	10,112	1,539	1,676
<b>Current operating profit including finance costs</b>	<b>55,302</b>	<b>(298,005)</b>	<b>7,714</b>	<b>27,840</b>

	Factoring		Intra-group, inter-business line		Total	
	31/12/10	31/12/09	31/12/10	31/12/09	31/12/10	31/12/09
Turnover	113,218	89,304	(39,381)	(39,382)	1,622,178	1,563,457
Claims expenses and cost of risk relating to factoring	(12,813)	(18,335)	6,136	6,173	(653,628)	(1,124,810)
External business acquisition costs: commissions			1,191	2,010	(136,831)	(136,470)
Other administrative costs	(57,213)	(49,908)	33,498	32,009	(659,973)	(598,823)
Reinsurance result			4		(71,704)	36,563
<b>Operating margin</b>	<b>43,193</b>	<b>21,061</b>	<b>1,449</b>	<b>810</b>	<b>100,042</b>	<b>(260,082)</b>
Net investment income		(4)	-1,449	(810)	6,166	10,974
<b>Current operating profit including finance costs</b>	<b>43,193</b>	<b>21,057</b>	<b>0</b>	<b>0</b>	<b>106,208</b>	<b>(249,108)</b>

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

#### Insurance

Insurance segment turnover primarily represents income from premiums, related services (billing of so-called ancillary services) and the management of public procedures.

Turnover from the management of public procedures corresponds mainly to remuneration paid by the French State. This remuneration is provided for under a "Financial Agreement" signed by the French government and Coface. A new financial 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. The agreement for the period post-2010 is currently under negotiation.

The gross operating margin of the group's insurance business corresponds to premiums written plus or minus changes in unearned premiums provisions, policy fees and the remuneration paid by the State less claims expenses and 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 the 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.

Premiums paid by clients, claims paid and amounts recovered under guarantees are paid over to the State and, as such, are not reflected in the group's consolidated financial statements. Costs relating to the management of public procedures essentially comprise expenses incurred in connection with the issuance of State guarantees, claims management expenses and the cost of recovering bad debts covered by these guarantees.

#### Insurance-related services

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

#### Company information and receivables management

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. Expenses consist essentially of the cost of obtaining information and debt recovery expenses, selling expenses, general operating expenses and administrative expenses. They correspond to the line "Expenses on other activities" in the consolidated profit and loss account.

#### Factoring

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

Cost of risk 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 cost of risk" in the consolidated profit and loss account.

### Note 31. Analysis of the consolidated balance sheet by business segment

Coface applies IFRS 8, which calls for segment information to be presented based on the breakdown of the business used by management for operational control purposes. In practice, segment information is presented by business segment.

The business segments used for publication of the financial statements are consistent with Coface's reporting lines, namely:

- insurance and related services;
- factoring;
- company information and marketing – receivables management.

#### Balance sheet at 31 December 2010

ASSETS	Insurance and Insurance- related services	Factoring	Information & marketing Receivables management	Inter- business line	Total Assets
<b>in K€</b>					
Goodwill	138,098	15,048	46,532		199,678
Other intangible assets	62,801	34,865	7,019		104,684
Insurance business investments	2,340,407	93	100,100	(543,142)	1,897,458
Debtors arising from banking and other activities		4,017,954		(4,000)	4,013,954
Investments in associates		14,960			14,960
Reinsurers' share of liabilities relating to insurance and financial contracts	318,452				318,452
Debtors arising from insurance and reinsurance operations	398,652			(904)	397,748
Other	515,967	153,075	51,604	(75,405)	645,242
<b>TOTAL ASSETS</b>	<b>3,774,376</b>	<b>4,235,995</b>	<b>205,255</b>	<b>(623,451)</b>	<b>7,592,175</b>

LIABILITIES AND SHAREHOLDERS' FUNDS	Insurance and Insurance- related services	Factoring	Services	Inter- business line	Total liabilities and shareholders' funds
<b>in K€</b>					
Provisions for liabilities and charges	80,604	1,036	1,298		82,938
Liabilities relating to insurance contracts	1,315,047			(99)	1,314,948
Resources used by banking sector activities		4,016,698		(341,276)	3,675,422
Creditors arising from insurance and reinsurance operations	205,033				205,033
Other	302,682	32,862	60,891	(75,806)	320,630
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>1,903,366</b>	<b>4,050,596</b>	<b>62,189</b>	<b>(417,180)</b>	<b>5,598,971</b>

Balance sheet at 31 December 2009

ASSETS	Insurance and Insurance- related services	Factoring	Information & marketing Receivables management	Inter- business line	Total Assets
<b>in K€</b>					
Goodwill	136,155	21,412	187,838		345,405
Other intangible assets	66,857	355	63,871		131,083
Insurance business investments	1,738,855	80	101,552	(335,422)	1,505,065
Debtors arising from banking and other activities	0	3,271,830		(2,359)	3,269,471
Investments in associates	0	14,349	7,220		21,569
Reinsurers' share of liabilities relating to insurance and financial contracts	281,603				281,603
Debtors arising from insurance and reinsurance operations	467,942				467,942
Other	587,964	108,568	114,368	(60,061)	750,839
<b>TOTAL ASSETS</b>	<b>3,279,375</b>	<b>3,416,594</b>	<b>474,849</b>	<b>(397,842)</b>	<b>6,772,976</b>

LIABILITIES AND SHAREHOLDERS' FUNDS	Insurance and Insurance- related services	Factoring	Services	Inter- business line	Total liabilities and shareholders' funds
<b>in K€</b>					
Provisions for liabilities and charges	60,300	386	10,197		70,883
Liabilities relating to insurance contracts	1,256,509				1,256,509
Resources used by banking sector activities	(2)	3,265,964		(8,000)	3,259,962
Creditors arising from insurance and reinsurance operations	224,652				224,652
Other	292,584	24,883	131,962	(60,049)	389,380
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>1,834,042</b>	<b>3,291,234</b>	<b>142,159</b>	<b>(68,049)</b>	<b>5,199,385</b>

The total assets and liabilities broken down by segment can be reconciled with the consolidated balance sheet as follows:

in K€	2010	2009
<b>Assets analysed by business line</b>	<b>7,592,175</b>	<b>6,772,976</b>
Current tax receivable	44,417	42,335
<b>Total assets (as per the consolidated balance sheet)</b>	<b>7,636,592</b>	<b>6,815,311</b>
<b>Liabilities analysed by business line</b>		
Total shareholders' funds	1,396,317	1,089,335
Current tax payable	61,487	59,650
Financing liabilities	579,817	466,940
<b>Total liabilities and shareholders' funds (as per the consolidated balance sheet)</b>	<b>7,636,592</b>	<b>6,815,311</b>

Note 32. Earnings per share

31/12/2010

	Average number of shares	Net profit (in K€)	Earnings per share (in €)
Basic earnings per share	33,492,552	115,127	3.44
Dilutive instruments:			
Number of shares	32,787		
Income net of tax and employee profit-sharing			
<b>Diluted earnings per share</b>	<b>33,525,339</b>	<b>115,127</b>	<b>3.43</b>

31/12/2009

	Average number of shares	Net profit (in K€)	Earnings per share (in €)
Basic earnings per share	31,051,615	(162,923)	(5.25)
Dilutive instruments:			
Number of shares	39,300		
Income net of tax and employee profit-sharing			
<b>Diluted earnings per share</b>	<b>31,090,915</b>	<b>(162,923)</b>	<b>(5.25)</b>

31/12/2008

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

### Note 33. Employees

At 31 December 2010, fully-consolidated companies had a total of 4,259 employees compared with 5,190 at 31 December 2009.

a) By business segment	31/12/2010	31/12/2009	31/12/2008
Insurance and insurance-related services	2,385	2,408	2,303
Information – Receivables management and other	1,874	2,782	2,727
<b>Total</b>	<b>4,259</b>	<b>5,190</b>	<b>5,030</b>

b) By country	31/12/2010	31/12/2009	31/12/2008
France	1,347	2,182	2,187
Germany	761	759	756
Italy	172	185	171
United Kingdom	147	157	150
Spain	220	224	214
Portugal	156	156	158
Austria	124	125	117
Other European countries	573	669	583
United States	421	430	412
Other	338	303	282
<b>Total</b>	<b>4,259</b>	<b>5,190</b>	<b>5,030</b>

Changes in the number of employees are due mainly to companies removed from the consolidation scope:

- Coface Services: 569 employees;
- Kompass International: 199 employees;
- Coface Services Belgium: 68 employees.

At constant consolidation scope, the group had 5,095 employees at 31 December 2010 compared with 5,190 employees at 31 December 2009, a decline of 95. This reduction is essentially attributable to the sale of the personal receivables management business and the transfer of its staff (18 employees) from Coface Services to IJCOF, a joint venture formed with Intrum Justicia, a non-group company.

### Note 34. Off-balance sheet commitments

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Off-balance sheet commitments</b>			
<b>Commitments given</b>	<b>75,247</b>	<b>50,709</b>	<b>48,771</b>
Endorsements and letters of credit	57,473	31,405	29,094
Property guarantees	7,669	7,831	7,654
Financial commitments in respect of equity interests of which, consolidated companies	3,210	4,312	4,941
Obligations under finance leases	6,895	7,161	7,082
<b>Contingencies</b>			
<b>Commitments received</b>	<b>246,050</b>	<b>69,638</b>	<b>61,254</b>
Endorsements and letters of credit	125,525	59,374	52,377
Guarantees	110,067		
Credit lines			
Financial commitments in respect of equity interests of which, consolidated companies	10,458	10,264	8,877
Other			
<b>Reciprocal commitments</b>	<b>57,318</b>	<b>12,434</b>	<b>7,700</b>
Forward purchases and sales of foreign currencies	57,318	12,434	7,700
<b>Guarantees received</b>	<b>260,518</b>	<b>284,850</b>	<b>240,778</b>
Securities lodged as collateral by reinsurers	260,518	284,850	240,778
<b>Financial market transactions</b>	<b>25,400</b>	<b>6,600</b>	<b>100</b>

The guarantees relate essentially to the factoring business:

- sureties given represent bank guarantees given by Cofinpar in favour of two group entities: Coface Poland Factoring, Coface Chile Factoring and Coface Factoring Mexico, for €30 million, €9 million and €15 million respectively;
- endorsements and letters of credit received consist largely of letters of credit granted by Natixis to Coface North America Insurance for €40 million and lines of credit granted to Coface Assicurazioni by three Italian banks for €71 million.

The €110 million of guarantees received correspond to personal security received from shareholder-directors of Coface Poland Factoring's client companies in

connection with the factoring business. The amount recorded in off-balance sheet items is limited to the total receivables guaranteed at 31 December 2010.

Financial commitments given correspond to the unpaid portion of Coface SA's commitment to Private Equity funds for €3.2 million.

Financial market transactions correspond to futures contracts on purchases and sales of German bonds maturing in March 2011.

The guarantee commitment mechanism operates as follows: reinsurers undertake to guarantee the transactions accepted by presenting pledged securities. These securities continue to be recognised in assets on the reinsurer's balance sheet and are recorded as an off-balance sheet item for Coface SA.

### Note 35. Fees paid by Coface to the statutory auditors and members of their networks

in K€	2010			
	DELOITTE	%	KPMG	%
<b>Audit</b>				
Review of interim financial statements	57		24	
Audit of annual financial statements	1,011		1,620	
Other assignments and due diligence	0		5	
<b>Sub-total</b>	<b>1,068</b>	<b>39%</b>	<b>1,649</b>	<b>60%</b>
Internal audit	10		5	
Legal, tax and corporate advisory services	7		110	
Other			0	
<b>Sub-total</b>	<b>17</b>		<b>115</b>	
<b>Total</b>	<b>1,085</b>	<b>32%</b>	<b>1,764</b>	<b>52%</b>

### Note 36. Transactions incorporating a government guarantee

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

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

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

- these transactions are not required to be recorded on Coface's balance sheet or in its profit and loss account. Only the management fees received in this connection appear in the profit and loss account, these being based on the volume of business entrusted and the service quality provided to both policy-holders 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

Year ended 31 December 2010

### COFACE

12, Cours Michelet  
La Défense 10 - 92800 PUTEAUX

### 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 2010 on:

- The audit of the consolidated financial statements of Coface S.A., as attached to this report;
- The justification of our assessments;
- The 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 assurance 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 December 2010 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 context in which the 2010 financial statements were prepared remained particularly challenging: the economic environment experienced further weakness and uncertainty and the changing nature of the economic crisis now has monetary ramifications within the Eurozone.

It is against this backdrop that, as required by Article L. 823-9 of the French Commercial Code (Code de commerce), we made our own assessments, which we bring to your attention:

- Your group raises technical provisions to cover its commitments. Section 3.8 of Note 3 to the consolidated financial statements (Accounting principles and methods) details the methods used to estimate such provisions. On the basis of the information available on the balance-sheet date, our assessment of the technical provisions is based on an analysis of the calculation methods and assumptions used.
- Investments are recognised and measured in accordance with the procedures described in section 3.8 of Note 3 to the consolidated financial statements (Accounting principles and methods). We satisfied ourselves as to the correct application of the measurement methods used and assessed, on the one hand, the information and assumptions on which their measurement was based and, on the other hand, the classification methods used, on the basis of the documentation prepared by the group.
- Goodwill was tested for impairment in accordance with the procedures described in section 3.8 of Note 3 to the consolidated financial statements (Accounting principles and methods). On the one hand, we reviewed the methods applied in conducting these tests based on the group's segmentation of the cash generating units and, on the other hand, we checked the consistency of the assumptions used with the forecasts based on the strategic plans drawn up under the group's control.
- We examined the criteria used to capitalise deferred tax assets recognised in respect of tax losses carried forward, as described in section 3.8 of Note 3 to the consolidated financial statements (Accounting principles and methods). 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, the 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, 16 February 2011

KPMG Audit  
A unit of KPMG S.A.

Francine Morelli  
Partner

Neuilly-sur-Seine, 16 February 2011

DELOITTE & ASSOCIES

Damien LEURENT  
Partner





# Risk management

## 1. Organisation of risk management

2010 featured the creation of a risk management department on 1 October, incorporating the departments in charge of permanent control of operational, financial and credit risks. Compliance risk continues to be managed by the Legal and Compliance Department. The new department is part of the overall framework for adapting risk management to the new Solvency II regulations.

The risk control system established in place within the Coface group is based on three levels of control:

- Level 1 operational permanent controls performed by the business lines,
- Level 2 permanent controls performed by a network of 'control and compliance' correspondents under the supervision of the Legal and Compliance Department and of the Risk Management Department,
- Level 3 periodic controls performed by the Coface Audit Department (DAC).

Control and compliance correspondents are appointed at all Coface's main entities and departments. They have responsibility for performing locally the COLOR (COntrol Level ORganisation) level 2 programme of controls defined at group level, verifying compliance with group standards and overseeing the progress of the action plans decided upon.

A risk committee meets on a quarterly basis. It approves the action plans, oversees their implementation and deals with any risk management issues referred to it.

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 tools to manage and control these risks to ensure they remain within prudent limits.

## 2. Underwriting risk

### Credit risk

Credit risk corresponds to the risk of losses on the insurance portfolio.

A distinction is generally made between frequency risk and catastrophe risk

Frequency risk is the risk of a sudden and significant increase in non-payment by a large number of debtors:

- It is covered by technical reserves calculated using a statistical claims model that simulates loss ratios based on observed and current claims patterns.
- This risk is measured for each entity by monitoring the default ratio by business sector (domestic credit), by country (export credit) or by product line (surety bonding, single risks). The loss ratios of the various underwriting centres are also monitored at consolidated level. Defaults are monitored on a weekly basis and analysed at a committee meeting each month.

- Catastrophe risk is the risk of unusually high losses in respect of a single debtor or group of debtors, or a substantial accumulation of losses suffered in a single country. The main purpose of Coface's reinsurance strategy is to cover this risk.

As well as monthly controls carried out at the level of each underwriting unit, the group has set up a central system based on:

- centralising potential claims in excess of a certain ceiling (currently €1 million for the two main entities, Coface S.A. and Coface Kredit, and €0.5 million for all other underwriting units) and drawing on the services of a specialised debt collection subsidiary, Coface Recovery Business Intelligence;
- 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 €35 million or maximum loss in a stress scenario of €15 million) and defines risk ceilings for emerging countries;
- a rating system for major corporate and country risks;
- a scoring system for small risks; and
- statistical valuation of severity (maximum potential loss in the event of a claim) by debtor, group of debtors or emerging country.

Investment grade risks – rated BBB or higher - and their equivalent in scores account for 85% of the credit insurance portfolio.

A systematic scoring policy has been implemented and now covers 98% of the portfolio.

All major risks are monitored on a centralised basis both in terms of numbers and monthly movements.

Approval rates for non-investment grade risks are monitored on a monthly basis.

### (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 event in any particular country might have a disproportionate impact on the group's overall loss ratio. The insurance policies contain clauses enabling credit limits to be reduced during the term of the contract. Consequently, debtor risks can be reduced relatively rapidly in the event of any deterioration in the debtor's solvency.

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 2010.

## Exposure to debtor risk

Coface's insurance policies cover the risk of non-payment by more than 2.45 million debtors worldwide. At 31 December 2010, the average exposure per debtor was €163 thousand.

82% of debtors covered by Coface's credit insurance policies are located in OECD countries and mainly in Europe, particularly 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 presents a debtors distribution analysis, based on Coface's total risk exposure as at 31/12/2010 in each case.

Exposure band in K€	Exposure (in € millions)	Number of limits	Number of debtors	% of total exposure
Rejection	0	751,566	552,657	<b>0.0%</b>
1 – 10 K€	4,152	575,017	533,151	<b>1.0%</b>
11 – 20 K€	6,514	487,943	386,156	<b>1.6%</b>
21 – 30 K€	4,359	274,575	165,275	<b>1.1%</b>
31 – 40 K€	3,608	200,499	98,253	<b>0.9%</b>
41 – 50 K€	5,241	190,452	109,481	<b>1.3%</b>
51 – 60 K€	3,198	133,327	56,538	<b>0.8%</b>
61 – 70 K€	2,700	107,069	40,446	<b>0.7%</b>
71 – 80 K€	3,165	102,214	41,762	<b>0.8%</b>
81 – 90 K€	2,157	75,784	24,945	<b>0.5%</b>
91 – 100 K€	4,891	102,403	49,639	<b>1.2%</b>
101 – 150 K€	12,121	302,080	96,692	<b>3.0%</b>
151 – 200 K€	9,730	202,795	54,698	<b>2.4%</b>
201 – 300 K€	16,104	281,063	64,917	<b>4.0%</b>
301 – 400 K€	12,710	189,963	36,318	<b>3.2%</b>
401 – 500 K€	10,923	143,266	24,215	<b>2.7%</b>
501 – 800 K€	25,169	281,711	39,779	<b>6.3%</b>
801 – 1,500 K€	12,871	120,987	14,329	<b>3.2%</b>
1 M€ – 2 M€	42,414	316,882	30,434	<b>10.6%</b>
2 M€ – 5 M€	59,645	283,662	19,487	<b>15.0%</b>
5 M€ – 10 M€	43,431	131,996	6,269	<b>10.9%</b>
10 M€ – 50 M€	73,373	131,421	3,945	<b>18.4%</b>
50 M€ – 100 M€	19,747	16,070	294	<b>5.0%</b>
100 M€ – 200 M€	10,470	6,569	78	<b>2.6%</b>
>200 M€	9,986	4,412	29	<b>2.5%</b>
<b>Total</b>	<b>398,679</b>	<b>5,413,726</b>	<b>2,449,787</b>	<b>100.0%</b>

## Geographical distribution of risks

The debtors covered by Coface's credit insurance policies are mainly concentrated in Western Europe, particularly Germany, France, Italy and the United Kingdom, which together represented 46.5% of the group's total credit insurance exposure at 31 December 2010. More than 68% of the debtors covered by the group's insurance policies are located in Europe. Debtors outside the OECD represented around 18% of the group's exposure.

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 2010 is provided in the table below.

Country/Region	Exposure (in € bn)	% of total exposure
<b>OCDE</b>		
Germany	66,5	16,7
France	53,5	13,4
Italy	43,3	10,9
United Kingdom	21,8	5,5
Spain	21,3	5,3
United States	20,2	5,1
Netherlands	11,8	3,0
Austria	9,6	2,4
Belgium	9,4	2,4
Poland	8,3	2,1
Japan	7,3	1,8
Switzerland	6,2	1,5
Other OECD countries	48,7	12,2
<b>TOTAL OECD</b>	<b>327,9</b>	<b>82,2</b>
Asia	25,6	6,4
Central and south America	18,0	4,5
Africa	11,5	2,9
Near and Middle East	7,9	2,0
Central and Eastern Europe	4,3	1,1
Other non-OECD countries	3,5	0,9
<b>TOTAL non-OCDE</b>	<b>70,8</b>	<b>17,8</b>
<b>TOTAL</b>	<b>398,7</b>	<b>100,0</b>

## Duration of risks

94% of the group's credit insurance portfolio consists of short-term risks. The maximum duration of these policies rarely exceeds 180 days.

Level 2 controls are performed to ensure that the group's credit risk standards are complied with.

### (ii) Shared interests 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 reflected in several aspects of Coface's risk management policies.

## Decision making

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 or exposure-based premiums

Premiums are calculated based on the insured party's sales or on the risk covered.

## Credit quality and bonuses

Premiums are determined based on 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. They are calculated based on the actual loss experience and the risk-weighted exposure generated by the policy at the renewal date. 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 sharing with the insured

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. A principle of global cover is also applied: 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. It begins 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. Coface RBI – a subsidiary of Coface SA – also participates in the collection of large losses.

### *(iii) A sophisticated underwriting system: Atlas*

Underwriting decisions are made by underwriters located in various underwriting centres, working online using the risk centralisation system, Atlas.

Atlas is a proprietary software and database developed by Coface and its main subsidiaries, which is used to manage more than 5.4 million credit limits granted to over 2.45 million debtors. At the end of 2010 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. The internal and external information is fed into Atlas in real time by the Iris system.

Atlas 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.

The underwriters may ask the insured for explanations and additional information if required for examining the credit limit request. 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. Atlas automatically blocks underwriting decisions in excess of the limit assigned to an underwriter.

Underwriting decisions comply with the overall underwriting standards established for the group as a whole.

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

The putting in place of a global risk monitoring policy, and the related monitoring tools, was facilitated by the creation of a group risk management function in 2002, since renamed the Holding Risk Underwriting department. It is headed

by a Risk Underwriting Director and is supported by a Major Risks Committee which manages the main risk exposure to groups of debtors, monitors country risk policy 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 risks that have been specifically accepted within Atlas.

### *(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.

### **Group quota-share treaty**

Under this treaty, which covers gross premiums written, the group undertakes to cede to its reinsurers 24% of total premiums written in 2010, as well as the same proportion of corresponding losses, from the first euro. 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 €41 million in retained risks per debtor. Country coverage protects Coface against any annual accumulation of losses in a given country representing over €41 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 (€41 million per debtor and per non-OECD 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' equity.

Coface's external reinsurance is provided by a total of 21 reinsurers. The reinsurers that cover the largest share of the risks are Hannover Re and Scor. Standard & Poor's rated the claims paying ability of these principal reinsurers at, respectively, 'AA-' and 'A' at 31 December 2010. All of Coface's other reinsurers in 2010 had ratings of between 'A-' and 'AAA' assigned by one of the main independent international rating agencies.

Since 1990 when excess loss reinsurance treaties were first put in place, Coface has never made a claim in respect of 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 53% in 2010 compared with 98% in 2009 and 73% in 2008.

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.

## 3. Financial Risk

### Internal control of investment management

#### Board of Directors of Coface SA

Each year, the Board of Directors approves the overall asset management policy presented to it by the Executive Committee.

Based on the solvency report and the annual investment report, the Board of Directors checks the match between the assets represented and regulated commitments and checks compliance with eligibility, congruency, limitation and dispersion rules.

#### Executive Committee

The Executive Committee defines the overall asset management policy and standards.

The Secretary General informs the Executive Committee of any breaches of the limits set. The committee can decide to change the limits to ensure a more appropriate risk profile or request that exposure be reduced to within the authorised limits.

#### Investment Committee

The investment departments provide the Investment Committee with all the information on their portfolio management. The committee is chaired by the Holding Finance Director and is composed of the heads of the various investment departments.

The Investment Committee meets every two months.

#### Holding Finance Department

Within the limits fixed by the Executive Committee, the Holding Finance Department:

- sets the guidelines for strategic investment decisions;
- determines the weighting of each asset class in the group's strategic allocation and the technical characteristics of each asset class;
- allocates a quota per asset class to each entity and provides a series of benchmark indicators; and
- keeps constant watch to ensure the portfolio is in accordance with the regulations, the limits set and the benchmark indices.

The group is exposed to financial risk with respect to fluctuations in net investment income and to risks relating to different asset classes. For each asset class, stress scenarios are drawn up based on the sharpest fall in value in a single year based on the longest available statistical data. The confidence interval applied is 97.5% which means that the maximum loss (Value at Risk) calculated should occur only once in 40 years. The group policy consists of strictly limiting financial risk, measured based on 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 €50.1 million at 31 December 2010. Actual VaR at that date stood at €36.4 million, well within the authorised limits.

For example, an immediate 100 basis point increase in bond interest rates would produce a decrease of approximately €37 million in unrealised capital gains, i.e. around 2% of the total value of the fixed income products held by the group at 31 December 2010.

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 euro 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. The hedging aim is to protect the group from adverse exchange rate fluctuations and hedging positions are reviewed on a quarterly basis. Forward contracts in GBP and HKD dollars have been acquired to hedge currency risks as Coface SA's liabilities include commitments to its policyholders. Coface's trading room is responsible for carrying out and monitoring these transactions.

### Counterparty risk

Over 92% of the bonds and other fixed-income instruments held by Coface at 31 December 2010 were rated at least A (or equivalent) by one or more internationally-recognised rating agencies.

### Interest rate risk

Interest-rate risk is limited on Coface's portfolio as the maximum sensitivity authorised for bond assets has been deliberately capped at 4<sup>(1)</sup>.

### Liquidity risk

A large part (39% at end 2010) of Coface's investments is invested in money market instruments. Most of the other fixed-income products and shares 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.

### Future hedging policy

Depending on market conditions and Coface's expectations, the investment policy authorises the use of forward financial instruments (swaps, futures and options) traded on regulated markets with permanent liquidity, or over-the-counter transactions entered into with counterparties rated A- or higher, to hedge equity market risk or the risk of a rise in interest rates.

The nominal amount of the hedge is limited to the amount of the underlying assets held in the portfolio (equities or fixed-income products) so as to hedge the assets effectively held in the portfolio.

This possibility was drawn upon in 2010 by implementing an options strategy designed to hedge against a fall in the equity markets.

### Exposure to sovereign debt

Coface's financial portfolio is only very marginally invested in the sovereign debt of peripheral euro-zone countries. Exposure to the sovereign debt of Greece, Ireland, Portugal and Spain amounts to only €16 million, or 2% of the total bond portfolio.

### *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 €1,840 million at 31 December 2010, including cash and cash equivalents, compared with €1,462 million at 31 December 2009.

The investment allocation policy is designed to comply with legal and regulatory requirements as well as obtaining an optimal balance between risks and return.

The most significant aspects of the policy are as follows:

- Coface invests only in property used in the business. For reasons of asset/liability management, during the 1990s, Coface decided to dispose of almost all of its investment property. As a result, the property portfolio is currently composed essentially of buildings used in connection with the group's activities.
- At 31 December 2010 the maximum authorised limit for investments in equities or equity funds was 16% of total financial assets. Investments in equities accounted for 1.4% of the portfolio at the end of 2010. In addition, the assets must globally comply with the VaR limit described above and calculated monthly.

Level 2 controls ensure compliance with the Group investment policy.

## 4. 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 French Treasury Department and by the French insurance supervisory authority, ACP (Autorité de Contrôle Prudentiel). 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.

Under Decree no. 2006-287 of 13 March 2006, insurance companies are required to provide ACP with an annual report on internal control. In this respect, level 2 controls have been in place since 2008. These controls concern in particular licences and regulatory authorisation, compliance with protection of personal data regulations, the putting in place of procedures to ensure data confidentiality, governance rules and the efficiency of reporting procedures.

The insurance policies underwritten by Coface SA are subject to contract law, however, 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.

(1) Sensitivity measures the loss of value of a bond in the event of a rise in interest rates. A bond with a sensitivity of 4 will lose 4% of its market value if interest rates rise by 1%.

- Business intelligence 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.

## 5. 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 its financial position, business or results of operations.

## 6. 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 maximum 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.

## 7. Operational risks

Coface defines operational risk as the risk of losses resulting from flaws or failures due to procedures and people in all areas of business except credit and financial, and to internal systems or external events.

### Operational risk mapping

To improve knowledge of operational risk, Coface mapped risk at all its Credit Insurance and Services entities between 2004 and 2009 using an independent appraisal method. In 2009 and 2010, risk mapping was extended to the Factoring business using a qualitative method recommended by Natixis.

The mapping is updated based on the completion of action plans and the resulting control of risk.

### Centralisation of incidents and losses

An incident is the occurrence of an operational risk that could result or might have resulted in a financial loss, an unjustified gain, or other non-financial consequences.

All operating incidents and losses are recorded. A summary report of the incidents recorded and the related action plans is produced and circulated each month.

Level two controls have been put in place with regard to underwriting of policies, invoicing of premiums and services and, since 2010, the pricing of products.

### Action plans and reports

The aim of the measures described above – risk mapping, centralisation of incidents and losses and level two controls - is to identify operational risks precisely and then to draw up and implement preventive or remedial action plans designed to reduce or contain these risks.

The Operational Risks department is responsible for reporting to the risk committee, Coface's management bodies and Natixis' operational risks department.

### 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 or staff.

The continuity plan was developed based on a detailed survey of user needs and on a 'master' document that provides the blueprint for developing a system of business continuity management throughout the group. The overall approach is consistent with the methods used by Natixis and with generally accepted business continuity practices. The BCP's main operational elements are the crisis management plan and business-line continuity plans.

A backup of all the data and software applications used by Coface is provided by the back-up site of a Coface subsidiary.

A backup site run by a specialist firm is available to Coface's headquarters staff in the event of a crisis. The "information systems" component of the business continuity plan is tested twice a year.

## 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 2010, the group's solvency margin stood at €909.3 million, representing 5.8 times the required minimum of €155.8 million, compared with €548.7 million at end-2009, which had represented 3.7 times the required minimum of €148.5 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 2010, the Coface's admissible assets exceeded its regulated liabilities by €326 million.

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.





Statutory financial  
statements  
for the year ended  
31 December 2010

## Balance sheet at 31 December 2010

in K€			
ASSETS	31/12/2010	31/12/2009	31/12/2008
<b>Uncalled subscribed capital / liaison account with head office</b>			
<b>Intangible assets</b>	74,341	43,784	37,670
<b>Investments</b>			
Property	927	1,003	313
Investments in subsidiaries and affiliates	272,554	278,651	402,927
Other investments	752,629	510,834	594,063
Deposits with ceding insurers	2,019	884	801
	<b>1,028,130</b>	<b>791,371</b>	<b>998,104</b>
<b>Reinsurers' share of technical provisions</b>			
Provisions for unearned premiums and unexpired risks	50,007	34,197	47,733
Claims provisions	238,904	218,342	223,501
Provisions for bonuses and rebates	8,558	7,219	9,961
	<b>297,469</b>	<b>259,757</b>	<b>281,195</b>
<b>Debtors</b>			
Debtors arising from direct insurance operations			
Accrued premiums	75,752	75,290	100,434
Other	148,199	129,768	123,291
Debtors arising from reinsurance operations	85,271	155,326	51,136
Other debtors:			
Recoverable personnel costs	300	746	875
Recoverable taxes	5,208	4,359	5,876
Sundry debtors	155,206	100,599	74,268
	<b>469,936</b>	<b>466,088</b>	<b>355,880</b>
<b>Other assets</b>			
Tangible assets used in the business	6,404	6,709	6,307
Cash at bank and in hand	73,052	114,954	115,079
	<b>79,456</b>	<b>121,663</b>	<b>121,386</b>
<b>Prepayments and accrued income</b>			
Prepaid interest and rentals	5,171	3,385	3,177
Deferred acquisition costs	19,932	19,303	24,751
Other	9,465	13,265	8,505
	<b>34,568</b>	<b>35,953</b>	<b>36,433</b>
<b>Unrealised translation losses</b>	<b>8,360</b>	<b>23,002</b>	<b>31,495</b>
<b>TOTAL ASSETS</b>	<b>1,992,260</b>	<b>1,741,618</b>	<b>1,862,163</b>

in K€			
<b>LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
<b>Shareholders' funds</b>			
Share capital	136,951	118,345	107,120
Share premium account	626,292	469,623	389,107
Other reserves	190,721	189,913	150,834
Retained earnings	-204,405		
Net profit for the year	52,648	-204,098	78,804
Interim dividend			
	<b>802,207</b>	<b>573,783</b>	<b>725 865</b>
<b>Technical provisions before reinsurance</b>			
Provisions for unearned premiums and unexpired risks	100,976	92,765	116,573
Claims provisions	632,749	619,223	581,328
Provisions for bonuses and rebates	18,812	22,004	26,767
Claims equalisation provision	24,024	11,724	13,246
	<b>776,561</b>	<b>745,716</b>	<b>737,914</b>
<b>Provisions for liabilities and charges</b>	<b>65,794</b>	<b>41,932</b>	<b>40,398</b>
<b>Deposits received from reinsurers</b>	<b>5,194</b>	<b>4,042</b>	<b>4,857</b>
<b>Other creditors</b>			
Creditors arising from direct insurance operations	43,111	60,225	45,241
Creditors arising from reinsurance operations	116,530	153,057	72,724
Other creditors			
Other loans and deposits	13,538	15,256	14,495
Accrued personnel costs	28,754	27,015	26,462
Accrued taxes	45,611	26,793	22,283
Sundry creditors	55,384	79,498	151,161
	<b>302,928</b>	<b>361,844</b>	<b>332,366</b>
<b>Accrued charges and deferred income</b>	<b>18,095</b>	<b>13,885</b>	<b>20,763</b>
<b>Unrealised translation gains</b>	<b>21,480</b>	<b>416</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b>1,992,260</b>	<b>1,741,618</b>	<b>1,862,163</b>

## Off-balance sheet commitments at 31 december 2009

in K€	31/12/2010	31/12/2009	31/12/2008
<b>COMMITMENTS RECEIVED</b>	<b>67,776</b>	<b>22,698</b>	<b>16,577</b>
<b>1. On investments:</b>			
- Commitment to purchase Proparco shares (May 2013 to May 2018)	6,814	6,814	5,601
- 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	180	149	122
- Guarantee provided by Hanover Reinsurance Africa for commitments made by Lireas Holdings: ZAR 1,592.5 thousand	180	149	122
- Swanvest liability warranty for CUAL until 9/03/2011: ZAR 1,885 thousand	213	177	144
- Guarantee provided by Santam for commitments made by Swanvest: ZAR 1,885 thousand	213	177	144
- IPRJ Investments liability warranty for CUAL until 9/03/2011: ZAR 1,592.5 thousand	179	149	122
- Guarantee provided by Kreditinform for commitments made by IPRJ Investments: ZAR 1,592.5 thousand	179	149	122
<b>Total</b>	<b>10,458</b>	<b>10,264</b>	<b>8,877</b>
<b>2. Forward purchases of foreign currencies: *</b>			
<b>(from 29/12/10 to 28/01/11)</b>			
EUR	57,318	12,434	7,700
<b>Total</b>	<b>57,318</b>	<b>12,434</b>	<b>7,700</b>

\* Les montants correspondent aux encours garantis dans le cadre des polices d'assurance change délivrées par la Coface. Les instruments de dérivés utilisés sont exclusivement à des fins de couverture. Aucune position spéculative n'est prise. Les produits des opérations de couverture sont inclus dans le résultat technique de Coface SA.

in K€	31/12/2010	31/12/2009	31/12/2008
<b>COMMITMENTS GIVEN</b>	<b>86 578</b>	<b>25 703</b>	<b>15 160</b>
<b>1. Guarantees and endorsements</b>			
- Natixis guarantee on employees' time savings accounts (payment guarantee from 26/02/10 to 24/02/11)	EUR	400	
<b>Total</b>	<b>400</b>		
<b>2. On investments</b>			
- Commitment to subscribe to the E. De Rothschild venture capital funds (I and II + Side)		1,710	2,362
- Commitment to subscribe to the Ventech Capital venture capital fund		1,500	1,950
- Liability warranty granted on the sale of ICAP to Business Data Investments SA (from 01/02/07 to 05/02/09)			104
<b>Total</b>	<b>3 210</b>	<b>4 312</b>	<b>4 941</b>
<b>3. Forward sales of foreign currencies</b> (from 29/12/10 to 28/01/11)			
	GBP 28,000	32,814	
	HKD 250,000	24,504	
	USD		6,967
	CHF		3,900
	JPY		2,000
	ZAR		3,467
<b>Total</b>	<b>57,318</b>	<b>12,434</b>	<b>7,700</b>
<b>4. Interest rate swaps: non-hedging derivatives</b>			
- Schatz contracts: commitment to sell 135 10Y German bonds (maturity March 2011)		13,500	2,500
- Bund contracts: commitment to purchase 39 10Y German bonds (maturity March 2011)		3,900	3,400
- Bobl contracts: commitment to purchase 40 5Y German bonds (maturity March 2011)		4,000	700
- Buxl contracts: commitment to sell 13 24Y to 35Y German bonds (maturity March 2011)		4,000	
<b>Total</b>	<b>25,400</b>	<b>6,600</b>	
<b>5. Equipment finance leases</b>			
- Miscellaneous equipment with initial cost, excluding VAT, of €9,719 thousand (3 to 5 years), of which €1,380 due within 1 year		3,222	2,357
<b>Total</b>	<b>250</b>	<b>2,357</b>	<b>2,419</b>
<b>COLLATERAL RECEIVED</b>	<b>249,558</b>	<b>284,850</b>	<b>240,778</b>
Securities lodged as collateral for reinsurers' share of technical provisions			

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 for the year ended 31 december 2010

### TECHNICAL ACCOUNT

in K€	31/12/2010			31/12/2009	31/12/2008
	Gross Brutes	Ceded business	Net	Net	Net
<b>Earned premiums</b>	<b>696,707</b>	<b>(307,644)</b>	<b>389,063</b>	<b>401,465</b>	<b>351,664</b>
Premiums written	704,917	(323,455)	381,462	391,194	364,702
Change in provisions for unearned premiums and unexpired risks			7,601	10,272	(13,038)
<b>Allocated investment income transferred from non-technical account</b>	<b>12,688</b>		<b>12,688</b>	35,043	22,148
<b>Other underwriting income</b>	<b>70,352</b>		<b>70,352</b>	68,812	72,340
<b>Claims expenses</b>	<b>(332,811)</b>	<b>162,863</b>	<b>(169,948)</b>	<b>(545,232)</b>	<b>(343,038)</b>
Paid claims	(292,389)	142,301	(150,088)	(447,019)	(182,974)
Change in claims provisions	(13,526)	20,562	7,036	(43,054)	(109,296)
Claims handling expenses	(26,896)		(26,896)	(55,159)	(50,768)
<b>Policyholders' bonuses</b>					
Change in provisions for policyholders' bonuses	3,192	1,340	4,532	2,020	(1,044)
<b>Business acquisition costs and administrative expenses</b>	<b>(291,327)</b>	<b>74,272</b>	<b>(217,055)</b>	<b>(188,247)</b>	<b>(159,448)</b>
Business acquisition costs	(172,156)		(172,156)	(185,659)	(168,559)
Administrative expenses	(119,171)		(119,171)	(77,447)	(75,785)
Reinsurance commissions		74,272	74,272	74,859	84,895
<b>Other underwriting expenses</b>	<b>(27,875)</b>		<b>(27,875)</b>	<b>(18,950)</b>	<b>(19,215)</b>
<b>Change in claims equalisation provision</b>	<b>(12,301)</b>		<b>(12,301)</b>	<b>1,522</b>	<b>144,194</b>
<b>Underwriting profit</b>	<b>118,625</b>	<b>(69,169)</b>	<b>49,456</b>	<b>(243,566)</b>	<b>67,600</b>

### NON-TECHNICAL ACCOUNT

in K€	31/12/2010	31/12/2009	31/12/2008
<b>Underwriting profit</b>	<b>49,456</b>	<b>(243,566)</b>	<b>67,600</b>
<b>Investment income</b>	<b>78,589</b>	<b>164,240</b>	<b>88,932</b>
Interest and dividend income			55,598
Other investment income	3,869	6,387	2,173
Gains on disposal of investments	13,549	109,310	31,161
<b>Investment expenses</b>	<b>(44,745)</b>	<b>(88,209)</b>	<b>(31,879)</b>
Internal and external portfolio management expenses and interest expense	(2,051)	(3,732)	(4,548)
Portfolio management expenses	(5,341)	(1,702)	(1,629)
Other investment expenses	(22,086)	(7,007)	(1,055)
Losses on disposal of investments	(15,267)	(75,768)	(24,646)
<b>Investment income transferred to technical account</b>	<b>(12,688)</b>	<b>(35,043)</b>	<b>(22,148)</b>
<b>Other non-technical income</b>	<b>414</b>	<b>463</b>	<b>268</b>
<b>Other non-technical expenses</b>			
<b>Exceptional results</b>	<b>(14,229)</b>	<b>808</b>	<b>2,007</b>
Exceptional income	9,406	2,984	24,040
Exceptional charges	(23,635)	(2,176)	(22,033)
<b>Employee profit-sharing</b>	<b>(3,249)</b>	<b>(1,305)</b>	<b>(4,945)</b>
<b>Corporate income tax</b>	<b>(900)</b>	<b>(1,487)</b>	<b>(21,031)</b>
<b>Net profit for the year</b>	<b>52,648</b>	<b>(204,098)</b>	<b>78,804</b>

## Subsidiaries and affiliates

in K€ Subsidiaries and equity interests	Currency	Share capital	At 31 december 2010				Year ended 31 december 2009				
			Reserves and earnings b/f	Percentage of capital held	Value of securities held		Loans and advances granted by the company not repaid	Turnover	Net profit (loss)	Dividends received or recognised by the company	Comments
milliers				Gross	Net	EUR					
<b>I. Value &gt; 1% du capital Coface (i.e, 1,183K€)</b>											
<b>1. Subsidiaries : &gt; 50% of the share capital owned by the company</b>											
<b>a. in French companies</b>											
• <b>Cofinpar</b> 12 Cours Michelet 92065 Paris La Defense	EUR	29,280	16,664	100.000%	29,270	29,270	26,061		(17,193)	26,285	
• <b>Fimipar</b> 12 Cours Michelet 92065 Paris La Defense	EUR	7,546	3,478	99.999%	7,576	7,576		5,671	515		
<b>b. in foreign companies</b>											
• <b>Coface Italia</b> Via Giovanni Spadolini 4 - 20141 Milan - Italie	EUR	520	1,521	100.00%	3,971	3,971	2,007	3,729	235		
• <b>Coface Seguro de Credito Mexico</b> Insurgentes Sur avenue 1787 10th floor, Guadalupe Inn 01020 - Mexico	MXN	40,405	(11,248)	99.524%	3,537	3,537		3,750	284		MXN 31/12/09 = 18.9223
• <b>Coface North America Holding Company</b> 1350 Broadway suite 2000 New York, NY	USD	10	7,333	100.00%	12,605	12,605	24,684		(906)		USD 31/12/09 = 1.4406
• <b>Coface South Africa Insurance Company Ltd</b> 13 Wellington Road, Parktown South Africa	ZAR	0,20	48,620	100.00%	3,615	3,615		12,751	157		ZAR 31/12/09 = 10.666
• <b>Coface Services South Asia Pacific</b> 36 Robinson Road #19-01 City House Singapore 068877	SGD	15,000	(8,377)	100.00%	7,574	5,636	120	2,585	149		SGD 31/12/09 = 2.0194
• <b>Coface Deutschland AG (formerly Coface Holding)</b> Isaac Fulda Allee 1 55124 Mainz Allemagne	EUR	1,510	99,993	100.00%	77,254	77,254			13,324	13,200	31/12/09
• <b>Coface Greater China Services Ltd</b> 8/F Sunning Plaza, 10 Hysan Av., Causeway Bay - Hong Kong	HKD	500	27,355	100.00%	1,452	1,452		3,174	630		HKD 31/12/09 = 11.1709
• <b>Coface Central Europe Holding AG</b> Stubenring 24, 1011 Wien - Autriche	EUR	727	7,028	74.99%	4,563	4,563		4,381	2,417	2,475	
• <b>Coface UK Holdings Ltd</b> 15 Appold Street London EC2A 2DL	GBP	500	4,263	99.999%	8,318	8,318			-685		GBP 31/12/09= 0.8881
• <b>Coface Servicos Portugal</b> Av.Columbano Bordalo Pinheiro 75 1070-061 Lisboa	EUR	200	42	99.95%	5,617	5,617		7,721	54		31/12/09
• <b>Coface Sigorta AS</b> Buyukdere Cad. Yapi Kredi Plaza 34330 Istanbul	TRY	18,400	(6,810)	100.00%	9,040	9,040		12,924	521		TRY 31/12/09 = 2.1547
• <b>Coface Assicurazioni SPA</b> Via Giovanni Spadolini 4 20141 Milan - Italie	EUR	20,000	17,407	83.00%	32,662	32,662		123,669	(4,453)		31/12/09
• <b>Coface Factoring Chile<sup>(1)</sup></b> Avenida Nueva Tajamar 481 Torre Norte of. 1601 7550099 Las Condes Santiago - Chile	CLP	966,425	(163,884)	99.998%	1,315	232		650	(73)		CLP 31/12/09 = 721.21
• <b>Compania de Seguros de Credito Coface Chile<sup>(1)</sup></b> Torre Norte of. 1701	CLP	3,618,751	90,468	99.840%	5,218	5,218		12,023	409	461	CLP 31/12/09 = 721.21
• <b>Coface Rus Services Company</b> 1st Tverskaya-Yamskaya, 23, building 1 125047 Moscow - Russia	RUB	210	(149)	100.00%	1,400			1,025	(422)		RUB 31/12/09 = 43.154

(1) Subsidiaries held by the Chile branch

(2) Including cash current accounts

## Subsidiaries and affiliates

in K€ Subsidiaries and equity interests	Currency	Share capital	At 31 december 2010				Year ended 31 december 2009				
			Reserves and earnings b/f	Percentage of capital held	Value of securities held		Loans and advances granted by the company not repaid	Turnover	Net profit (loss)	Dividends received or recognised by the company	Comments
milliers				Gross	Net	EUR					
<b>I. Value &gt; 1% du capital Coface (i.e, 1,183K€)</b>			in currency			EUR	EUR	EUR	EUR	EUR	
<b>1. Subsidiaries : &gt; 50% of the share capital owned by the company</b>											
<i>b. in foreign companies</i>											
<b>• Coface Rus Insurance Company Limited</b>											
	RUB	30,000		100.00%	2,447	2,447			907		Création 2009 ( " )
(*) 125047 Moscow - Russia											
<b>• Seguradora Brasileira De Crédito A Exportação</b>											
	BRL	9,165	8,146	75.82%	6,789	6,789		6,511	718	281	BRL 31/12/09 = 2.5113
Rua Senador Dantas 74/11e andar Rio De Janeiro - Brésil											
<b>2. Equity interests (from 10 to 50% of the share capital held)</b>											
<i>a. in French companies</i>											
<b>• Axa Assurcredit</b>											
	EUR	17,400	(5,275)	40.00%	8,933	6,739		18,294	(5,904)		31/12/09
26 rue Drouot - 75009 Paris											
<b>• Coface Services</b>											
	EUR	20,294	33,432	11.305%	13,670	13,670	10,883	82,784	(43,942)		
1 Rue de l'Union - 92843 Rueil Malmaison Cedex											
<b>• Cofacredit</b>											
		4,000	32,589	36.00%	1,372	1,372		19,030	4,415	1,008	
Tour Facto - 18 rue Hoche cedex 88 92988 Paris La Defense											
<i>b. in foreign companies</i>											
<b>• Coface Austria Holding AG</b>											
	EUR	3,650	11,860	20.834%	8,794	8,794		2,350	(184)		31/12/09
Stubenring 24, 1011 Vienna - Autriche											
<b>• Kyriba Corporation</b>											
	USD		5,514,32	9.82%	2,605	2,605	42	6,335	(4,738)		USD 2008 = 1.3917
11622 El Camino Real - San Diego CA 92130 - USA											
<b>II. Other subsidiaries and equity interests</b>											
<b>1. Subsidiaries (at least 50% of the share capital held by the company)</b>											
a. in French companies <sup>(2)</sup>					1,902	1,475	8,743			5,018	
b. in foreign companies					5,858	2,338	3,386			722	
<b>2. Equity interests (from 10 to 50% of the share capital held by the company)</b>											
a. in French companies <sup>(2)</sup>					278	275					
b. in foreign companies					288	287				37	

(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

I. Capital at 31 December (in €)	2006	2007	2008	2009	2010
a. Share capital	69,795,415	86,550,387	107,120,304	118,344,691	136,950,608
b. Number of ordinary shares outstanding	18,313,117	22,709,334	28,106,527	31,051,615	35,933,488
c. Number of shares to be issued (stock options) <sup>(3)</sup>	13,966	8,639	10,355		
d. Number of convertible bonds outstanding	None	None	None	None	None
<b>II. Results of operations</b>					
a. Gross premium income excluding taxes <sup>(1)</sup>	621,341,216	652,301,546	687,770,865	691,694,927	775,683,985
Ceded premium income excluding taxes	228,259,184	260,783,442	250,461,081.00	231,226,530	323,455,091
b. Profit before tax, depreciation, amortisation and provisions	93,812,148	138,204,628	75,685,113	(221,032,075)	100,115,857
c. Corporate income tax	19,880,472	13,354,542	21,031,437	1,487,293	899,767
d. Profit after tax, depreciation, amortisation and provisions	40,705,298.	92,037,336	78,804,273	(204,098,339)	53,391,064
e. Total dividends	114,177,727	163,569,406	40,872,000		
<b>III. Earnings per share (in €)</b>					
a. Profit after tax but before depreciation, amortisation and provisions	4.04	5.50	1.94	(7.17)	2.83
b. Profit after tax, depreciation, amortisation and provisions	2.22	4.05	2.80	(6.57)	1.49
c. Dividend	6.23	7.20	1.45	0.00	0.00
<b>IV. Personnel</b>					
a. Number of employees at 31 December <sup>(2)</sup>	1,641	1,710	1,846	1,953	1,924
b. Total payroll	76,565,193	80,992,037	87,893,575	94,594,342	97,926,673
c. Total benefits	33,769,698	34,290,685	37,429,804	40,780,235	40,647,411

(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 financial statements

### Note 1. Significant events

#### Note 1.1 Continuation of 421.2 strategic plan

The 421.2 strategic plan progressed well in 2010. The four objectives were expanded:

- The "New Deal" with credit insurance policyholders.  
Since early September, all our 30,000 insurance credit customers have had free access, via our Cofanet tool, to our 2.5 million scores.  
Since October, the new RWE (Risk Weighted Exposure) indicator has been available to our policyholders, enabling them to more easily identify a purchaser's risk within the customer portfolio;
- The consolidation of our worldwide factoring network, by improving security (implementation of a new centre of excellence, centre of excellence given responsibility for assessing the ceding reinsurer risk, etc.), achieving productivity gains (refocusing on the functions specific to the business line and outsourcing of other functions to service companies, standardisation of procedures with the support of a common computer tool) and optimising our offer;
- Stronger integration of our credit management services into our credit insurance and factoring service.

The production of the Services business line in France will be the responsibility of three main departments, with a new division of activities: a Production Department for France, a Production Department for international business and the consolidation of worldwide ratings, and an Inspection and Ratings department; 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 1.2 Development

##### Coface consolidates its Credit Insurance network in Russia, a dynamic, emerging market.

On 7 June, the Russian insurance regulator (FSSN) granted a licence to Coface's subsidiary ZAO Coface Rus Insurance Company, based in Moscow. Coface thus became the first international credit insurer to obtain a licence in Russia.

The Russian insurance market is currently estimated to be worth €40 million and Coface is already one of the main players since it has been providing credit insurance in this market for four years under a technical agreement with its local partner, Kapital. Coface is now directly marketing its own credit insurance offer and this new licence will enable it to expand its presence in Russia with a comprehensive trade receivables management offer.

#### Note 1.3 Voluntary redundancy scheme

A reorganisation of the legal, risk underwriting and trade receivables departments resulted in the setting up of a voluntary redundancy scheme in December 2010, limited to 40 employees.

The charges associated with this scheme are estimated to total €4.7 million and have been recognised within provisions for liabilities and charges.

#### Note 1.4 Capital increase

A €175 million capital increase in cash was carried out in March 2010. The decision to carry out the capital increase was taken in December 2009.

## 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.

The statutory financial statements incorporate the financial statements of Coface SA's 16 international branches.

### 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. 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.

### 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:

	Depreciation method	Depreciation period
Internally-developped software	Straight line	15 years*
Purchased software	Straight line	5 years

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

## b. Tangible assets

Tangible assets are depreciated using the following methods and over the following periods:

	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 2010.

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 2010.

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

Buildings are recognised at their historical acquisition cost and depreciated over 50 years.

Coface has separated its building into the following components:

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

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 2010, transactions in forward financial instruments were as follows:

- Forward currency transactions, designed to hedge the risk of adverse fluctuations in exchange rates;
- Swaps, to hedge the risk of a rise in interest rates;
- 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 SA'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 1.6% and rate of increase of salaries (including inflation) of 2.30%.

The discount rates used of 3.25% (sensitivity 3.50%) for retirement benefits, 2.7% (sensitivity 2.95%) for long-service awards, 2.1% (sensitivity 2.35%) for pensions and 3.7% (sensitivity 3.95%) 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

Les primes brutes correspondent aux primes émises hors taxes, nettes d'annu-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. Provision for unearned premiums not yet written

The provision for unearned premiums not yet written corresponds to both premiums relating to contracts signed but not yet invoiced and estimates of adjustments calculated individually for each policy.

### d. 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.

### e. 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.

### f. Claims provisions

Claims provisions include provisions to cover the estimated cost of all reported claims not settled at the period-end. The Company also records a provision for claims incurred but not reported, which is estimated based on statistics corresponding to an estimate of the final amount of the loss to be settled after expiry of the risk and after all subrogation and salvage.

Claims provisions also 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 2009.

### g. 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.

### h. 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.

### i. 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.

### j. 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 reinsurance

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

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

### b. Ceded reinsurance

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

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

## TAX CONSOLIDATION

Coface SA has been a member of the Natixis tax consolidation group since 1 January 2003. 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. The registered office of Natixis is at 30, Avenue Pierre Mendes France, 7503 Paris, France.

## TRANSACTIONS CARRIED OUT ON BEHALF OF THE STATE

### a. State guarantee

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

- Credit insurance, which covers an exporter or its bank against the risk of non-payment of an export trade credit.

- Cover for investments, protecting against political risk, ownership risk and inability to collect the revenues generated by these investments.
- Foreign exchange cover, against the risk of a fall in the exchange rate of the invoicing currency.
- Prospection insurance protecting small and medium companies against the risk of failure of their prospection of foreign markets.
- Exporter risk cover, which protects banks against the insolvency of an exporter for which they have issued guarantees (such as repayment of advance payments) or to which they have granted a prefinancing 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.

### b. 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 balance sheet

### Note 3. Intangible assets

#### Note 3.1 Movements in intangible assets

in K€	31/12/09	Disposals	Cessions	Other movements	Assets brought into service in 2010	31/12/10
<b>Software development costs in progress</b>	<b>24,357</b>	<b>37,446</b>	<b>1,782</b>		<b>(57,870)</b>	<b>2,150</b>
Head office	19,700	37,340 <sup>(1)</sup>	1,782 <sup>(2)</sup>		(53,298) <sup>(3)</sup>	1,960
Internal costs	4,657	106			(4,572) <sup>(3)</sup>	190
<b>Software development costs</b>	<b>47,981</b>		<b>6,121<sup>(4)</sup></b>		<b>57,870<sup>(3)</sup></b>	<b>99,730</b>
<b>Merger costs</b>	<b>344</b>					<b>344</b>
<b>Software</b>	<b>14,418</b>	<b>940</b>		<b>193</b>		<b>15,552</b>
Software - France	12,080	694				12,774
Software - branches	2,338	246		193		2,778
<b>Cofacering.com merger deficit</b>	<b>2,257</b>					<b>2,257</b>
<b>Business goodwill - Australian branch</b>	<b>1,249</b>			<b>273</b>		<b>1,522</b>
<b>Total</b>	<b>90,606</b>	<b>38,386</b>	<b>7,903</b>	<b>466</b>		<b>121,555</b>

(1) Acquisition of Magellan software for €35.6 million

(2) Reversal in respect of CAT project (€1.38 million) and CREW project (€0.4 million).

(3) The Atlas credit insurance project launched in January 2010 is included in development costs in the amount of €20.6 million amortised over 15 years on a straight-line basis and the Magellan software is included in the amount of €35.6 million

(4) The consequence of the implementation of the new Atlas software was the scrapping of the former CRS software, which had not been fully amortised.

#### Note 3.2 Movements in amortisation and provisions

in K€	31/12/09	Charges	Disposals	Translation differences Other movements	31/12/10
<b>Software development costs</b>	<b>33,812</b>	<b>5,763</b>	<b>5,510</b>	<b>20</b>	<b>34,085</b>
Provision for impairment of assets in progress	1,390			(1,390)	
Merger costs	344				344
<b>Software</b>	<b>11,275</b>	<b>1,412</b>		<b>98</b>	<b>12,785</b>
Software - France	9,705	1,040			10,745
Software - branches	1,570	372		98	2,040
<b>Total</b>	<b>46,821</b>	<b>7,115</b>	<b>5,510</b>	<b>(1,272)</b>	<b>47,214</b>

## Note 3.3 Net intangible assets

in K€	31/12/2010 Gross	Amortisation and provisions	31/12/2010 Net
<b>Software development costs</b>	<b>99,730</b>	<b>34,085</b>	<b>65,645</b>
<b>Software development costs in progress</b>	2,150		2,150
Provision for impairment of assets in progress			
Merger costs	344	344	
<b>Software</b>	<b>15,552</b>	<b>12,785</b>	<b>2,766</b>
Software - France	12,774	10,745	2,029
Software - branches	2,778	2,040	737
<b>Cofacering.com merger deficit</b>	<b>2,257</b>		<b>2,257</b>
<b>Business goodwill - Australian branch</b>	<b>1,522</b>		<b>1,522</b>
<b>Total</b>	<b>121,555</b>	<b>47,214</b>	<b>74,341</b>

## Note 4. Property investments

## Note 4.1 Movements in property investments

	31/12/2009	Acquisitions and current account advances	Disposals and current account repayment	Other movements	31/12/2010
Buildings not used in the business	21				21
Shares in property companies (not used in the business)	70	3	60		14
Buildings used in the business	1,013				1,013
<b>TOTAL</b>	<b>1,103</b>	<b>3</b>	<b>60</b>		<b>1,047</b>

## Note 4.2 Movements in depreciation and provisions – property investments

	31/12/2009	Additions	Reversals/Amounts used	31/12/2010
Buildings not used in the business	8			8
Shares in property companies (not used in the business)	8			8
Buildings used in the business	84	19		104
<b>TOTAL</b>	<b>100</b>	<b>19</b>		<b>120</b>

## Note 4.3 Net property investments

	Gross 2010	Impairment/ depreciation	Carrying amount	Realisable value	Net 2009
Buildings not used in the business	21	8	13	240	13
Shares in property companies (not used in the business)	14	8	5	5	62
Buildings used in the business	1,013	104	909	1,125	928
<b>TOTAL</b>	<b>1,047</b>	<b>120</b>	<b>927</b>	<b>1,370</b>	<b>1,003</b>

Note 5. Investments in subsidiaries and affiliates

in K€		Gross	Provisions for impairment	Carrying amount	Realisable value
Subsidiaries	Note 5.1	252,769	8,221	244,548	1,025,456
Affiliates	Note 5.2	15,442	2,341	12,806	49,003
<b>Sub-total</b>		<b>267,915</b>	<b>10,562</b>	<b>257,354</b>	<b>1,074,458</b>
Other investments in subsidiaries	Note 5.3	15,159		15,159	15,159
Other investments in affiliates	Note 5.3	42		42	42
<b>Sub-total</b>		<b>15,201</b>		<b>15,201</b>	<b>15,201</b>
<b>Total</b>		<b>283,116</b>	<b>10,562</b>	<b>272,554</b>	<b>1,089,659</b>

Note 5.1 Movements in investments in subsidiaries

in K€	31/12/2009	Acquisitions	Disposals	TOTAL	Provisions	31/12/2010
<b>Unistrat Coface</b>	976			976		
<b>Coface Services</b>	13,670			13,670		13,670
<b>Cofinpar</b>	29,270			29,270		29,270
<b>Coface Gestion Réseau International</b> (Cogeri)	38			38		38
<b>Fimipar</b>	7,576			7,576		7,576
<b>Axa Assurcrédit</b>	8,933			8,933	2,194	6,739
<b>Coface Holding America Latina</b>	2			2	1	1
<b>Unistrat Corporation of America</b>	83			83		83
<b>Coface Services Korea</b>	200			200		200
<b>Coface Servicios Espana</b>	3			3		3
<b>Coface Services Suisse</b> (formerly Cofacering.Ch)	66			66		66
<b>Coface Services Japan</b>	100			100	100	
<b>Coface Central Europe Holding Ag</b> (formerly Coface Intercredit holding AG)	4,563			4,563		4,563
<b>Coface UK Holdings Limited</b>	8,318			8,318		8,318
<b>Coface Italia Srl</b>	3,971			3,971		3,971
<b>Coface Servicios Portugal</b> (formerly Coface Mope)	5,617			5,617		5,617
<b>Coface North America Holding Company</b>	12,605			12,605		12,605
<b>Coface Holding Aktiengesellschaft</b>	77,254			77,254		77,254
<b>Coface Austria Holding Ag</b>	5,982	2,812		8,794		8,794
<b>Coface Seguro Credito Mexico</b>	2,799	738		3,537		3,537
<b>Coface Sigorta As</b>	9,040			9,040		9,040
<b>Coface Assicurazioni Spa</b>	32,662			32,662		32,662
<b>Coface South Africa Insurance Company Limited</b>	3,615			3,615		3,615
<b>Coface Rus Insurance Company</b>	689	1,758		2,447		2,447
<b>Seguradora Brasileira de Credito a Exportacao</b>				6,789		6,789
<b>Coface Services South Asia Pacific Pte Ltd</b>	7,574			7,574	1,937	5,636
<b>Coface Service Taiwan</b>	986			986	986	
<b>Coface China</b>	387			387	387	
<b>Kompass China International Information Service</b>	92			92	92	
<b>Coface Greater China Finance</b> (formerly Cofacering.Com Hong Kong)	1,043			1,043	1,043	
<b>Coface Service Russia Company</b>		1,400		1,400	1,400	
<b>Coface Arb Lcc</b>	62	18		80	80	
<b>Business Data Israel (BDI)</b>	199			199		199
<b>Coface South Africa Services</b>	877			877		877
<b>TOTAL</b>	<b>239,253</b>	<b>6,726</b>	<b>6,789</b>	<b>252,769</b>	<b>8,221</b>	<b>244,548</b>

The other movements in respect of the investment in Seguradora Brasileira de Credito a Expotacao totalling €6,789 thousand correspond to a reclassification of this entity from investments in affiliates to investments in subsidiaries.

**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:

in K€	31/12/2008	Acquisitions	Disposals	Other movements	Revaluation	TOTAL	Provisions	Carrying amount
<b>Cofacredit</b>	1,372					1,372		1,372
<b>Sub-total - companies accounted for by the equity method</b>	<b>1,372</b>					<b>1,372</b>		<b>1,372</b>
<b>Coface RBI</b>	76					76		76
<b>Cerip Services Banques</b>	157					157		157
<b>Cemeca</b>	55					55		55
<b>Planet Rating Sas</b>	175		40			215		215
<b>Coface Ameem Services (CAMEEMS)</b> (formerly SOARI)	656					656	428	228
<b>Coface Servis Bilgi</b>	1,135					1,135	830	305
<b>Coface Eastern Europe Holding</b> (formerly Coface IGK Holding)	804					804		804
<b>Kyriba Corporation</b>	2,605					2,605		2,605
<b>Coface Services Belgique Holding</b> (formerly RBB)	5,232		5,232					
<b>Seguradora Brasileira de Credito a Exportacao</b>	6,789			(6,789)				
<b>Coface Greater China Services</b> (formerly Coface Frontline)	1,452					1,452		1,452
<b>Coface Services West Africa</b>								
<b>Sorenco</b>	28					28		28
<b>Recours SA</b>	58					58		58
<b>Sub-total - other investments in affiliates</b>	<b>19,222</b>	<b>40</b>	<b>5,232</b>	<b>(6,789)</b>		<b>7,241</b>	<b>1,258</b>	<b>5,984</b>
<b>Coface Chile SA</b>	4,720					5,218		5,218
<b>Coface Factoring Chile</b>	1,155				1 083	1,315	1,083	232
<b>Sub-total - other investments in affiliates and branches</b>	<b>5,876</b>				<b>687</b>	<b>6,533</b>	<b>1,083</b>	<b>5,450</b>
<b>TOTAL</b>	<b>26,470</b>	<b>40</b>	<b>5,232</b>	<b>(6,789)</b>	<b>657</b>	<b>15,146</b>	<b>2,341</b>	<b>12,806</b>

The other movements in respect of the investment in Seguradora Brasileira de Credito a Expotacao totalling €6,789 thousand correspond to a reclassification of this entity from investments in affiliates to investments in subsidiaries.

Note 5.3 Movements in other investments relating to subsidiaries and affiliates

in K€	31/12/2009	Acquisitions	Disposals	Other movments	Revaluation	TOTAL	Provisions	31/12/2010
<b>Loans to subsidiaries:</b>								
Coface Services Korea	443	7	450					
Kompass Poland	208				7	215		215
Coface Services Colombia	24		29		5			
Coface Services Ecuador	60				5	65		65
Coface Services Peru	38				3	41		41
<b>Sub-total - loans to subsidiaries</b>	<b>773</b>	<b>7</b>	<b>479</b>		<b>19</b>	<b>321</b>		<b>321</b>
Coface Assicurazioni	5,694		21			5,673		5,673
Coface South Africa Ins.Zar	10,545		237		(1,143)	9,165		9,165
<b>Sub-total - deposits</b>	<b>16,239</b>		<b>258</b>		<b>(1,143)</b>	<b>14,838</b>		<b>14,838</b>
<b>Total investments relating to subsidiaries</b>	<b>17,013</b>	<b>7</b>	<b>737</b>		<b>(1,124)</b>	<b>15,159</b>		<b>15,159</b>
<b>Total loans to affiliates</b>								
Coface Eastern Europe Holding (formerly Coface IGK Holding)	287		287					
Kyriba	39				3	42		42
<b>Total loans to affiliates</b>	<b>326</b>		<b>287</b>		<b>3</b>	<b>42</b>		<b>42</b>
<b>TOTAL</b>	<b>17,339</b>	<b>7</b>	<b>1,025</b>		<b>(1,121)</b>	<b>15,201</b>		<b>15,201</b>

Note 5.4 Dépréciation des titres - Entreprises liées et titres de participation

in K€	31/12/2009	Additions	Reversals	Other movments	Revaluation	31/12/2010
<b>Subsidiaries</b>	<b>3,990</b>	<b>4,941</b>	<b>710</b>			<b>8,221</b>
Coface South Asia		1,937				
Coface Russie Services		1,400				
Coface Greater Finance China		1,043				
Coface China		387				
Kompass China		92				
Coface ARB		80				
Coface Holding CHAL		1				
Axa Assurcrédit			710			
<b>Affiliates</b>		<b>2,341</b>				<b>2,341</b>
CAMEEMS		428				
Coface Servis Bilgi (Turkey)		830				
Coface Chile		1,083				
<b>Loans and debtors - subsidiaries</b>	<b>421</b>		<b>421</b>			
Cofacerating-Corée loan			421			
<b>Loans and debtors - affiliates</b>						
<b>TOTAL</b>	<b>4,412</b>	<b>7,282</b>	<b>710</b>			<b>10,562</b>

**Note 6. Investments**
**Note 6.1 Investments**

in K€	Gross	Provisions for impairment	Premium/ Discount	Carrying amount	Realisable value
Listed French and foreign equities	1,307	87		1,219	1,158
Money-market funds	253,679			253,679	253,933
Money-market funds - branches	11,396			11,396	11,656
Other SICAV mutual funds and listed mutual fund units	5			5	6
Shares in venture capital funds	4,046	22		4,024	4,024
Unlisted French and foreign equities	15,783	4,965		10,817	12,871
Unlisted foreign equities - OECD branches	23			23	23
Government bonds	19,455		(462)	18,993	15,711
Other listed securities - convertible bonds	192,703		(815)	191,887	190,394
Indexed government bonds	24,317		493	24,810	26,687
Variable rate government bonds	363			363	174
Variable rate bonds	2,000			2,000	2,062
Listed bonds - branches	52,622			52,622	51,644
Treasury bills	5,585		(54)	5,532	5,651
Treasury bills - branches	17,836			17,836	17,832
Commercial paper and medium-term notes	3,190			3,190	3,190
Commercial paper - branches	0			0	0
Certificates of deposit, money-market securities - branches	10,963			10,963	10,964
<b>SUB-TOTAL</b>	<b>615,272</b>	<b>5,074</b>	<b>(838)</b>	<b>609,360</b>	<b>607,980</b>
Marketable securities lodged as collateral for ceding insurers	68			68	66
Other deposits with banks	142,165			142,165	142,165
<b>TOTAL</b>	<b>757,506</b>	<b>5,074</b>	<b>(838)</b>	<b>751,594</b>	<b>750,211</b>
Adjustment: premium/discount				838	838
Derivatives / SWAPs	160			160	160
<b>TOTAL</b>	<b>757,666</b>	<b>5,074</b>	<b>(838)</b>	<b>752,591</b>	<b>751 209</b>

Note 6.2 Movements in investments

in K€	31/12/2009	Acquisitions	Disposals	Other movements	Revaluation	31/12/2010
Listed French equities	4,180		4,180			
Listed foreign equities	12,860		11,922		369	1,307
Money-market funds - France	136,575	962,827	841,041	(4,682)		253,679
Money-market funds - branches	35,330	53	25,412		1,426	11,396
COFAC2 money-market fund	32,015	52,610	65,848			18,776
AFS money-market fund			4,682	4,682		
Equity funds	51,404		51,404	5		5
COFAC2 equity fund	3,693		3,693			0
Shares in venture capital funds	2,943	1,103				4,046
Unlisted French and foreign equities	15,734		56		105	15,783
Unlisted foreign equities - OECD branches	12	12				23
Government bonds	19,455					19,455
COFAC2 listed convertible and fixed bonds	91,444	153,713	52,455			192,703
Indexed government bonds	24,317					24,317
Variable rate government bonds				363		363
Variable rate bonds	3,382		1,018	(363)		2,000
Listed bonds - branches	45,502	24,344	23,198	0	5,975	52,622
Indexed AFS bonds	22,585					22,585
Treasury bills	7,459	10,546	12,420			5,585
Treasury bills - branches	7,500	33,357	22,113	(1)	(908)	17,835
Commercial paper - branches	0					0
Commercial paper - medium-term notes and certificates of deposit	3,166	12,715	12,691			3,190
Certificates of deposits, money-market securities - branches	4,015	59,129	52,292	(1)	111	10,964
<b>SUB-TOTAL</b>	<b>468,971</b>	<b>1,257,799</b>	<b>1,118,578</b>	<b>5</b>	<b>7,077</b>	<b>615,274</b>
Marketable securities lodged as collateral for ceding insurers	73			(5)		68
Other deposits with banks	42,646	99,519				142,165
Margin call and DG/Futures Cofob	3,178		3,178			
Deposit futures net Cofob	(2,273)		(2,433)			160
Deposit/forward financial instruments put call Plac		3,411	3,411			
<b>SUB-TOTAL</b>	<b>46,802</b>	<b>102,930</b>	<b>7 334</b>	<b>(5)</b>		<b>142,393</b>
Deposits with other ceding insurers	884	359				1,243
Deposits with ceding companies - estimated		3,654	2,878			776
<b>SUB-TOTAL</b>	<b>884</b>	<b>4,013</b>	<b>2,878</b>			<b>2,019</b>
<b>TOTAL</b>	<b>513,479</b>	<b>1,364,741</b>	<b>1,125,611</b>	<b>(3)</b>	<b>7,077</b>	<b>759 684</b>

Note 6.3 Movements in provisions for impairment in value of investments

in K€	31/12/2009	Additions	Reversals	Other movements	31/12/2010
COFAC2 listed equities		177	88		87
COFAC2 equity fund	1,243		1,243		
PLAC equity fund					
Venture capital funds	329		307		22
Unlisted equities	3,448	1,517			4,965
<b>TOTAL</b>	<b>5,020</b>	<b>1,694</b>	<b>1,638</b>		<b>5,074</b>

## Note 6.4 Analysis of total investments

in K€	Gross	Carrying amount	Realisable value	Unrealised gains/ (losses)
<b>Marketable securities</b>				
• Bonds and other fixed-income securities	329,103	329,103	324,375	(4,727)
• Bond premiums and discounts		(838)		
• Listed equities and other variable-income securities	1,307	1,219	1,158	(61)
• Unlisted equities and other variable-income securities	15,806	10,841	12,894	2,054
• Money-market funds	253,679	253,679	253,933	254
• Money-market funds - branches	11,396	11,396	11,656	260
• Equity funds	4,050	4,029	4,030	1
• Bond funds				
<b>Properties and shares in property companies</b>	1,047	927	1,370	443
<b>Loans</b>				
<b>Investments in subsidiaries</b>				
Shares in subsidiaries	252,769	244,548	1,025,456	780,907
Loans to subsidiaries	321	321	321	
<b>Investments in affiliates</b>				
Shares in affiliates	15,146	12,806	49,003	36,197
Loans to affiliates	42	42	42	
Futures Deposit and margin calls asset-liability	160	160	160	
Other EUREX FUTURES - COFOB			(1)	(1)
Other forward financial instruments, unrealised foreign exchange gains/losses - Coface			(702)	(702)
<b>Sub-total - detailed analysis of investments</b>	<b>884,825</b>	<b>868,232</b>	<b>1,683,694</b>	<b>814,625</b>
Other deposits with banks	142,165	142,165	142,165	
<b>Sub-total - detailed analysis of investments</b>	<b>1,026,990</b>	<b>1,010,397</b>	<b>1,825,860</b>	<b>814,625</b>
Deposits with ceding insurers/subsidiaries	14,838	14,838	14,838	
Deposits with other ceding insurers	2,019	2,019	2,019	
- Prepayments and accrued income		1,236	1,236	
+ Accrued charges and deferred income		2,074	2,074	
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,043,848</b>	<b>1,028,092</b>	<b>1,843,555</b>	<b>814,625</b>
Margin deposit accounts or DG/forward financial instruments - liabilities		38	38	
Prepayments and accrued income/forward financial instruments - assets			702	
<b>TOTAL INVESTMENTS RECORDED ON THE BALANCE SHEET</b>	<b>1,043,848</b>	<b>1,028,130</b>	<b>1 844 295</b>	

## Note 7. Debtors and creditors

### Note 7.1 Debtor maturity analysis

DEBTORS	Within 1 year	Between 1 and 5 years	More than 5 years	31/12/2010	31/12/2009
<b>Debtors arising from direct insurance operations</b>					
• Accrued premiums	75,752			75,752	75,290
• Other	148,199			148,199	129,768
o/w subsidiaries					76,955
<b>Debtors arising from reinsurance operations</b>	85,271			85,271	155,326
o/w subsidiaries	27,683			27,683	3,305
<b>Other debtors</b>					
• Recoverable personnel costs	209	83	8	300	746
• Recoverable taxes	5,208			5,208	4,359
• Sundry debtors	126,380	28,826		155,206	100,599
o/w subsidiaries <sup>(1)</sup>	81,218	26,691		107,909	50,001
<b>TOTAL</b>	<b>441,018</b>	<b>28,909</b>	<b>8</b>	<b>469,935</b>	<b>466,087</b>

(1) Short-term loans at 31 December 2010 to Cofinpar (€26,061 thousand) and Coface Holding North America (€24,684 thousand).

### Note 7.2 Creditor maturity analysis

DETTES	Within 1 year	Between 1 and 5 years	More than 5 years	31/12/2010	31/12/2009
<b>Creditors arising from direct insurance operations</b>	43,111			43,111	60,225
o/w subsidiaries					13,850
<b>Creditors arising from reinsurance operations</b>	116,530			116,530	153,057
o/w subsidiaries	2,572			2,572	8,993
<b>Bonds</b>					
<b>Bank loans</b>					
<b>Other creditors:</b>					
• Other loans and deposits	38	6,764	6,736	13,538	15,256
• Accrued personnel costs	28,754			28,754	27,015
• Accrued taxes	45,611			45,611	26,793
• Sundry creditors	55,384			55,384	79,498
o/w subsidiaries	10,908			10,908	37,181
<b>TOTAL</b>	<b>289,428</b>	<b>6,764</b>	<b>6,736</b>	<b>302,928</b>	<b>361,844</b>

**Note 8. Other prepayments and accrued income**

in K€	31/12/2010	31/12/2009
Accrued premiums inward reinsurance (net of commissions)	6,851	11,072
Prepaid expenses	1,767	1,722
Other	847	470
<b>TOTAL</b>	<b>9,465</b>	<b>13,265</b>

**Note 9. Shareholders' funds and reserves**
**Note 9.1 Composition of the share capital**

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

During the year ended 31 December 2010:

- 1- A €175 million capital increase in cash in March 2010 was subscribed for in full by Coface Holding (4,876,011 shares). This corresponds to a capital increase of €18,584 thousand and an issue premium of €156,416 thousand.
- 2- In the first half of 2010, the exercise of 2,265 options in respect of the 3 December 2002 stock option plan resulted in a capital increase of €9 thousand and an issue premium of €97 thousand.

3- In the second half of 2010, the exercise of 3,597 options in respect of the 3 December 2002 stock option plan resulted in a capital increase of €13 thousand and an issue premium of €155 thousand.

At 31 December 2010, the share capital therefore consisted of 35,933,488 shares with a value of €136,951 thousand and a par value of €3.81 per share.

The holdings of the Company's shareholders are as follows:

- Coface Holding SAS 99,81 %
- Natixis 0,17 %
- Private individuals 0,02 %

**Note 9.2 Statement of changes in shareholders' funds and reserves**

in K€	31/12/2009	Appropriation of 2009 profit	Dividend paid in shares	Movements during the financial year	31/12/2010
<b>Capital</b>	<b>118,345</b>			<b>18,606</b>	<b>136,951</b>
<b>Share premium</b>	469,623			156,669	626,292
Crisis reserve	56,511				56,511
Capitalisation reserve	3,062			808	3,870
Construction gains reserve	488				488
Reserve for reinvested capital gains	144				144
Investment reserve	2,399				2,399
Contingency reserve	154,359				154,359
Deduction from reserves	(27,050)				(27,050)
<b>Retained earnings <sup>(1)</sup></b>		(204,098)		(306)	(204,404)
<b>Net profit/loss for the year</b>	(204,098)	204,098		52,648	52,648
<b>TOTAL</b>	<b>573,782</b>			<b>228,424</b>	<b>802,205</b>

(1) A tax was levied at the rate of 10% on the balance of the capitalisation reserve as at 1 January 2010 (2010 Amending Finance Act). The tax was paid out of retained earnings.

**Note 9.3 Proposed allocation of profit or loss for the year**

We ask you to approve our proposal to allocate the profit for the year of €52,648,564 to retained earnings.

Note 10. Provisions for liabilities and charges

in K€	31/12/2010	31/12/2009
<b>Provisions for losses on investments in associates</b>	<b>11,352</b>	<b>778</b>
- o/w Coface Services Japan (additional provision of €4,637 thousand)	4,905	268
- o/w Coface Services Taiwan (additional provision of €43 thousand)	553	510
- o/w Coface China	4,306	
- o/w Coface China Finance	866	
- o/w Coface Russie Services	443	
- o/w Cameems	279	
<b>Provisions for broker disputes</b> (Brussels branch)	<b>1,068</b>	<b>1,068</b>
<b>Provisions for employee benefits</b> (retirement, medical care, long-service awards)	31,598	29,654
- o/w Japanese branch	1,528	1,088
<b>Provision for voluntary redundancies</b> <sup>(1)</sup>	4,700	
<b>Provision for employee-related disputes</b>	160	320
<b>Provision for rents and expenses: Nanterre</b>	2,600	
<b>Excess tax depreciation on development costs</b>	14,317	10,112
<b>Total provisions</b>	<b>65,794</b>	<b>41,932</b>

(1) The provisions for the year ended 31 December 2010 were disallowed for tax purposes.

Additional provisions have been recognised due to the deterioration of the financial position of certain affiliates, mainly in Asia.

**Note 11. Claims expenses and changes in claims provisions**
**Change in claims provisions :**

Technical provisions, i.e. provisions for potential claims and those incurred but not reported, fell by €69,824 thousand.

Accounting year 2008 in K€	Loss year		
	2006	2007	2008
Claims net of recoveries	222,068	232,731	61,500
Provisions	34,999	83,887	371,984
<b>Total claims expenses</b>	<b>257,067</b>	<b>316,618</b>	<b>433,484</b>
Earned premiums	509,246	459,360	475,452
Loss ratio (in %)	50%	69%	91%

Accounting year 2009 in K€	Loss year			
	2006	2007	2008	2009
Claims net of recoveries	231,399	288,023	506,306	143,931
Provisions	30,248	91,804	234,216	358,950
Subrogation and salvage	(11,124)	(25,982)	(67,897)	(57,943)
<b>Total claims expenses</b>	<b>250,523</b>	<b>353,845</b>	<b>672,625</b>	<b>444,938</b>
Earned premiums	510,329	507,611	534,862	514,455
Loss ratio (in %)	49%	70%	126%	86%

Accounting year 2010 in K€	Loss year				
	2006	2007	2008	2009	2010
Claims net of recoveries	233,500	313,658	584,583	300,902	29,325
Provisions	46,259	42,754	119,514	145,926	304,644
Subrogation and salvage	(10,371)	(10,784)	(33,724)	(20,354)	(30,480)
<b>Total claims expenses</b>	<b>269,389</b>	<b>345,628</b>	<b>670,372</b>	<b>426,474</b>	<b>303,489</b>
Earned premiums	527,432	534,238	568,052	572,674	587,979
Loss ratio (in %)	51%	65%	118%	74%	52%

Note 12. Accrued expenses relating to other creditors

in K€	31/12/2010	31/12/2009
<b>Accrued personnel costs</b>	<b>28,754</b>	<b>27,015</b>
Accrued taxes		
- Social security	14,229	14,323
- Other	31,382	12,470
	<b>45,611</b>	<b>26,793</b>
<b>Sundry creditors</b>		
- Group current accounts	16,826	50,649
- Accrued expenses	35,572	28,614
- Other	2,986	235
	<b>55,384</b>	<b>79,498</b>
<b>Total</b>	<b>129,749</b>	<b>133,306</b>

Analysis of principle profit&loss  
aggregates

Note 13. Analysis of underwriting income and expenses  
by business line

in K€	Legal protection	Operating losses	Transport	Credit Bonding	Inward reinsurance	Total all categories 31/12/2010	Total all categories 31/12/2009
<b>1. EARNED PREMIUMS</b>	<b>111</b>		<b>350</b>	<b>520,589</b>	<b>7,728</b>	<b>167,928</b>	<b>696,707</b>
<b>1a. Premiums</b>	<b>110</b>		<b>350</b>	<b>522,958</b>	<b>6,494</b>	<b>175,006</b>	<b>704,917</b>
- Premiums written	120		350	506,656	6,436	175,373	688,934
- Accrued premiums	-11			(3,988)	113	(367)	(4,253)
- Policy fees				23,990			23,990
- Bad debts				(3,811)			(3,811)
- Change in provisions for doubtful premiums				111	(54)		57
<b>1b. Change in provisions for unearned premiums and unexpired risks</b>	<b>2</b>			<b>(2,369)</b>	<b>1,234</b>	<b>(7,078)</b>	<b>(8,211)</b>
<b>2. CLAIMS EXPENSES</b>	<b>(95)</b>	<b>(363)</b>	<b>(35)</b>	<b>(252,918)</b>	<b>(2,862)</b>	<b>(88,840)</b>	<b>(345,112)</b>
<b>2a. Paid claims net of recoveries</b>			<b>(48)</b>	<b>(237,777)</b>	<b>(2,197)</b>	<b>(52,367)</b>	<b>(292,389)</b>
<b>2b. Claims provisions and other expenses</b>	<b>(95)</b>	<b>(363)</b>	<b>13</b>	<b>(15,141)</b>	<b>(665)</b>	<b>(36,473)</b>	<b>(52,723)</b>
- Claims provisions	3		13	6,612	(665)	(19,490)	(13,526)
- Claims handling expenses	(98)	(363)		(26,435)			(26,896)
- Other technical provisions							
- Change in claims equalisation provision				4,682		(16,983)	(12,301)
<b>A. GROSS UNDERWRITING PROFIT/(LOSS) (1 + 2)</b>	<b>17</b>	<b>(363)</b>	<b>315</b>	<b>267,671</b>	<b>4,867</b>	<b>79,088</b>	<b>351,594</b>
<b>3. BUSINESS ACQUISITION COSTS</b>	<b>(98)</b>	<b>(363)</b>	<b>(35)</b>	<b>(149,790)</b>	<b>(99)</b>	<b>(21,771)</b>	<b>(172,156)</b>

	Legal protection	Operating losses	Transport	Credit	Bonding	Inward reinsurance	Total all categories 31/12/2010	Total all categories 31/12/2009
<b>4. OTHER ADMINISTRATIVE EXPENSES</b>	<b>(138)</b>	<b>2,310</b>	<b>(113)</b>	<b>(78,751)</b>			<b>(76,693)</b>	<b>(27,585)</b>
- Administrative costs	(98)	(1,133)	(113)	(117,827)			(119,171)	(77,447)
- Other underwriting expenses	(40)	(645)		(27,190)			(27,875)	(18,950)
- Other underwriting income (including financial agreement and other related income)		4,088		66,266			70,353	68,812
<b>B. BUSINESS ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES (3 + 4)</b>	<b>(236)</b>	<b>1,947</b>	<b>(148)</b>	<b>(228,541)</b>		<b>(99)</b>	<b>(21,771)</b>	<b>(248,849)</b>
<b>5. INVESTMENT INCOME</b>	<b>3</b>		<b>6</b>	<b>10,130</b>	<b>141</b>	<b>2,408</b>	<b>12,688</b>	<b>35,043</b>
<b>6. POLICYHOLDERS' BONUSES</b>				<b>3,564</b>		<b>(372)</b>	<b>3,192</b>	<b>4,763</b>
<b>C. NET INVESTMENT INCOME (5 + 6)</b>	<b>3</b>		<b>6</b>	<b>13,694</b>	<b>141</b>	<b>2,036</b>	<b>15,880</b>	<b>39,806</b>
<b>7. REINSURERS' SHARE OF EARNED PREMIUMS</b>			<b>(63)</b>	<b>(88,524)</b>	<b>(1,341)</b>	<b>(217,716)</b>	<b>(307,644)</b>	<b>(244,763)</b>
- Premiums			(63)	(88,125)	(1,341)	(233,926)	(323,455)	(231,227)
- Change in unearned premiums and unexpired risk provisions				(399)		16,210	15,811	(13,536)
<b>8. REINSURERS' SHARE OF PAID CLAIMS</b>				<b>40,712</b>	<b>1,014</b>	<b>100,575</b>	<b>142,301</b>	<b>225,468</b>
<b>9. REINSURERS' SHARE OF CLAIMS PROVISIONS</b>			<b>13</b>	<b>(4,564)</b>	<b>(200)</b>	<b>25,313</b>	<b>20,562</b>	<b>(5,160)</b>
- Claims provisions			13	(4,564)	(200)	25,313	20,562	(5,160)
- Other technical provisions								
- Change in claims equalisation provision								
<b>10. REINSURERS' SHARE OF POLICYHOLDERS' BONUSES</b>				<b>(320)</b>		<b>1,659</b>	<b>1,340</b>	<b>(2,743)</b>
<b>11. REINSURANCE COMMISSIONS RECEIVED</b>			<b>5</b>	<b>17,442</b>	<b>173</b>	<b>56,652</b>	<b>74,272</b>	<b>74,859</b>
<b>D. REINSURANCE RESULT (8 + 9 + 10 + 11 - 7)</b>			<b>(45)</b>	<b>(35,254)</b>	<b>(354)</b>	<b>(33,517)</b>	<b>(69,169)</b>	<b>47,661</b>
<b>UNDERWRITING PROFIT/(LOSS) (A + B + C + D)</b>	<b>(216)</b>	<b>1,584</b>	<b>128</b>	<b>17,569</b>	<b>4,555</b>	<b>25,837</b>	<b>49,456</b>	<b>(243,566)</b>

## Note 14. Gross premiums written

in K€	Direct insurance France	Direct insurance other EU countries	Direct insurance outside the EU	Direct insurance Total
<b>31/12/2010</b>	250,144	142,594	156,977	549,715
<b>31/12/2009</b>	271,783	136,211	120,069	528,063

Note 15. Analysis of general operating expenses by type

in K€	31/12/2010	31/12/2009	
	Total	Total	Change
<b>COMMISSIONS</b>			
Commissions paid or due (excluding branches)	50,572	56 057	(9.78%)
Unistrat commissions - direct insurance and inward reinsurance	3,760	6,058	(37.93%)
Commissions paid or due (branches)	46,178	40,167	14.96%
Commission for rating management			
<b>Total commissions</b>	<b>100,510</b>	<b>102,283</b>	<b>(1,73%)</b>
<b>OTHER EXPENSES</b>			
<b>Payroll costs</b>			
Remuneration of staff in France	79,950	78,259	2.16%
Remuneration of staff outside France	17,976	16,336	10.05%
Payroll taxes - France	28,754	28,167	2.08%
Payroll taxes outside France	3,202	2,654	20.67%
Provision for employee-related commitments	1,313	1,652	(20.50%)
<b>Total payroll costs</b>	<b>131,195</b>	<b>127 067</b>	<b>3.25%</b>
<b>Taxes other than income tax</b>			
Business tax	698	2,977	(76.55%)
Unrecovered and irrecoverable VAT	5,366	4,280	25.36%
Transport tax (gross)	1,751	1,862	(5.92%)
Other (payroll and land taxes)	5,299	3,936	34.63%
Taxes other than income tax (branches)	2,32	1,323	53.53%
<b>Total taxes other than income tax</b>	<b>15,146</b>	<b>14,378</b>	<b>5.34%</b>
<b>External expenses</b>			
Property expenses (rent, service charges and maintenance)	19,173	20,371	(5.88%)
Equipment rental	1,159	1,142	1.47%
Vehicle and equipment maintenance	3,262	4,531	(28.00%)
External works	4,266	3,087	38.19%
Supplies, small appliances	2,137	1,851	15.48%
IT expenses	6,457	6,225	3.73%
Telecommunication expenses	1,825	2,575	(29.14%)
External staff (temporary, seconded and "VIE" - French international internship programme)	5,748	4,967	15.73%
Insurance	354	315	12.46%
Professional fees	47,241	45,807	3.13%
Advertising and marketing expenses	1,847	2,333	(20.84%)
Travelling and entertaining	2,652	3,296	(19.54%)
Head office expenses recharged	(12,804)	(13,170)	(2.77%)
Training	1,272	1,043	21.92%
Sundry expenses (documentation and membership fees)	1,615	1,861	(13.23%)
Expenses recharged (to third parties and COGERI)	(22,737)	(30,272)	(24.89%)
External expenses - branches and foreign	24,997	25,395	(1.57%)
<b>Total external expenses</b>	<b>88,464</b>	<b>81,358</b>	<b>8.73%</b>

in K€	31/12/2010	31/12/2009	
	Total	Total	Change
<b>Depreciation and amortisation</b>			
Depreciation of tangible assets	1,426	1,491	(4.38%)
Amortisation of software development costs	6,803	4,241	60.39%
Amortisation of overseas software			
Amortisation of branches' software development costs	372	383	(2.90%)
Amortisation of capital increase costs			
Reversal of amortisation of intangible assets			
Amortisation of intangible assets	7,175	4,625	55.14%
<b>Provisions</b>			
Provision for non-current assets in progress		422	(100.00%)
Provision for repair costs	2,600		
Reversals of provisions for liabilities and charges	30	(1,258)	
<b>Total depreciation, amortisation and provisions</b>	<b>11,231</b>	<b>5,279</b>	<b>112.74%</b>
<b>TOTAL COMMISSIONS AND OTHER EXPENSES</b>	<b>346,547</b>	<b>330,364</b>	<b>4.90%</b>

#### Note 15.1 Analysis of general operating expenses by type: France

Coface SA's various reorganisations in France resulted, in 2010, in a change in the method of allocating expenses based on cost accounting principles. The contribution of Coface CLD's 30 departments was reviewed.

The new method resulted in a significant change in the breakdown of expenses based on cost accounting principles for 2010:

In order to validate the consistency of the new cost allocation keys, the new breakdown was applied to the preceding year:

	Old method		New method	
	2010	2009	2010	2009
Business acquisition costs	48,85%	52,19%	44,42%	45,19%
Administrative costs	26,25%	23,46%	36,75%	37,21%
Claims expenses	20,31%	20,01%	8,50%	8,31%
Investment management expenses	0,72%	0,72%	2,18%	2,02%
Other technical expenses	3,87%	3,62%	8,15%	7,28%
	100%	100%	100%	100%

Coface SA's general operating expenses, excluding those of its branches, increased by 3.2% during 2010: they totalled €245.1 million for the year ended 31 December 2010 compared with €237.6 million for the year ended 31 December 2009

Analysis of general operating expenses by type: France

in K€	31/12/2010	31/12/2009	Change
	Total	Total	(%)
<b>Commissions</b>			
Commissions paid or due (excluding branches)	50,572	56,057	(9.8%)
Unistrat commissions - direct insurance and inward reinsurance	3,760	6,058	(37.9%)
Commission for rating management			
<b>Total commissions</b>	<b>54,332</b>	<b>62,115</b>	<b>(12.5%)</b>
<b>Payroll costs</b>			
Remuneration of staff in France	82,294	81,297	1.2%
Payroll taxes - France	28,754	28,167	2.1%
Payroll costs recharged	(8,308)	(9,491)	(12.5%)
Provision for employee-related commitments	1,313	1,652	(20.5%)
<b>Total payroll costs</b>	<b>104,053</b>	<b>101,624</b>	<b>2.4%</b>
<b>Taxes other than income tax</b>			
Business tax	698	2,977	(76.5%)
Unrecovered and irrecoverable VAT	5,366	4,280	25.4%
Transport tax (gross)	1,751	1,862	(5.9%)
Other (payroll and land taxes)	5,299	3,936	34.6%
<b>Total taxes other than income taxes</b>	<b>13,114</b>	<b>13,055</b>	<b>0.5%</b>
<b>External expenses</b>			
Property expenses (rent, service charges and maintenance)	19,173	20,371	(5.9%)
Equipment rental	1,159	1,142	1.5%
Vehicle and equipment maintenance	3,262	4,531	(28.0%)
External works	4,266	3,087	38.2%
Supplies, small appliances	2,137	1,851	15.5%
IT expenses	6,457	6,225	3.7%
Telecommunication expenses	1,825	2,575	(29.1%)
External staff (temporary, seconded and "VIE" - French international internship programme)	5,748	4,967	15.7%
Insurance	354	315	12.5%
Professional fees	47,241	45,807	3v1%
Advertising and marketing expenses	1,847	2,333	(20.8%)
Travelling and entertaining	2,652	3,296	(19.5%)
Head office expenses recharged	(12,804)	(13,170)	(2.8%)
Training	1,272	1,043	21.9%
Sundry expenses (documentation and membership fees)	1,615	1,861	(13.2%)
Expenses recharged (to third parties and COGERI)	(22,737)	(30,272)	(24.9%)
External expenses - branches and foreign	86	735	(88.3%)
<b>Total external expenses</b>	<b>63,552</b>	<b>56,698</b>	<b>12.1%</b>
<b>Depreciation and amortisation</b>			
Depreciation of tangible assets	664	728	(8.8%)
Amortisation of intangible assets	6,803	4,241	60.4%
<b>Provisions</b>			
Provision for non-current assets in progress		422	(100.0%)
Provision for repair charges	2,600		
Reversals of provisions for liabilities and charges	30	(1,258)	
<b>Total depreciation, amortisation and provisions</b>	<b>10,097</b>	<b>4,133</b>	<b>144.3%</b>
<b>TOTAL COMMISSIONS AND OTHER EXPENSES</b>	<b>245,149</b>	<b>237,626</b>	<b>3.2%</b>

### Commissions

The 12.5% decrease resulted from:

- A 37.9% fall in Unistrat commissions (€3,764 thousand in 2010 compared with €6,057 thousand in 2009) due to a €6 million fall in sales as well as a fall in the brokers' commission rate (an average of 15.4% in 2010 compared with 21.1% in 2009).
- A 25.1% fall in commissions on inward reinsurance (€21,218 thousand in 2010 compared with €28,310 thousand in 2009) due partly to a significant increase in accepted premiums on non-proportional treaties and partly to a fall in commission rates applied to non-proportional treaties.
- A 5.8% increase in commissions on direct insurance (€29,350 thousand in 2010 compared with €27,747 thousand in 2009) due to the increase in the proportion of premiums brokered across the entire portfolio, and a rise in the base (increase in premiums).

### Payroll costs

The 2.4% increase (€104,053 thousand in 2010 compared with €101,624 thousand in 2009) was due mainly to the €4.7 million provision in respect of the voluntary redundancy scheme.

### Taxes other than income tax

These expenses remained relatively stable, increasing by a mere 0.5% during the year.

### External expenses

The 12.1% increase in external expenses (€63,552 thousand in 2010 compared with €56,678 thousand in 2009) was due to:

- the increase in subcontracted work, notably the recharging of expenses relating to trade receivables management by Coface Services;
- a reclassification of the costs associated with Project Atlas: these were included in investments in 2009 but €2.8 million were reclassified as expenses in 2010;
- the 24.9% decrease in professional fees recharged, notably those of the IT department.

### Depreciation and amortisation

The €5.9 million increase in these expenses (€10,097 thousand in 2010 compared with €4,133 thousand in 2009) was due to:

- the commissioning of the Magellan software, generating an amortisation charge of €1.2 million;
- the commissioning of the Atlas database, generating an amortisation charge of €1.2 million;
- a provision to cover rent due under the lease of the Nanterre premises, which expires in March 2013.

## Note 15.2 - Analysis of branches' general operating expenses

in K€	31/12/2010	31/12/2009	Change (%)
<b>Commissions</b>			
Commissions paid or due (branches)	46,178	40,167	(15.0%)
<b>Total commissions</b>	<b>46,178</b>	<b>40,167</b>	<b>(15.0%)</b>
<b>Payroll costs</b>			
Wages and salaries	22,737	21,422	6.1%
Salary expenses - branches	4,405	4,020	9.6%
<b>Total payroll costs</b>	<b>27,143</b>	<b>25,442</b>	<b>6.7%</b>
<b>Taxes other than income tax</b>			
Taxes other than income tax - branches	2,032	1,323	53.5%
<b>Total taxes other than income tax</b>	<b>2,032</b>	<b>1,323</b>	<b>53.5%</b>
<b>External expenses</b>			
Professional fees	12,933	14,712	(12.1%)
Sundry administrative expenses	11,116	9,255	20.1%
Travelling - branches	862	693	24.5%
<b>Total external expenses</b>	<b>24,912</b>	<b>24,660</b>	<b>1.0%</b>
<b>Depreciation and amortisation</b>			
On equipment, furniture, fixtures and fittings	762	762	(0.1%)
On software development expenses - branches	372	383	(2.9%)
<b>Total depreciation, amortisation and provisions</b>	<b>1,134</b>	<b>1,146</b>	<b>(1.1%)</b>
<b>TOTAL COMMISSIONS AND OTHER EXPENSES</b>	<b>101,398</b>	<b>92,739</b>	<b>9.3%</b>

At €101.4 million, the general operating expenses of Coface SA's branches were 9.3% higher in the year ended 31 December 2010 than in the previous year (€92.7 million).

### Commissions

The 15% increase was due mainly to the rise in commissions paid in respect of the following branches:

- Commissions paid by Coface Hong Kong were 78.2% higher (€5,859 thousand in 2010 compared with €3,288 thousand in 2009). This increase was due to the failure, in the first half of 2009, to take into account the deferred acquisition costs in respect of Unistrat, as well as the sharp increase in policies on the Chinese market.
- Commissions paid by Coface Canada were 35.3% higher (€5,517 thousand in 2010 compared with €4,078 thousand in 2009), due to the increase in inward reinsurance on the part of EDC (a local reinsurer) on the export market.
- Commissions paid by Coface Japan were 39.1% higher (€4,901 thousand in 2010 compared with €3,522 thousand in 2009) due to a 46% increase in accepted premiums from a number of Korean and Japanese entities.

### Payroll costs

The 6% increase (€22,737 thousand in 2010 compared with €21,422 thousand in 2009) was due to:

- Payroll costs totalling €460 thousand in respect of two expatriates borne by Coface Canada in 2010 but which, prior to 2010, were borne by CNAIC.
- Coface Equateur receiving authorisation to conduct insurance business at the end of December 2009. This branch generated payroll costs of €222 thousand in 2010.
- An additional €295 thousand provision recognised by Coface Japan in 2010 (€203 thousand provision for paid leave and €92 thousand provision for bonuses).
- The 8.4% increase in Coface Switzerland's salaries (up by CHF 236 thousand or around €541 thousand).

- The 16.5% increase in Coface Belgium's payroll costs (€1,926 thousand in 2010 compared with €1,653 thousand in 2009).
- These increases were partly offset by the 23% fall in Coface Hong Kong's payroll costs (€1,746 thousand in 2010 compared with €2,260 thousand in 2009) due to staff leaving who were not replaced and a fall in the provision for bonuses.

### Taxes other than income tax

These expenses rose by 53.5% (€2,032 thousand in 2010 compared with €1,323 thousand in 2009).

- This rise was generated mainly by Coface Canada (an increase of €327 thousand over 2009) and Coface Argentina (an increase of €224 thousand over 2009), both of which posted increased sales.

### External expenses

- Intermediaries' remuneration fell by 12% (€14,712 thousand in 2010 compared with €12,933 thousand in 2009) due mainly to the recharging by Coface Belgium of €1,299 thousand of 2010 payroll costs borne by the branch to other Belgian entities, Coface SA and Coface Luxembourg.
- Coface China has, since the fourth quarter of 2009, invoiced the Coface Hong Kong branch for services provided under the terms of a marketing assistance programme. This generated additional expenses totalling €1.2 million in 2010.
- Management fees increased by 20.1% (€11,116 thousand in 2010 compared with €9,255 thousand in 2009). This increase was due to Coface Canada's €979 thousand additional management fees (including payroll costs totalling €330 thousand recharged by CNAIC), a €456 thousand increase linked to the relocation of the Coface Japan branch to new premises and Coface Hong Kong's €421 thousand additional management fees.

## Note 16. Commissions

in K€	Direct insurance France	Direct insurance other EU countries	Direct insurance outside the EU	Direct insurance Total
31/12/2010	33,114	18,385	27,793	79,292
31/12/2009	33,805	19,163	21,005	73,973

## Note 17. Analysis of investment income and expense

in K€		Income and expense concerning investments in subsidiaries and associates	Other financial and expense	31/12/09
Income from investments in subsidiaries and associates (dividends)	49,486	1,512	47,974	38,636
Income from property investments	9		9	30
- bonds, treasury bills and medium-term notes	6,731		6,731	5,686
- equities	455		455	1,507
- UCITS	52		52	160
- loans and deposits	4,021	1,178	2,844	2,241
- other financial income	418	400	18	284
<b>Total income from other investments</b>	<b>11,677</b>	<b>1,578</b>	<b>10,099</b>	<b>9,878</b>
<b>Total investment income</b>	<b>61,172</b>	<b>3,090</b>	<b>58,082</b>	<b>48,544</b>
<b>Utilisation of provision for impairment</b>	<b>3,869</b>	<b>1,132</b>	<b>2,737</b>	<b>6,387</b>
Gains on sales of investments	3,630		3,630	109,310
Foreign exchange gain	9,919		9,919	
Merger gain				
<b>Total realised gains on investments</b>	<b>17,417</b>	<b>1,132</b>	<b>16,285</b>	<b>115,696</b>
<b>Total income</b>	<b>78,588</b>	<b>4,221</b>	<b>74,367</b>	<b>164,240</b>
Property investment expenses	6		6	9
Financial expenses (commissions, professional fees, interest and bank charges)	1,663	14	1,649	2,591
Financial expenses on securities	382		382	1,132
<b>Total financial expenses</b>	<b>2,051</b>	<b>14</b>	<b>2,037</b>	<b>3,732</b>
<b>Provision for impairment in value of investments</b>	<b>22,086</b>	<b>4,941</b>	<b>17,145</b>	<b>7,006</b>
Losses on sales of investments	15,267		15,267	75,768
Merger deficit				
<b>Total realised losses on investments</b>	<b>15,267</b>		<b>15,267</b>	<b>75,768</b>
<b>Gestion des placements</b>	<b>5,341</b>		<b>5,341</b>	<b>1,702</b>
<b>Total expenses</b>	<b>44,745</b>	<b>4,955</b>	<b>39,790</b>	<b>88,209</b>
<b>Net investment income</b>	<b>33,843</b>	<b>(734)</b>	<b>34,578</b>	<b>76,032</b>

The increase in investment income was due mainly to the €10.8 million increase in income from investments in subsidiaries and associates, as a result of dividends totalling €26.2 million paid by Cofinpar. Dividends from other investments fell by €13.5 million in total.

The fall in realised gains on investments was due mainly to the impact of the disposal of the Graydon and Coface Services shares for €65 million in 2009. After adjustment to remove the effects of these disposals, the change in gains

on investments would be a decrease of €30 million due to the reduction in the unrealised foreign exchange gain of €35 million between 2009 and 2010.

Trading on the Eurex markets resulted in a loss of €357 thousand.

The unrealised foreign exchange gain totalled €10.5 million and corresponds mainly to the write-back of the 2009 loss related to a sharp reduction in the unrealised foreign exchange loss.

## Note 18. Non-operating income and expense

in K€	31/12/2010			31/12/2009		
	Income	Expense	Net total	Income	Expense	Net total
Disposals of assets		2,413	(2,413)	25	59	(34)
Tax on liquidation surplus		987	(987)			
	2,318	6,522	(4,204)	1,248	1,954	(705)
Losses/gains on stock options	3,628		3,628	1,438		1,438
Additional tax assessments		9,330	(9,330)			
		2,929	(2,929)			
Change in provisions for impairment	1,390		1,390			
Settlement of Unistrat trade receivables accounts	1,834	1,696	138			
Other	236	(243)	479	273	164	109
<i>o/w branches</i>				7	135	(128)
<b>NON-OPERATING RESULT</b>	<b>9,406</b>	<b>23,635</b>	<b>(14,229)</b>	<b>2,984</b>	<b>2,176</b>	<b>808</b>

## 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 34.43%.

### Note 19.2 Deferred taxes

in K€	
<b>ANALYSIS OF 2010 TAX CHARGE</b>	
<b>I. Current taxes</b>	<b>5,643</b>
Long-term taxes	
Tax on non-operating items	(4,743)
<b>Total</b>	<b>900</b>

**II. Deferred taxes\***

	Deferred tax assets	Deferred tax liabilities	Net
Short-term rate*: 34.43%			
Long-term rate*: 1.72%			
<b>Décalages temporaires</b>	<b>23,580</b>		<b>23,580</b>
Employee benefits (retirement benefits, welfare, long service awards)	9,788		
Holiday pay and company "Time Savings" plan	6,451		
Employee profit sharing			
Solidarity tax contribution	196		
Non-deductible provisions: Unistrat technical provisions	7,058		
Unrealised losses on taxed mutual funds	87		
<b>Tax losses carried forward</b>	<b>67,505</b>		<b>67,505</b>
<b>Long-term capital losses</b>			
<b>Total</b>	<b>91,085</b>		<b>91,085</b>

\* Excluding branches

**Note 20. Allocation of merger deficit**

CRC standard 2004-01)

<b>in K€</b>						
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	3,076	3,010	466
Coface Services España	3		3	11,556	11,553	1,790
Coface Services South Asia Pacific	7,574	(1,937)	5,636	5,636		
<b>Total</b>	<b>7,643</b>	<b>(1,937)</b>	<b>5,706</b>	<b>20,268</b>	<b>14,563</b>	<b>2,257</b>

## Note 21. Additional information

### Information on employees

Average workforce during the year

Professionnal category	31/12/2010	31/12/2009
Non-managemant	358	407
Management	1,515	1,546
<b>Total</b>	<b>1,873</b>	<b>1,953</b>

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

	Total remuneration for teh period	Commitments for retirement benefits	Loans and advances granted during the period
To members of supervisory bodies	811		
To members of management bodies	3,445	391	

### Individual Training Entitlement (Droit Individuel à la Formation)

The number of training hours accrued but not yet taken at 31 December 2010 totalled 34,367.

### Informations sur les comptes

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

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE A - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net value	Realisable value	Redemption value
		Cost	Impairment			
<b>TOTAL TABLE A EUR</b>	<b>EUR / ARS:</b>	39,824,591.86	0.00	39,824,591.86	39,824,483.00	39,824,591.86
<b>TOTAL TABLE A EUR</b>	<b>EUR / CAD:</b>	37,165,876.45	0.00	37,165,876.45	36,635,492.40	34,966,000.00
<b>TOTAL TABLE A EUR</b>	<b>EUR / CHF:</b>	13,605,663.47	0.00	13,605,663.47	12,840,089.33	12,575,050.00
<b>TOTAL TABLE A EUR</b>	<b>EUR / EUR:</b>	267,267,434.95	(837,789.24)	266,430,645.71	264,368,085.56	252,504,732.61
<b>TOTAL TABLE A EUR</b>	<b>EUR / JPY:</b>	1,504,085,000.00	0.00	1,504,085,000.00	1,507,550,002.00	1,499,930,000.00
<b>TOTAL TABLE A EUR</b>	<b>EUR / USD:</b>	1,058,764.35	0.00	1,058,764.35	1,054,439.00	1,058,764.35
<b>TOTAL TABLE A EUR equivalent</b>		<b>329,028,000.64</b>	<b>(837,789.24)</b>	<b>328,190,211.40</b>	<b>324,309,106.03</b>	<b>310,913,729.01</b>
<b>Number and description of investments</b>	<b>Currency</b>	<b>Allo-</b>	<b>Loca-</b>	<b>Carrying amount</b>	<b>Net</b>	<b>Realisable</b>
<b>Redemption</b>	<b>cation</b>	<b>tion</b>	<b>Cost</b>	<b>Impairment</b>	<b>value</b>	<b>value</b>
<b>Total EUR</b>			<b>329,028,000.64</b>	<b>(837,789.24)</b>	<b>328,190,211.40</b>	<b>310,913,729.01</b>
<b>23 - INVESTMENTS</b>			<b>329,028,000.64</b>	<b>(837,789.24)</b>	<b>324,309,106.03</b>	<b>310,913,729.01</b>
231 - BONDS AND OTHER FIXED-INCOME SECURITIES			329,028,000.64	(837,789.24)	324,309,106.03	310,913,729.01
2310 - LISTED BONDS			238,838,121.45	(784,280.05)	238,053,841.40	223,315,000.00
NCP_23100			19,454,875.50	(461,776.20)	18,993,099.30	15,711,343.00
900	BEL	F	994,230.00	(13,473.17)	980,756.83	1,001,565.00
2,100	BEL	F	2,202,730.00	(51,342.08)	2,151,387.92	2,152,605.00
950,000	FRA	F	1,030,560.00	(40,012.24)	990,547.76	1,075,495.00
1,200,000	FRA	F	1,315,320.00	(102,558.48)	1,212,761.52	1,239,840.00
1,460,000	FRA	F	1,618,660.00	(27,844.29)	1,590,815.71	1,780,762.00
1,460,000	FRA	F	1,400,728.00	11,771.88	1,452,499.88	1,572,274.00
980	GRC	F	1,008,518.00	(2,775.19)	1,005,742.81	804,727.00
1,000	GRC	F	1,013,600.00	13,460.33	1,027,060.33	747,450.00
4,900	GRC	F	5,026,665.00	(63,677.42)	4,962,987.58	3,309,215.00
3,080	GRC	F	3,803,864.50	(185,325.54)	3,618,538.96	2,027,410.00
<b>TOTAL EUR</b>			<b>19,454,875.50</b>	<b>(461,776.20)</b>	<b>18,993,099.30</b>	<b>15,711,343.00</b>
NCP_23101			192,702,532.96	(815,188.97)	191,887,343.99	182,500,000.00
10,000,000	AUT	F	10,763,700.00	(32,340.55)	10,731,359.45	10,420,000.00
7,000,000	AUT	F	7,672,000.00	(45,677.21)	7,626,322.79	7,514,150.00
5,000,000	AUT	F	5,560,000.00	(32,118.98)	5,527,881.02	5,427,500.00
10,000,000	FIN	F	11,322,800.00	(57,283.42)	11,265,516.58	11,009,500.00
10,000,000	FIN	F	10,007,000.00	(1,214.49)	10,005,785.51	10,174,000.00
1,800	FRA	F	1,909,800.00	(34,004.32)	1,875,795.68	1,958,580.00
15,000,000	FRA	F	15,537,000.00	(26,229.80)	15,510,770.20	15,225,000.00
5,000,000	FRA	F	4,836,250.00	2,304.88	4,838,554.88	4,640,500.00
15,000,000	NLD	F	16,662,250.00	(71,365.66)	16,590,884.34	16,198,500.00
5,000,000	SVN	F	5,119,000.00	(4,785.02)	5,114,214.98	4,964,250.00
5,000,000	USA	F	5,093,450.00	(23,391.52)	5,070,058.48	5,063,250.00
2,000,000	ESP	F	2,048,000.00	(2,281.10)	2,045,718.90	2,007,200.00
3,200,000	FRA	F	3,383,040.00	(70,390.34)	3,312,649.66	3,471,040.00
5,000,000	FRA	F	5,459,400.00	(171,905.72)	5,287,494.28	5,386,750.00
4,000,000	FRA	F	4,329,760.00	262,020.82	4,591,780.82	4,317,720.00
4,350,000	ITA	F	4,673,640.00	370,110.51	5,043,750.51	4,614,262.50
3,000,000	NLD	F	3,191,880.00	(6,596.31)	3,185,283.69	3,183,900.00
3,000,000	FRA	F	3,085,200.00	(22,105.69)	3,063,094.31	3,128,850.00
5,000,000	FRA	F	5,220,500.00	(89,364.55)	5,131,135.45	5,245,000.00
900,000	DNK	F	947,700.00	(6,923.29)	940,776.71	940,275.00

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE A - ENTITY: COFACE - CURRENCY: EUR

3,000,000	XS0422704238	LLOYDS TSB BANK 6.25% 15/04/2010 - 15/04/2014 EMTN	EUR F	GBR	3,269,880.00	(8,940.72)	3,260,939.28	3,210,000.00	3,000,000.00
3,000,000	XS0446860826	SOC. GENERALE 3.75% 21/08/2010 - 21/08/2014 EMTN	EUR F	FRA	3,098,100.00	(2,595.14)	3,095,504.86	3,087,750.00	3,000,000.00
5,000,000	XS0477543721	CANADA 3.5% 130120	EUR F	CAN	5,113,500.00	(6,737.27)	5,106,762.73	5,200,500.00	5,000,000.00
4,000,000	XS0531257193	SANTANDER 3.5% 12/08/2011 - 12/08/2014 EMTN	EUR F	ESP	4,005,120.00	(223.84)	4,004,896.16	3,876,800.00	4,000,000.00
2,000,000	AT0000386073	AUSTRIA 4.3% from 15.01.04 to 15.07.14	EUR F	toT	2,723,211.00	(37,466.73)	2,685,744.27	2,714,375.00	2,500,000.00
2,000,000	DE0001135192	GERMANY 5% from 04.01.2002 to 04.01.2012	EUR F	DEU	2,155,660.00	(86,415.02)	2,069,244.98	2,090,000.00	2,000,000.00
2,300,000	DE0001135259	GERMANY 4.25% from 28.05.2004 to 04.07.2014	EUR F	DEU	2,507,915.00	(38,623.44)	2,469,291.56	2,849,815.00	2,300,000.00
1,000,000	DE0001135416	GERMANY 2.25% from 03-12-10 to 04-09-2020	EUR F	DEU	954,400.00	250.17	954,650.17	946,400.00	1,000,000.00
1,000,000	ES00000121H0	SPAIN 4.25% from 02.10.2008 to 31.01.2014	EUR F	ESP	1,038,700.00	(12,611.10)	1,026,088.90	1,010,050.00	1,000,000.00
500,000	ES00000121I8	SPAIN 2.75% 300412	EUR F	ESP	507,290.00	(2,927.58)	504,362.42	496,750.00	500,000.00
500,000	FI0001005167	FINLAND 5.75% 23.02.00 to 23.02.2011	EUR F	FIN	523,675.00	(22,568.96)	501,106.04	503,850.00	500,000.00
600,000	FR0000187361	GOVERNMENT BONDS 5% 02.02.01/25.10.16	EUR F	FRA	680,022.00	(7,920.53)	672,101.47	679,260.00	600,000.00
1,000,000	FR0000188989	GOVERNMENT BONDS 4% 02.03.09 to 25.04.2013	EUR F	FRA	1,059,585.00	(24,618.58)	1,034,966.42	1,063,700.00	1,000,000.00
2,500,000	OAT 5% COFOB	OAT 5% 11.09.01/25.10.11	EUR F	FRA	2,702,306.00	(138,338.77)	2,563,967.23	2,583,000.00	2,500,000.00
4,000,000	FR0010011130	OAT 4% 13.08.2003/25.10.2013	EUR F	FRA	4,165,630.00	(43,565.55)	4,122,064.45	4,287,200.00	4,000,000.00
700,000	FR0010500298	CM CIC COVERED 4.75% 27.07.2007/17.07.2012	EUR F	FRA	718,927.43	(16,484.25)	702,443.18	734,580.00	700,000.00
200,000	FR0010517417	OAT 4.25% from 06.09.07 to 25.10.2017	EUR F	FRA	210,816.00	(1,867.12)	208,948.88	218,060.00	200,000.00
500,000	FR0010776161	OAT 3.75% from 02.07.09 to 25.10.19	EUR F	FRA	512,895.00	(1,172.62)	511,722.38	519,500.00	500,000.00
18	FR0010807917	BNP 2.25% from 23.09.09 to 01.10.2012	EUR F	FRA	897,912.00	2,214.24	900,126.24	910,350.00	900,000.00
2,500,000	IT0003844534	ITALY 3.75% from 29.10.10 to 01.08.2015	EUR F	ITA	2,604,900.00	(3,142.02)	2,601,757.98	2,506,625.00	2,500,000.00
1,200,000	IT0004284334	BTPS - ITALY 4.25% 15.10.2007/15.10.2012	EUR F	ITA	1,233,927.06	(18,154.23)	1,215,772.83	1,229,700.00	1,200,000.00
2,600,000	IT0004365554	BTPS 4.25% from 16.05.2008 to 15.04.2013	EUR F	ITA	2,584,456.68	16,830.22	2,581,286.90	2,674,360.00	2,600,000.00
2,500,000	IT0004505076	ITALY 3.50% from 11.06.09 to 06.06.14	EUR F	ITA	2,587,460.00	(20,060.55)	2,567,399.45	2,506,375.00	2,500,000.00
1,500,000	IT0004615917	ITALY 3% 15-06-2015	EUR F	ITA	1,518,725.00	(1,365.97)	1,517,359.03	1,456,200.00	1,500,000.00
2,000,000	NL0000102325	NETHERLANDS 3.75% from 25.03.2004 to 15.07.2014	EUR F	NLD	2,048,410.00	(15,352.79)	2,033,057.21	2,154,600.00	2,000,000.00
3,000,000	NL0000102671	NETHERLANDS 5% 15.02.2002/15.07.2012	EUR F	NLD	3,232,595.52	(184,016.16)	3,048,579.36	3,191,700.00	3,000,000.00
400,000	PTBCU31E0002	BCP 4.75% 29.10.2007/29.10.2014	EUR F	PRT	406,760.77	(4,095.31)	402,665.46	370,280.00	400,000.00
600,000	PTOTE00E0017	PORTUGAL 3.60% from 27.05.09 to 15.10.2014	EUR F	PRT	608,762.00	(1,296.71)	607,465.29	564,105.00	600,000.00
1,050,000	AT0000386198	AUSTRIA 3.50% 04-2015	EUR F	toT	1,120,350.00	(2,368.37)	1,117,981.63	1,107,435.00	1,050,000.00
450,000	ES00000121A5	SPAIN 4.1% 20/07/2010 - 30/07/2018	EUR F	ESP	451,350.00	(146.29)	451,203.71	419,535.00	450,000.00
450,000	ES00000121I2	SPAIN 4.6% 20/07/2010 - 30/07/2019	EUR F	ESP	464,850.00	(701.56)	464,148.44	428,152.50	450,000.00
750,000	FI0001006306	FINNISH GOV 4.375% from 28.04.08 to 04.07.2019	EUR F	FIN	824,550.00	(358.56)	824,191.44	825,712.50	750,000.00
1,650,000	FR0010288357	OAT 3.25% 25/04/2006 - 25/04/2016	EUR F	FRA	1,717,485.00	(478.12)	1,717,006.88	1,721,445.00	1,650,000.00
1,600,000	FR00105117417	OAT 4.25% from 06.09.07 to 25.10.2017	EUR F	FRA	1,744,160.00	(919.70)	1,743,240.30	1,744,480.00	1,600,000.00
350,000	GR0110021236	GREECE 4.30% 23/07/2010 - 20/03/12	EUR F	GRC	321,825.00	7,075.99	328,900.99	321,125.00	350,000.00
450,000	IE00B28HX02	IRELAND 4.5% 20/07/2010 - 18/10/2018	EUR F	IRL	437,400.00	562.30	437,962.30	349,164.00	450,000.00
450,000	IE00B2QTF659	IRELAND 4.40 % 20/07/10 - 18 06 19	EUR F	IRL	425,790.00	878.21	426,668.21	335,907.00	450,000.00
450,000	IT0004019581	ITALY 3.75% 06-2016	EUR F	ITA	468,675.00	(1,242.63)	467,432.37	446,940.00	450,000.00
450,000	IT0004164775	ITALY 4% 01-02-2017	EUR F	ITA	470,250.00	(444.50)	469,805.50	448,065.00	450,000.00
1,050,000	NL0000102283	NETHERLANDS 4% 06- from 27.10.10 to 15 07 2016	EUR F	NLD	1,157,152.50	(2,935.87)	1,154,216.63	1,144,132.50	1,050,000.00
450,000	PTOTEMOE0027	PORTUGAL 4.75% - 20/07/10 - 14/06/19	EUR F	PRT	433,800.00	(21,618.29)	412,181.71	399,280.50	450,000.00
400,000	PTOTENOE0018	PORTUGAL 4.45% 23/07/10 - 15/06/18	EUR F	PRT	384,000.00	(46,756.15)	337,243.85	356,400.00	400,000.00
1,150,000	XS0417728325	DENMARK 3.125% from 04-06-2010 to 17-03-2014	EUR F	DNK	1,197,984.00	(583.42)	1,197,400.58	1,201,462.50	1,150,000.00
600,000	XS0458008496	POLAND 4.675% from 22-07-10 to 15-10-19	EUR F	POL	609,000.00	(343.92)	608,656.08	618,420.00	600,000.00
<b>TOTAL EUR</b>					<b>192,702,532.96</b>	<b>(815,188.97)</b>	<b>191,887,343.99</b>	<b>190,393,769.00</b>	<b>182,500,000.00</b>
NCP_23105					1,732,466.90	21,877.96	1,754,344.86	1,855,789.61	1,430,000.00
185,000	FR0000186413	GOVERNMENT BONDS 3.40% 01.10.99/25.07.29	EUR F	FRA	222,589.30	16,022.42	238,611.72	286,925.26	185,000.00
1,245,000	FR0000188013	GOVERNMENT BONDS 3% 31.10.01/25.07.12	EUR F	FRA	1,509,877.60	5,855.54	1,515,733.14	1,568,864.35	1,245,000.00
<b>TOTAL EUR</b>					<b>1,732,466.90</b>	<b>21,877.96</b>	<b>1,754,344.86</b>	<b>1,855,789.61</b>	<b>1,430,000.00</b>
NCP_23106					2,000,000.00	0.00	2,000,000.00	2,061,900.00	2,000,000.00
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	1,017,600.00	1,000,000.00
100	XS0185626347	BNP PARIBAS 0% 13.02.04/13.02.14	EUR F	LUX	1,000,000.00	0.00	1,000,000.00	1,044,300.00	1,000,000.00

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE A - ENTITY: COFACE - CURRENCY: EUR

TOTAL EUR	2,000,000.00	0.00	2,000,000.00	2,061,900.00	2,000,000.00
NCP_23107	22,584,784.23	470,807.16	23,055,591.39	24,831,405.41	19,000,000.00
3,000,000	FR0000188799	OATE 3.15% from 29.10.02 to 25.07.32	EUR F FRA	4,238,424.83	4,414,113.67
5,000,000	OAT3.40%PLAC	GOVERNMENT BONDS 3.40% 01.10.99/25.07.29	EUR F FRA	6,942,295.28	7,754,736.78
3,000,000	FR0010050559	OATE 2.25% from 21.01.04 to 25.07.20	EUR F FRA	3,601,950.40	3,729,891.40
4,000,000	FR0010235176	OAT 1% from 05.09.05/25.07.17	EUR F FRA	3,826,111.66	4,405,981.90
4,000,000	FR0010585901	OAT 2.10% 13.02.08 to 25.07.2023	EUR F FRA	3,976,002.06	4,526,681.66
<b>TOTAL EUR</b>	<b>22,584,784.23</b>	<b>470,807.16</b>	<b>23,055,591.39</b>	<b>24,831,405.41</b>	<b>19,000,000.00</b>
NCP_23108	363,461.86	0.00	363,461.86	173,950.00	355,000.00
355	GR0338001531	GREECE TX.V. 27.03.03/25.07.25	EUR F GRC	363,461.86	173,950.00
<b>TOTAL EUR</b>	<b>363,461.86</b>	<b>0.00</b>	<b>363,461.86</b>	<b>173,950.00</b>	<b>355,000.00</b>
2311-LISTED BONDS BRANCHES					
NCP_23110	52,622,565.78	0.00	52,622,565.78	51,644,067.37	50,108,785.73
2,463	CA110709FD94	BRITISH COLUMBIA 5.75% from 22.09.09 to 09.01.12	CAD F CAN	2,691,566.40	2,568,662.70
4,500	CA135087YC26	CANADA GOVT 3.75% from 26.10.09 to 01.09.11	CAD F CAN	4,703,400.00	4,572,900.00
2,450	CA669827EV53	NOVA SCOTIA PROVINCE 6.25% from 26.10.09 to 01.06.	CAD F CAN	2,647,715.00	2,499,000.00
8,242	CA683234UF36	ONTARIO 5% from 23-08-10 to 08-03-14	CAD F CAN	9,042,079.00	8,920,316.60
3,790	CA683234ZK75	ONTARIO PROV CANADA 4.5% from 15-03-10 to 02-12-12	CAD F CAN	4,026,496.00	3,978,742.00
4,779	CA683234TF54	ONTARIO 4.75% from 19-05-10 to 02-06-2013	CAD F CAN	5,077,209.60	5,084,378.10
2,247	CA56346ZKE65	MANITOBA PROV CDS OPON 05.03.2011	CAD F CAN	2,214,643.20	2,242,506.00
3,000	CA74812ZTU98	QUEBEC PROV CDS BE GENERIC 01.06.2011	CAD F CAN	2,947,800.00	2,985,300.00
3,495	CA748148RK14	QUEBEC PROV 5.25% from 22-07-10 to 01-10-2013	CAD F CAN	3,814,967.25	3,783,687.00
<b>TOTAL CAD</b>	<b>37,165,876.45</b>	<b>0.00</b>	<b>37,165,876.45</b>	<b>36,635,492.40</b>	<b>34,966,000.00</b>
<b>TOTAL CAD EUR equivalent</b>	<b>27,898,120.73</b>	<b>0.00</b>	<b>27,898,120.73</b>	<b>27,499,994.29</b>	<b>26,246,809.78</b>
1,529	AT0000385067	AUSTRIA 5.25% from 15.10.09 to 04.01.11	CHF F CHE	1,614,811.34	1,529,740.90
1,529	DE0001135184	GERMANY 5% from 15.10.09 to 04.07.11	CHF F CHE	1,633,169.19	1,562,612.25
2,293	DE0001141497	GERMANY 3.50% from 15.10.09 to 14.10.11	CHF F CHE	2,391,391.15	2,344,950.37
1,529	DE0000A0A2406	LDBK BAD WURT 3.75% from 15.10.09 to 10.03.2011	CHF F CHE	1,586,310.69	1,536,468.06
400	CH0001480083	CONFEDERATION SUISSE 4.25% 06.01.94/01.01.14	CHF F CHE	456,467.05	440,652.00
500	CH0009886646	BANQUE DES LETTRES DE GAGE 31.05.99/25.01.11	CHF F CHE	512,351.55	500,925.00
500	CH0012025646	CREDIT SUISSE 4.38% 28.03.01/28.03.11	CHF F CHE	547,113.70	504,500.00
250	CH0012031123	BCV 4.50% 22.03.01/22.03.11	CHF F CHE	274,279.55	252,200.00
300	CH0012616782	ZURICH VERSICHERUNGS 3.88% 27.07.01/27.07.11	CHF F CHE	320,250.95	305,760.00
300	CH0014259375	BQJE LETTRES GAGE ZURICH 3.5% 17.06.02/17.06.11	CHF F CHE	298,950.00	304,500.00
1,000	CH0019574620	SKYGUIDE SA. MEYRIN 2.625% 19.10.04/19.10.11	CHF F CHE	1,012,500.00	1,017,350.00
790	DE0002760840	KREDITANSTALT FUER WIEDER.5% 04.07.01/04.07.11	CHF F CHE	847,383.33	806,432.00
655	US225434AF69	NOTES CREDIT SUISSE 5.25% from 21.03.06/02.03.11	CHF F CHE	654,807.60	659,748.75
1,000,000	XS0148310294	EURO MEDIUM TERM NOTE BQ INVEST 5.3/8% 15-10-2012	CHF F CHE	1,455,877.37	1,074,250.00
<b>TOTAL CHF</b>	<b>13,605,663.47</b>	<b>0.00</b>	<b>13,605,663.47</b>	<b>12,840,089.33</b>	<b>12,575,050.00</b>
<b>TOTAL CHF EUR equivalent</b>	<b>10,881,048.82</b>	<b>0.00</b>	<b>10,881,048.82</b>	<b>10,268,785.45</b>	<b>10,056,821.80</b>
1	JPT022981AB9	JAPAN 0.1% 15/05/2010 - 15/11/2012	JPY F JPN	99,930,000.00	99,888,000.00
2	N°279-JAP	JBP BOND 0.40% from 15.04.09 to 15.04.2011	JPY F JPN	500,990,000.00	500,370,000.00
1	N°289-JAP	JGB BOND 0.2% 15-02-10 to 15-02-2012	JPY F JPN	500,645,000.00	500,300,000.00
1	N°292-JAP	JGB BOND 0.2% 27-05-10 to 15-05-2012	JPY F JPN	200,392,000.00	200,134,000.00
1	N°298-JAP	JBP BOND 1.30% from 18.12.08 to 18.12.2018	JPY F JPN	202,128,000.00	206,858,002.00
<b>TOTAL JPY</b>	<b>1,504,085,000.00</b>	<b>0.00</b>	<b>1,504,085,000.00</b>	<b>1,507,550,002.00</b>	<b>1,499,930,000.00</b>
<b>TOTAL JPY EUR equivalent</b>	<b>13,843,396.23</b>	<b>0.00</b>	<b>13,843,396.23</b>	<b>13,875,287.63</b>	<b>13,805,154.15</b>
2316 - NEGOTIABLE DEBT SECURITIES AND TREASURY BILLS					
NCP_23162	37,567,313.41	(53,509.19)	37,513,804.22	37,636,881.64	37,489,943.28
1,000,000	BANKINTE0611	TREASURY BILL 3.47% from 09-12-10 to 09-06-2011	EUR F ESP	23,413,130.28	23,482,747.08
1,000,000	BANKINTER041	TREASURY BILL 4.21% from 05-10 to 07-04-2011	EUR F ESP	1,000,000.00	999,968.66
				1,000,000.00	1,000,000.00

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE A - ENTITY: COFACE - CURRENCY: EUR

1,000,000	BANKINTER11	TREASURY BILL 3.25% from 06-07 to 06-01-2011	EUR	F	ESP	1,000,000.00	0.00	1,000,000.00	999,991.53	1,000,000.00
1,500,000	BANKINTER192	TREASURY BILL 3.25% from 20-08 to 19-02-2011	EUR	F	ESP	1,500,000.00	0.00	1,500,000.00	1,499,921.27	1,500,000.00
1,000,000	BANKINTER211	TREASURY BILL 3% from 10-08 to 10-02-2011	EUR	F	ESP	1,000,000.00	0.00	1,000,000.00	999,953.69	1,000,000.00
4,000,000	BBVA0211	TREASURY BILL from 11/1/2010 to 11/02/2011	EUR	F	ESP	4,000,000.00	0.00	4,000,000.00	3,999,960.70	4,000,000.00
2,499,733	BBVA0701	TREASURY BILL 3% from 06-07 to 07-01-2011	EUR	F	ESP	2,499,732.61	0.00	2,499,732.61	2,499,711.58	2,499,732.61
2,500,000	BBVA0702	TREASURY BILL 3% from 06-08 to 07-02-2011	EUR	F	ESP	2,500,000.00	0.00	2,500,000.00	2,499,905.95	2,500,000.00
1,000,000	BBVA100611	TREASURY BILL 2.25% from 10-12-10 to 10-06-2011	EUR	F	ESP	1,000,000.00	0.00	1,000,000.00	999,997.57	1,000,000.00
2,000,000	BBVA411	TREASURY BILL 3% from 07-10-10 to 07-04-11	EUR	F	ESP	2,000,000.00	0.00	2,000,000.00	1,999,889.48	2,000,000.00
1,000,000	FR0109970386	BILLET TRESO AN.3.75% from 21.05.07/12.01/12	EUR	F	FRA	1,051,434.79	(55,310.44)	996,124.35	1,159,080.59	1,000,000.00
500,000	FR0113087466	BILLET TRESO AN. 3.75% from 13.08.08 to 12.01.13	EUR	F	FRA	502,593.11	7,209.21	509,802.32	496,744.93	500,000.00
800,000	FR0116114978	TREASURY BILL 2.5% from 09.04.09 to 12.01.2014	EUR	F	FRA	812,056.37	8,175.23	820,231.60	797,495.39	800,000.00
200,000	FR0117836637	FRA BT BNT PRE-CPTE 0% 10/02/2011	EUR	F	FRA	199,715.74	145.41	199,861.15	199,854.49	200,000.00
900,000	FR0117836645	FRA BT BNT PRE-CPTE 10/03/2011	EUR	F	FRA	898,789.59	301.11	899,090.70	899,698.59	900,000.00
1,000,000	FR0117836652	FRA TREASURY BILL 2.50% from 13/04/10 to 15/01/15	EUR	F	FRA	1,015,035.89	(10,538.50)	1,004,497.39	998,308.45	1,000,000.00
600,000	FR0118786682	FRA BT BNT PRE-CPTE 28/09/2010 - 17/02/2011	EUR	F	FRA	599,279.33	(3,617.34)	595,661.99	599,711.73	600,000.00
500,000	FR0118786740	FRA BT BNT PRE-CPTE 16/06/2011	EUR	F	FRA	498,465.31	126.13	498,591.44	499,873.51	500,000.00
<b>TOTAL EUR</b>			<b>23,077,102.74</b>		<b>(53,509.19)</b>	<b>23,023,593.55</b>		<b>23,149,957.08</b>		<b>22,999,732.61</b>
35,500	BONEQUAT1	TREASURY BILL 6.50% ECH 20-05-20	USD	F	ECU	35,500.00	0.00	35,500.00	35,412.00	35,500.00
113,500	BONEQUATEUR	TREASURY BILLS EQUATEUR 4.5% 31-05/ 31-05-13	USD	F	ECU	113,500.00	0.00	113,500.00	113,207.00	113,500.00
76,000	BONEQUATEUR1	TREASURY BILLS 6.5% from 20-05-10 to 20-05-20	USD	F	ECU	76,000.00	0.00	76,000.00	74,846.00	76,000.00
156,000	BONEQUATEUR2	TREASURY BILL 6.5% from 20-05-10 to 20-05-20	USD	F	ECU	156,000.00	0.00	156,000.00	153,631.00	156,000.00
68,000	BONITRESOREQU	TREASURY BILL 6.50% ECH 20-05-20	USD	F	ECU	68,000.00	0.00	68,000.00	67,578.00	68,000.00
<b>TOTAL USD</b>			<b>449,000.00</b>		<b>0.00</b>	<b>449,000.00</b>		<b>444,674.00</b>		<b>449,000.00</b>
<b>TOTAL USD EUR equivalent</b>			<b>336,027.54</b>		<b>0.00</b>	<b>336,027.54</b>		<b>332,790.00</b>		<b>336,027.54</b>
NCP_23164			14,154,183.13		0.00	14,154,183.13		14,154,134.56		14,154,183.13
6,714,789	ARGENTINE105	CD ARGENTINE105 10% from 15-11 to 15-12-10	ARS	F	ARG	6,714,788.69	0.00	6,714,788.69	6,714,788.00	6,714,788.69
6,355,258	ARGENTINE106	CD ARGENTINE106 10% from 15-11 to 15-12-10	ARS	F	ARG	6,355,258.17	0.00	6,355,258.17	6,355,258.00	6,355,258.17
5,509,592	ARGENTINE107	CD ARGENTINE107 0.2% from 15-11 to 15-12-10	ARS	F	ARG	5,509,592.00	0.00	5,509,592.00	5,509,592.00	5,509,592.00
11,274,714	ARGENTINE108	CD ARGENTINE108 0.2% from 15-11 to 15-12-10	ARS	F	ARG	11,274,714.00	0.00	11,274,714.00	11,274,714.00	11,274,714.00
9,970,239	ARGENTINE109	CD ARGENTINE109 10.75% from 06-12-10 to 05-01-11	ARS	F	ARG	9,970,239.00	0.00	9,970,131.00	9,970,239.00	9,970,239.00
<b>TOTAL ARS</b>			<b>39,824,591.86</b>		<b>0.00</b>	<b>39,824,591.86</b>		<b>39,824,483.00</b>		<b>39,824,591.86</b>
<b>TOTAL ARS EUR equivalent</b>			<b>7,507,841.01</b>		<b>0.00</b>	<b>7,507,841.01</b>		<b>7,507,820.49</b>		<b>7,507,841.01</b>
3,190,000	CDSOFRASCto	CD CIC SOFRASCto from 15-12-10 to 17-01-11	EUR	F	FRA	3,190,000.00	0.00	3,190,000.00	3,189,999.79	3,190,000.00
1,000,000	CD0086508726	CD PORTUGAL 3.60% 02-11-10 to 03-01-2011	EUR	F	PRT	1,000,000.00	0.00	1,000,000.00	999,998.28	1,000,000.00
1,000,000	CD2505309987	CD PORTUGAL 3.60% ECH 16-01-2011	EUR	F	PRT	1,000,000.00	0.00	1,000,000.00	999,990.83	1,000,000.00
1,000,000	CD2509286987	CD PORTUGAL 3.60% 03-11 to 31-01-2011	EUR	F	PRT	1,000,000.00	0.00	1,000,000.00	999,982.56	1,000,000.00
<b>TOTAL EUR</b>			<b>6,190,000.00</b>		<b>0.00</b>	<b>6,190,000.00</b>		<b>6,189,971.46</b>		<b>6,190,000.00</b>
130,582	EQUATEUR10	EQUATEUR CD 2.75% from 20-12-10 to 20-01-11	USD	F	ECU	130,582.34	0.00	130,582.34	130,582.00	130,582.34
29,182	EQUATEUR11	EQUATEUR CD 3% from 01-12-10 to 20-01-11	USD	F	ECU	29,182.36	0.00	29,182.36	29,184.00	29,182.36
69,200	EQUATEURCD2	EQUATEUR CD 3.75% from 29-07 to 26-01-11	USD	F	ECU	69,200.00	0.00	69,200.00	69,200.00	69,200.00
151,163	EQUATEURCD3	EQUATEUR CD 4.5% from 09-12-10 to 07-02-11	USD	F	ECU	151,162.50	0.00	151,162.50	151,160.00	151,162.50
15,000	EQUATEURCD4	EQUATEUR CD 2.5% from 06-10-10 to 06-04-11	USD	F	ECU	15,000.00	0.00	15,000.00	15,000.00	15,000.00
7,000	EQUATEURCD5	EQUATEUR CD 2.5% from 04-11-10 to 04-05-11	USD	F	ECU	7,000.00	0.00	7,000.00	7,000.00	7,000.00
58,300	EQUATEURCD6	EQUATEUR CD 2.75% from 07-12-10 to 10-01-11	USD	F	ECU	58,299.98	0.00	58,299.98	58,301.00	58,299.98
80,196	EQUATEURCD7	EQUATEUR CD 2.75% from 09-12-10 to 10-01-11	USD	F	ECU	80,196.18	0.00	80,196.18	80,197.00	80,196.18
38,799	EQUATEURCD8	EQUATEUR CD 2.75% from 09-12-10 to 10-01-11	USD	F	ECU	38,799.11	0.00	38,799.11	38,799.11	38,799.11
30,342	EQUATEURCD9	EQUATEUR CD 2.75% from 10-12-10 to 10-01-11	USD	F	ECU	30,341.88	0.00	30,341.88	30,342.00	30,341.88
<b>TOTAL USD</b>			<b>609,764.35</b>		<b>0.00</b>	<b>609,764.35</b>		<b>609,765.00</b>		<b>609,764.35</b>
<b>TOTAL USD EUR equivalent</b>			<b>456,342.12</b>		<b>0.00</b>	<b>456,342.12</b>		<b>456,342.61</b>		<b>456,342.12</b>

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE B - ENTITY: COFACE - CURRENCY: EUR

Nombre et désignation des valeurs	EUR / CLP: EUR / EUR: EUR / PLN: EUR / TND: EUR / USD:	Exchange rate	Carrying amount		Net	Realisable value
			At cost	Impairment		
TOTAL TABLE B EUR		639.75	3,456,403,738.00	(692,945,000.00)	2,763,458,738.00	6,878,681,231.60
TOTAL TABLE B EUR		1	547,426,845.10	(13,133,525.78)	534,293,319.32	1,347,915,904.53
TOTAL TABLE B EUR		3.975	853,348.83	0.00	853,348.83	853,348.83
TOTAL TABLE B EUR		1.91	100.00	0.00	100.00	100.00
TOTAL TABLE B EUR		1.3362	3,365,030.80	(2,056,633.80)	1,308,397.00	1,308,397.00
<b>TOTAL TABLE A EUR equivalent</b>			<b>1555,562,676.31</b>	<b>(15,755,841.59)</b>	<b>539,806,834.72</b>	<b>1,359,861,967.79</b>

Number and description of investments	Currency	Allo- cation	Loca- tion	Carrying amount		Net	Realisable value
				At cost	Impairment		
<b>Total EUR</b>				<b>555,562,676.31</b>	<b>(15,755,841.59)</b>	<b>539,806,834.72</b>	<b>1,359,861,967.79</b>
<b>21 - PROPERTY INVESTMENTS</b>				<b>1,046,875.00</b>	<b>(119,785.26)</b>	<b>927,089.74</b>	<b>1,370,286.74</b>
212 - BUILDINGS (EXCLUDING THOSE USED IN THE BUSINESS)				20,561.61	(7,862.92)	12,698.69	240,000.00
2122 - LAND AND BUILDINGS ACQUIRED BEFORE 1.1.82				20,561.61	(7,862.92)	12,698.69	240,000.00
NCP_21220				20,561.61	(7,862.92)	12,698.69	240,000.00
1	EUR	F	FRA	20,561.61	(7,862.92)	12,698.69	240,000.00
<b>TOTAL EUR</b>				<b>20,561.61</b>	<b>(7,862.92)</b>	<b>12,698.69</b>	<b>240,000.00</b>
213 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES - USED IN THE BUSINESS				13,792.90	(8,326.87)	5,466.03	5,286.74
2130 - SHARES AND OTHER INTERESTS IN UNLISTED PROPERTY COMPANIES				13,792.90	(8,326.87)	5,466.03	5,286.74
NCP_21300				13,792.90	(8,326.87)	5,466.03	5,286.74
1	EUR	F	FRA	5,469.96	(5,128.02)	341.94	0.00
1	EUR	F	FRA	3,000.00	0.00	3,000.00	3,000.00
1	EUR	F	FRA	(162.65)	0.00	(162.65)	0.00
1	EUR	F	FRA	2,849.20	(2,849.20)	0.00	0.00
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
<b>TOTAL EUR</b>				<b>13,792.90</b>	<b>(8,326.87)</b>	<b>5,466.03</b>	<b>5,286.74</b>
219 - BUILDINGS USED IN THE BUSINESS				1,012,520.49	(103,595.47)	908,925.02	1,125,000.00
2192 - BUILDINGS				1,012,520.49	(103,595.47)	908,925.02	1,125,000.00
NCP_21920				1,012,520.49	(103,595.47)	908,925.02	1,125,000.00
1	EUR	F	FRA	166,169.43	(44,720.81)	121,448.62	245,000.00
1	EUR	F	FRA	146,351.06	(40,962.33)	105,388.73	190,000.00
1	EUR	F	FRA	700,000.00	(17,912.33)	682,087.67	690,000.00
<b>TOTAL EUR</b>				<b>1,012,520.49</b>	<b>(103,595.47)</b>	<b>908,925.02</b>	<b>1,125,000.00</b>
<b>23 - INVESTMENTS</b>				<b>286,237,933.14</b>	<b>(5,074,406.92)</b>	<b>281,163,526.22</b>	<b>283,670,771.68</b>
230 - EQUITIES AND OTHER VARIABLE-INCOME SECURITIES				286,237,933.14	(5,074,406.92)	281,163,526.22	283,670,771.68
2300 - LISTED EQUITIES AND SECURITIES				1,306,655.70	(87,287.68)	1,219,368.02	1,158,200.85
NCP_23001				1,306,655.70	(87,287.68)	1,219,368.02	1,158,200.85
13.332	EUR	F	FRA	0.00	0.00	0.00	13.33
20.000	EUR	F	ITA	387,980.50	0.00	387,980.50	326,600.00
30.000	USD	F	USA	1,227,533.80	(116,633.80)	1,110,900.00	1,110,900.00
<b>TOTAL EUR</b>				<b>387,980.50</b>	<b>0.00</b>	<b>387,980.50</b>	<b>326,613.33</b>
<b>TOTAL USD - EUR EQUIVALENT</b>				<b>1,227,533.80</b>	<b>(116,633.80)</b>	<b>1,110,900.00</b>	<b>1,110,900.00</b>
2301 - UNITS IN MUTUAL FUNDS exclusively invested in fixed-income securities				265,074,600.76	0.00	265,074,600.76	265,588,275.06
23012 - UNITS IN MUTUAL FUNDS - FIXED INCOME SECURITIES				246,298,432.44	0.00	246,298,432.44	246,721,518.30
62	EUR	F	FRA	2,434,905.23	0.00	2,434,905.23	2,442,271.76

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE B - ENTITY: COFACE - CURRENCY: EUR

69	FR0000293714	NATIXIS TRESO EURIBOR 3 MOIS	EUR	F	FRA	2,802,744.70	0.00	2,802,744.70	0.00	2,802,744.70	2,810,086.41
1,014	FR0000099301	IXS MONETAIRE	EUR	F	FRA	4,280,437.84	0.00	4,280,437.84	0.00	4,280,437.84	4,295,922.54
1,612	FR0007084926	NATIXIS CASH EURO PART R.	EUR	F	FRA	208,813,492.86	0.00	208,813,492.86	0.00	208,813,492.86	208,872,917.24
45	FR0010285882	ECUREUIL EXPANSION I FCP	EUR	F	FRA	7,625,612.80	0.00	7,625,612.80	0.00	7,625,612.80	7,663,184.10
23	FR0010298943	NATIXIS CASH EONIA IC	EUR	F	FRA	2,558,095.83	0.00	2,558,095.83	0.00	2,558,095.83	2,577,528.71
16	FR0010322438	NATIXIS CASH A1P1 3DEC	EUR	F	FRA	1,856,822.24	0.00	1,856,822.24	0.00	1,856,822.24	1,857,888.34
41	FR0010369835	NAT.IMP.CASH X 3D	EUR	F	FRA	4,530,794.77	0.00	4,530,794.77	0.00	4,530,794.77	4,546,088.37
36	SICAVSUC/BEL	NATIXIS CASH A1P1 3	EUR	F	BEL	4,039,110.75	0.00	4,039,110.75	0.00	4,039,110.75	4,186,004.53
20	CASA1P13/ESP	NATIXIS CASH A1P1 3DEC	EUR	F	ESP	2,328,297.88	0.00	2,328,297.88	0.00	2,328,297.88	2,361,720.50
45	CASHPREM/BEL	NATIXIS CASH PREM 3 DEC	EUR	F	BEL	5,028,117.54	0.00	5,028,117.54	0.00	5,028,117.54	5,107,905.80
<b>TOTAL EUR</b>		<b>23013- UNITS IN COFAC2 MUTUAL FUND</b>				<b>246,298,432.44</b>	<b>0.00</b>	<b>246,298,432.44</b>	<b>0.00</b>	<b>246,298,432.44</b>	<b>246,721,518.30</b>
						18,776,168.32	0.00	18,776,168.32	0.00	18,776,168.32	18,866,756.76
343	FR0007498480	OBJECTIF C.T. EURO B A FCP	EUR	F	FRA	2,376,482.36	0.00	2,376,482.36	0.00	2,376,482.36	2,377,525.08
3	FR0010446633	OBJECTIF C.T. EURO B B FCP	EUR	F	FRA	16,399,685.96	0.00	16,399,685.96	0.00	16,399,685.96	16,489,231.68
<b>TOTAL EUR</b>		<b>2302 - UNITS IN OTHER MUTUAL FUNDS</b>				<b>18,776,168.32</b>	<b>0.00</b>	<b>18,776,168.32</b>	<b>0.00</b>	<b>18,776,168.32</b>	<b>18,866,756.76</b>
						4,050,442.88	(21,625.00)	4,028,817.88	4,030,022.08		
NCP_23020						4,772.88	0.00	4,772.88	0.00	4,772.88	5,977.08
36	FR0000930455	UNI HOICHE C 3 DEC	EUR	F	FRA	4,772.88	0.00	4,772.88	0.00	4,772.88	5,977.08
<b>TOTAL EUR</b>		<b>2303 - UNITS IN COFAC2 MUTUAL FUND</b>				<b>4,772.88</b>	<b>0.00</b>	<b>4,772.88</b>	<b>0.00</b>	<b>4,772.88</b>	<b>5,977.08</b>
NCP_23025						4,045,670.00	(21,625.00)	4,024,045.00	4,024,045.00		
247,500	NC118	LCF ROTHSCHILD LBO FUNDS	EUR	F	FRA	1,315,250.00	(1,025.00)	1,314,225.00	1,314,225.00		
2,500	NC119	LCF ROTHSCHILD LBO B UNITS	EUR	F	FRA	25,000.00	(20,600.00)	4,400.00	4,400.00		
29,700	NC145	FCPR VENTECH CAPITAL 3 (A)	EUR	F	FRA	1,470,000.00	0.00	1,470,000.00	1,470,000.00		
19,960	NC160	LCF ROTHSCHILD FUNDS II A UNITS	EUR	F	FRA	1,037,920.00	0.00	1,037,920.00	1,037,920.00		
4,000	NC161	LCF ROTHSCHILD FUND II B UNITS	EUR	F	FRA	4,000.00	0.00	4,000.00	4,000.00		
500,000	NC168	LCF ROTHSCHILD LBO SIDE FUND	EUR	F	FRA	163,500.00	0.00	163,500.00	163,500.00		
30,000	NC146	FCPR VENTECH CAPITAL 3 (B)	EUR	F	FRA	30,000.00	0.00	30,000.00	30,000.00		
<b>TOTAL EUR</b>		<b>2305 - UNLISTED EQUITIES AND OTHER SECURITIES</b>				<b>4,045,670.00</b>	<b>(21,625.00)</b>	<b>4,024,045.00</b>	<b>4,024,045.00</b>		
NCP_23050						15,806,233.80	(4,965,494.24)	10,840,739.56	12,894,273.69		
2,652	NC110	CASHWARE	EUR	F	FRA	1,002,456.00	(1,002,456.00)	0.00	0.00		
845	NC112	OSEO GARANTIE	EUR	F	FRA	28,340.27	0.00	28,340.27	28,340.27		
403,500	NC124	LA FINANCIERE PATRIMONIALE D'INVESTISSEMENT	EUR	F	FRA	4,559,550.00	0.00	4,559,550.00	5,400,678.59		
1	NC135	SCPI	EUR	F	FRA	2,079.86	(2,079.86)	0.00	0.00		
401,244	NC39	SFBT (G.F.F.)	EUR	F	FRA	2,382,436.42	(2,271,773.73)	110,662.69	110,662.69		
15,000	NC40	COPRA	EUR	F	FRA	231,975.66	(231,975.66)	0.00	0.00		
50	NC42	SEMAH	EUR	F	FRA	762.25	(762.25)	0.00	0.00		
332,214	NC50	PROPARCO	EUR	F	FRA	5,601,305.21	0.00	5,601,305.21	6,813,709.14		
<b>TOTAL EUR</b>		<b>2305 - UNLISTED EQUITIES AND OTHER SECURITIES</b>				<b>13,808,905.67</b>	<b>(3,509,047.50)</b>	<b>10,299,858.17</b>	<b>12,353,390.69</b>		
NCP_23051						1,479,756.26	(1,456,416.26)	23,340.00	23,340.00		
2	NC46	DEXNET DE NLG 5000	EUR	F	NLD	4,537.80	(4,537.80)	0.00	0.00		
11,670	NC165	NORGARANTE SOCIEDADE DE GARANTIA MUTUA	EUR	F	PRT	11,670.00	0.00	11,670.00	11,670.00		
11,670	NC167	LISGARANTE SOCIEDADE DE GARANTIA MUTUA	EUR	F	PRT	11,670.00	0.00	11,670.00	11,670.00		
<b>TOTAL EUR</b>		<b>2306 - UNLISTED EQUITIES AND OTHER SECURITIES</b>				<b>27,877.80</b>	<b>(4,537.80)</b>	<b>23,340.00</b>	<b>23,340.00</b>		
1,940	NC144	TRADE CARD INC	USD	F	USA	1,940,000.00	(1,940,000.00)	0.00	0.00		
<b>TOTAL USD</b>		<b>2306 - UNLISTED EQUITIES AND OTHER SECURITIES</b>				<b>1,940,000.00</b>	<b>(1,940,000.00)</b>	<b>0.00</b>	<b>0.00</b>		
<b>TOTAL USD - EUR EQUIVALENT</b>						<b>1,451,878.46</b>	<b>(1,451,878.46)</b>	<b>0.00</b>	<b>0.00</b>		
NCP_23052						358.09	(30.48)	327.61	329.21		
2	NC162	COFACE EGYPT INFORMATION AND ECONOMIC CONSULTANTS	EUR	F	EGY	275.00	0.00	275.00	275.00		
2	NC58	S.I.C.R.	EUR	F	CIV	30.48	(30.48)	0.00	0.00		
1	NC154	COFACE INDIA CREDIT MANAGEMENT SERVICES	EUR	F	IND	0.25	0.00	0.25	1.85		

DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE B - ENTITY: COFACE - CURRENCY: EUR

TOTAL EUR		TND	F	TUN	305.73	(30.48)	275.25	276.85
1	NC123 SORENCO INTERNATIONAL				100.00	0.00	100.00	100.00
<b>TOTAL TND</b>					<b>100.00</b>	<b>0.00</b>	<b>100.00</b>	<b>100.00</b>
<b>TOTAL TND - EUR EQUIVALENT</b>		<b>EUR</b>			<b>52.36</b>	<b>0.00</b>	<b>52.36</b>	<b>52.36</b>
NCP_23063					517,213.78	0.00	517,213.78	517,213.79
33,927	NC83 STE D'ASSURANCE DE CONSOLIDATION DES RETRAITES	EUR	F	FRA	517,213.78	0.00	517,213.78	517,213.79
<b>TOTAL EUR</b>					<b>517,213.78</b>	<b>0.00</b>	<b>517,213.78</b>	<b>517,213.79</b>
<b>25 - INVESTMENTS IN SUBSIDIARIES</b>					<b>253,089,457.08</b>	<b>(8,220,735.73)</b>	<b>244,868,721.35</b>	<b>1,025,776,049.13</b>
250 - SHARES OR EQUIVALENTS					252,768,944.43	(8,220,735.73)	244,548,208.70	1,025,455,536.48
2505 - SHARES IN UNLISTED FRENCH SUBSIDIARIES					60,462,999.83	(2,193,748.84)	58,269,250.99	102,258,989.67
NCP_25060					60,462,999.83	(2,193,748.84)	58,269,250.99	102,258,989.67
61,370	NC121 UNISTRAT COFACE	EUR	F	FRA	975,703.59	0.00	975,703.59	13,340,737.53
764,759	NC129 COFACE SERVICES	EUR	F	FRA	13,670,362.29	0.00	13,670,362.29	15,391,983.81
1,919,999	NC16 COFINPAR	EUR	F	FRA	29,270,196.04	0.00	29,270,196.04	51,102,850.11
249	NC94 COFACE GESTION RESEAU INTERNATIONAL	EUR	F	FRA	38,028.39	0.00	38,028.39	4,372,989.86
494,799	NC98 FIMIPAR	EUR	F	FRA	7,576,178.52	0.00	7,576,178.52	11,311,646.20
124,284	ZZ0007945700 AXA ASSURECREDIT	EUR	F	FRA	8,932,531.00	(2,193,748.84)	6,738,782.16	6,738,782.16
<b>TOTAL EUR</b>					<b>60,462,999.83</b>	<b>(2,193,748.84)</b>	<b>58,269,250.99</b>	<b>102,258,989.67</b>
<b>2506 - SHARES IN UNLISTED SUBSIDIARIES OUTSIDE FRANCE</b>					<b>192,305,944.60</b>	<b>(6,026,986.89)</b>	<b>186,278,957.71</b>	<b>923,196,546.81</b>
NCP_25060					121,575,809.03	(100,720.36)	121,475,088.67	790,871,604.36
25,000	NC125 COFACE HOLDING AMERICA LATINA SA DE CV (CHAL)	EUR	F	MEX	1,651.16	(619.81)	1,031.35	1,031.35
10,417	NC128 COFACE AUSTRIA HOLDING AG	EUR	F	AUT	8,794,400.50	0.00	8,794,400.50	18,916,952.01
1,500	NC134 UNISTRAT CORPORATION OF AMERICA	EUR	F	USA	83,405.22	0.00	83,405.22	83,405.22
40,000	NC137 COFACE SERVICES KOREA	EUR	F	KOR	199,501.67	0.00	199,501.67	1,893,675.70
310	NC138 COFACE SERVICIOS ESPANA SL	EUR	F	ESP	3,100.00	0.00	3,100.00	11,555,689.46
1,000	NC139 COFACE SERVICES SUISSES	EUR	F	CHE	66,467.77	0.00	66,467.77	3,076,383.80
200	NC143 COFACE SERVICES JAPAN	EUR	F	JPN	100,100.55	(100,100.55)	0.00	0.00
7,499	NC29 COFACE CENTRAL EUROPE HOLDING AG	EUR	F	AUT	4,562,844.10	0.00	4,562,844.10	31,799,379.29
99,999	NC51 COFACE UK HOLDINGS LIMITED	EUR	F	GBR	8,317,827.99	0.00	8,317,827.99	13,378,499.28
1,000,000	NC57 COFACE ITALIA SRL	EUR	F	ITA	3,970,564.38	0.00	3,970,564.38	18,936,180.30
39,980	NC76 COFACE SERVICIOS PORTUGAL	EUR	F	PRT	5,617,038.58	0.00	5,617,038.58	6,294,837.41
10,000	NC77 COFACE NORTH AMERICA HOLDING COMPANY	EUR	F	USA	12,604,965.92	0.00	12,604,965.92	35,126,255.16
1,510	NC80 COFACE HOLDING AKTIENGESELLSCHAFT	EUR	F	DEU	77,253,941.19	0.00	77,253,941.19	649,809,315.38
<b>TOTAL EUR</b>					<b>121,575,809.03</b>	<b>(100,720.36)</b>	<b>121,475,088.67</b>	<b>790,871,604.36</b>
NCP_25061					45,239,523.21	0.00	45,239,523.21	101,124,455.68
50,135,000	NC148 COFACE SEGURO DE CREDITO MEXICO	EUR	F	MEX	3,536,973.09	0.00	3,536,973.09	3,654,144.62
18,399,998	NC149 COFACE SIGORTA AS	EUR	F	TUR	9,040,050.41	0.00	9,040,050.41	16,005,273.22
16,600,000	NC34 COFACE ASSICURAZIONI Spa	EUR	F	ITA	32,662,499.71	0.00	32,662,499.71	81,465,037.84
<b>TOTAL EUR</b>					<b>45,239,523.21</b>	<b>0.00</b>	<b>45,239,523.21</b>	<b>101,124,455.68</b>
NCP_25062					12,851,323.83	0.00	12,851,323.83	17,561,054.88
7	NC131 COFACE SOUTH AFRICA INSURANCE COMPANY LIMITED	EUR	F	ZAR	3,615,235.73	0.00	3,615,235.73	6,372,392.84
10,000	NC164 COFACE RUS INSURANCE COMPANY	EUR	F	RUB	2,446,874.50	0.00	2,446,874.50	2,446,874.50
6,899,992	NC91 SEGURADORA BRASILEIRA DE CREDITO A EXPORTACAO SA	EUR	F	BRA	6,789,213.60	0.00	6,789,213.60	8,741,787.54
<b>TOTAL EUR</b>					<b>12,851,323.83</b>	<b>0.00</b>	<b>12,851,323.83</b>	<b>17,561,054.88</b>
NCP_25063					12,639,288.53	(5,926,266.53)	6,713,022.00	13,639,431.89
60	NC120 KOMPASS CHINA INTERNATIONAL INFORMATION SERVICE	EUR	F	CHN	92,182.93	(92,182.93)	0.00	0.00
11,669,000	NC126 COFACE GREATER CHINA FINANCE LTD	EUR	F	HKG	1,043,376.31	(1,043,376.31)	0.00	0.00
2,850,000	NC132 COFACE ARB LLC	EUR	F	RUB	80,351.91	(80,351.91)	0.00	0.00
15,000,000	NC141 COFACE SERVICES SOUTH ASIA PACIFIC PTE LTD	EUR	F	SGP	7,573,591.32	(1,937,395.19)	5,636,196.13	5,636,196.15
3,999,993	NC142 COFACE SERVICE TAIWAN	EUR	F	TWN	986,125.37	(986,125.37)	0.00	0.00

ETAT DÉTAILLÉ DES PLACEMENTS ANNUELS AU 31/12/2010 : TABLEAU B - ENTITÉ : COFACE - DEVISE : EUR

20	NC147	BDI (BUSINESS DATA ISRAEL)	EUR	F	ISR	199,445.40	0.00	199,445.40	1,227,849.97
1	NC166	COFACE CHINA	EUR	F	CHN	386,834.82	(386,834.82)	0.00	0.00
100	NC169	COFACE RUS SERVICES COMPANY	EUR	F	RUB	1,400,000.00	(1,400,000.00)	0.00	0.00
501,000	NC99	COFACE SOUTH AFRICA SERVICES	EUR	F	ZAR	877,380.47	0.00	877,380.47	6,775,385.77
<b>TOTAL EUR</b>						<b>12,639,288.53</b>	<b>(5,926,266.53)</b>	<b>6,713,022.00</b>	<b>13,639,431.89</b>
252 - LOANS						320,512.65	0.00	320,512.65	320,512.65
2520 - LOANS TO SUBSIDIARIES						320,512.65	0.00	320,512.65	320,512.65
NCP_25201						320,512.65	0.00	320,512.65	320,512.65
1		PKOMPPOLAND KOMPASS POLAND	PLN	L	POL	853,348.83	0.00	853,348.83	853,348.83
<b>TOTAL PLN</b>						<b>853,348.83</b>	<b>0.00</b>	<b>853,348.83</b>	<b>853,348.83</b>
<b>TOTAL PLN - EUR EQUIVALENT</b>			<b>EUR</b>			<b>214,678.95</b>	<b>0.00</b>	<b>214,678.95</b>	<b>214,678.95</b>
1		PCOFSEECUAD COFACE SERVICES ECUADOR	USD	L	ECS	86,415.00	0.00	86,415.00	86,415.00
1		PCOFSEPERU COFACE SERVICES PERU	USD	L	PER	55,000.00	0.00	55,000.00	55,000.00
<b>TOTAL USD</b>						<b>141,415.00</b>	<b>0.00</b>	<b>141,415.00</b>	<b>141,415.00</b>
<b>TOTAL USD - EUR EQUIVALENT</b>			<b>EUR</b>			<b>105,833.70</b>	<b>0.00</b>	<b>105,833.70</b>	<b>105,833.70</b>
<b>26 - INVESTMENTS IN AFFILIATES</b>						<b>15,188,411.09</b>	<b>(2,340,913.68)</b>	<b>12,847,497.41</b>	<b>49,044,868.24</b>
260 - SHARES IN UNLISTED AFFILIATES						15,146,439.83	(2,340,913.68)	12,805,526.15	49,002,888.98
2605 - SHARES IN UNLISTED FRENCH AFFILIATES						2,530,735.57	(427,657.91)	2,103,077.66	30,635,025.17
NCP_26050						2,530,735.57	(427,657.91)	2,103,077.66	30,635,025.17
4,999	NC115	COFACE RBI	EUR	F	FRA	76,234.74	0.00	76,234.74	2,200,623.29
1,550	NC13	CERIP SERVICES BANQUES	EUR	F	FRA	156,909.56	0.00	156,909.56	156,909.56
1,000	NC130	CEMECA	EUR	F	FRA	55,000.00	0.00	55,000.00	55,000.00
101,823	NC140	PLANET RATING SAS	EUR	F	FRA	215,000.46	0.00	215,000.46	215,000.46
72,000	NC15	COFACREDIT	EUR	F	FRA	1,372,041.15	0.00	1,372,041.15	27,779,600.11
243	NC55	COFACE AMEEM SERVICES	EUR	F	FRA	655,549.66	(427,657.91)	227,891.75	227,891.75
<b>TOTAL EUR</b>						<b>2,530,735.57</b>	<b>(427,657.91)</b>	<b>2,103,077.66</b>	<b>30,635,025.17</b>
2606 - SHARES IN UNLISTED AFFILIATES OUTSIDE FRANCE						12,615,704.26	(1,913,255.77)	10,702,448.49	18,367,863.81
NCP_26060						4,544,123.63	(830,106.10)	3,714,017.53	3,714,017.53
1,879	NC103	COFACE SERVIS BILGI	EUR	F	TUR	1,134,943.87	(830,106.10)	304,837.77	304,837.77
700	NC111	COFACE EASTERN EUROPE HOLDING	EUR	F	DEU	803,742.75	0.00	803,742.75	803,742.75
477,400	NC163	KYRIBA CORPORATION	EUR	F	USA	2,605,437.01	0.00	2,605,437.01	2,605,437.01
<b>TOTAL EUR</b>						<b>4,544,123.63</b>	<b>(830,106.10)</b>	<b>3,714,017.53</b>	<b>3,714,017.53</b>
NCP_26062						5,217,714.21	0.00	5,217,714.21	12,500,405.32
5,905	NC159	COFACE CHILE BRANCH	CLP	F	CHL	2,614,911,741.00	0.00	2,614,911,741.00	6,730,134,234.60
<b>TOTAL CLP</b>						<b>2,614,911,741.00</b>	<b>0.00</b>	<b>2,614,911,741.00</b>	<b>6,730,134,234.60</b>
<b>TOTAL CLP - EUR EQUIVALENT</b>			<b>EUR</b>			<b>4,087,396.23</b>	<b>0.00</b>	<b>4,087,396.23</b>	<b>10,519,944.09</b>
1,084	NC159-EUR	COFACE CHILE BRANCH - EUR	EUR	F	CHL	1,130,317.98	0.00	1,130,317.98	1,980,461.23
<b>TOTAL EUR</b>						<b>1,130,317.98</b>	<b>0.00</b>	<b>1,130,317.98</b>	<b>1,980,461.23</b>
NCP_26063						2,853,866.42	(1,083,149.67)	1,770,716.75	2,153,440.96
83,998	NC158	COFACE FACTORING CHILE BRANCH	CLP	F	CHL	841,491,997.00	(692,945,000.00)	148,546,997.00	148,546,997.00
<b>TOTAL CLP</b>						<b>841,491,997.00</b>	<b>(692,945,000.00)</b>	<b>148,546,997.00</b>	<b>148,546,997.00</b>
<b>TOTAL CLP - EUR EQUIVALENT</b>			<b>EUR</b>			<b>1,315,345.05</b>	<b>(1,083,149.67)</b>	<b>232,195.38</b>	<b>232,195.38</b>
500,000	NC106	COFACE GREATER CHINA SERVICES	EUR	F	HKG	1,451,964.33	0.00	1,451,964.33	1,497,739.60
305	NC31	SORENCO	EUR	F	TUN	28,269.15	0.00	28,269.15	329,770.18
6,260	NC35	RECOURS SA	EUR	F	MAR	58,287.89	0.00	58,287.89	93,735.80
<b>TOTAL EUR</b>						<b>1,538,521.37</b>	<b>0.00</b>	<b>1,538,521.37</b>	<b>1,921,245.58</b>
262 - LOANS						41,971.26	0.00	41,971.26	41,971.26
2620 - LOANS TO AFFILIATES						41,971.26	0.00	41,971.26	41,971.26
NCP_26200						41,971.26	0.00	41,971.26	41,971.26
1		PKYRIBA KIRYBA PRET	USD	L	USA	56,082.00	0.00	56,082.00	56,082.00
<b>TOTAL USD</b>						<b>56,082.00</b>	<b>0.00</b>	<b>56,082.00</b>	<b>56,082.00</b>
<b>TOTAL USD - EUR EQUIVALENT</b>			<b>EUR</b>			<b>41,971.26</b>	<b>0.00</b>	<b>41,971.26</b>	<b>41,971.26</b>

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE F - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net	Realisable value
		At cost	Impairment		
<b>TOTAL TABLE F EUR</b>	1	68,041.49	0.00	68,041.49	66,092.18
<b>TOTAL TABLE F EUR EQUIVALENT</b>	EUR / EUR:	<b>68,041.49</b>	<b>0.00</b>	<b>68,041.49</b>	<b>66,092.18</b>

Nombre et désignation des valeurs	Allo- cation	Loca- tion	Carrying amount		Net	Realisable value
			At cost	Impairment		
<b>Total EUR</b>			<b>68,041.49</b>	<b>0.00</b>	<b>68,041.49</b>	<b>66,092.18</b>
<b>23 - INVESTMENTS</b>			<b>68,041.49</b>	<b>0.00</b>	<b>68,041.49</b>	<b>66,092.18</b>
234 - OTHER INVESTMENTS			68,041.49	0.00	68,041.49	66,092.18
2342 - DEBTORS ARISING FROM LOANED SECURITIES			68,041.49	0.00	68,041.49	66,092.18
NCP_23420			68,041.49	0.00	68,041.49	66,092.18
130.7022	EUR	FRA	68,041.49	0.00	68,041.49	66,092.18
<b>TOTAL EUR</b>			<b>68,041.49</b>	<b>0.00</b>	<b>68,041.49</b>	<b>66,092.18</b>

## DETAILED ANALYSIS OF INVESTMENTS AT 31 DECEMBER 2010: TABLE G - ENTITY: COFACE - CURRENCY: EUR

Number and description of investments	Exchange rate	Carrying amount		Net	Realisable value
		At cost	Impairment		
<b>TOTAL TABLE G EUR</b>	1	0.00	0.00	0.00	(600.00)
<b>TOTAL TABLE G EUR EQUIVALENT</b>	EUR / EUR:	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(600.00)</b>

Nombre et désignation des valeurs	Allo- cation	Loca- tion	Carrying amount		Net	Realisable value
			At cost	Impairment		
<b>Total EUR</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(600.00)</b>
<b>23 - INVESTMENTS</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(600.00)</b>
233 - DEPOSITS WITH BANKS			0.00	0.00	0.00	(600.00)
2331 - OTHER SECURITY DEPOSITS WITH BANKS			0.00	0.00	0.00	(600.00)
NCP_23311			0.00	0.00	0.00	(600.00)
39FGBL0311	EUR	F	0.00	0.00	0.00	3 730.00
40FGBM0311	EUR	F	0.00	0.00	0.00	5 020.00
-135	EUR	F	0.00	0.00	0.00	4 910.00
-13	EUR	F	0.00	0.00	0.00	(14 260.00)
<b>TOTAL EUR</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(600.00)</b>

SUMMARY OF TOTAL INVESTMENTS AT 31 DECEMBER 2010 - ENTITY: COFACE - CURRENCY: EUR

Type of investment	Cost	Net	Recoverable value in K€
<b>1. Property investments and property investments in progress</b>	<b>1,046,875.00</b>	<b>927,089.74</b>	<b>1,370,286.74</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>2. Equities and other variable-income securities other than mutual fund units</b>	<b>285,028,273.76</b>	<b>269,413,842.43</b>	<b>1,088,510,900.00</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>3. Mutual fund units (other than those referred to in 4)</b>	<b>269,125,043.64</b>	<b>269,103,418.64</b>	<b>269,618,297.14</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>4. Units of mutual funds invested exclusively in fixed-income securities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>5. Bonds and other fixed-income securities</b>	<b>329,096,042.13</b>	<b>328,258,252.89</b>	<b>324,375,198.21</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>6. Mortgage loans</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>7. Other loans</b>	<b>362,483.91</b>	<b>362,483.91</b>	<b>362,483.91</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>8. Deposits with ceding insurers</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>9. Cash deposits and guarantees and other investments</b> (deposits other than those mentioned in 8)	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>10. Assets representing a unit-linked contract</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	0.00	0.00	0.00
<b>11. Other forward financial instruments</b>	<b>159,859.50</b>	<b>159,859.50</b>	<b>-542,947.55</b>
Forward financial instruments: investment or divestment strategy	0.00	0.00	0.00
Forward financial instruments: yield strategy	159,859.50	159,859.50	159,259.50
Forward financial instruments: other	0.00	0.00	-702,207.05
<b>12. TOTAL 1 to 11</b>	<b>884,818,577.94</b>	<b>868,224,947.11</b>	<b>1,683,694,218.45</b>
- of which total forward financial instruments	159,859.50	159,859.50	-542,947.55
- of which total investments	884,658,718.44	868,065,087.61	1,684,237,166.00
<b>a. of which:</b>	<b>884,818,577.94</b>	<b>868,224,947.11</b>	<b>1,683,694,218.45</b>
- Investments valued in accordance with Article R. 332-19 and related forward financial instruments	325,838,000.64	325,000,211.40	321,119,106.24
- Discount not yet amortised	55,224,483.89	55,137,427.97	55,259,020.33
- Redemption premium not yet written back	270,613,516.75	269,862,783.43	265,860,085.91
- Investments valued in accordance with Article R. 332-20 and related forward financial instruments	558,980,577.30	543,224,735.71	1,362,508,420.03
- 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>b. of which:</b>	<b>884,818,577.94</b>	<b>868,224,947.11</b>	<b>1,683,694,218.45</b>
- Securities representing technical provisions other than those listed below	884,818,577.94	868,224,947.11	1,683,694,218.45
- 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
<b>c. of which:</b>	<b>884,818,577.94</b>	<b>868,224,947.11</b>	<b>1,683,627,526.27</b>
- Investments and forward financial instruments within the OECD	837,531,480.82	827,952,081.69	1,622,512,751.51
- Investments and forward financial instruments outside the OECD	47,287,097.12	40,272,865.42	61,114,774.76

## SECURITIES LODGED AS COLLATERAL AT 31 DECEMBER 2010

Number of securities	Code	Description	Net value	Realisable value in K€
MARKETABLE SECURITIES				
<b>OBLIGATIONS</b>				
850,000	DE0001135200	5% BUNDESREP.DEUTSCHL.ANL.V	904	904
1,200,000	FR0108354806	3% FRANKREICH BTAN V.06	1,201	1,201
1,800,000	FR0109970386	3.75%FRANKREICH BTAN V07	1,857	1,857
700	FR0010637876	AIRES (FCP) C FCP	216	216
830,000	DE0001135234	Germany 3.75%03-13	901	901
2,784,000	DE0001135317	Germany 3.75%06-040117	3,117	3,117
2,500,000	DE0001135259	Germany 4.25%14	2,793	2,793
550,000	DE0001134468	Germany 6%86-16 E.II	676	676
133,000	FR0000016263	AMUNDI	0	0
1,300,000	XS0238514581	ARLO IV TV12 MTN	1,288	1,288
1,400,000	XS0300682621	AUS NZL 4.375%12	1,492	1,492
21,994	LU0094219127	BNP INSTICASH EURCL.I CAPIT	3,056	3,056
500,000	FR0010076521	BNP PAR OBL.C 3DEC	0	0
9,736,177	FR0117836652	BTAN FRA BT 2.5% 0115	10,183	10,183
8,750,000	FR0108847049	BTAN FRA BT 3.5% 11	9,028	9,028
1,062,000	BE0933026784	DELHAIZE 5.625% 14	1,178	1,178
2,468	DE0005810055	DEUTCHE BOERSE	128	128
420,000	XS0417871554	E BEI 2.5%150412	436	436
10,000	US912828LV06	United States 1% 09-11	8	8
1,817	FR0010853531	EURO ABS AAA	1,842	1,842
1,095	FR0010853549	EURO COVERED AAA	1,106	1,106
6,200,000	FR0108354806	FRA BT BNT 3.00 120111	6,218	6,218
1,615	FR0010495044	HALBIS CAPITAL MANAG	17,387	17,387
1,813	FR0000971301	HSBC ETAT 3DEC	2,839	2,839
10,000	XS0450578363	HSBC BK TR 12 EMTN	12	12
2,000,000	XS0231937797	HSBC BK TV 15 EMTN	2,000	2,000
18,014	FR0000096166	HSBC FRENCH GOVERNMENT BONDS C SI. I	4,085	4,085
23,454	FR0000285561	HSBC FRENCH GOVERNMENT BONDS C SI. I	9,274	9,274
978	FR0007486634	HSBC MONETAIRE FCP	3,012	3,012
111,000	DE000A0E83L5	KDTA WIED TV240718	111	111
13,610,000	US500769AY00	KFW INTERNATIONAL FINANCE INC	11,063	11,063
917,000	ZZ3010288357	OAT 3.25% 06-25-04-2016	977	977
2,000,000	FR0010216481	OAT 3% 05-15	2,033	2,033
3,000,000	FR0010288357	OAT 3.25% 06-16	3,137	3,137
4,000,000	FR0010854182	OAT 3.50% 10-20	4,150	4,150
450,000	FR0010163543	OAT 3.5% 05-15	477	477
2,000,000	FR0000188989	OAT 4% 03-13	2,182	2,182
2,203,500	FR0010011130	OAT 4% 251013	2,379	2,379
14,465,000	FR0010061242	OAT 4% 04-25042014	15,981	15,981
41,570	FR0000188690	OAT 4.75% 02-12	45	45
357,000	FR0000188690	OAT 4.75% 02-25102012	2,052	2,052
919,200	FR0000187874	OAT 5% 01-25102011	959	959
17,187,260	DE0001141471	OBL Germany 2.50% 10	0	0
5,000	PTOTE00E0017	PGB 3.6% 15/10/2014 GOVT	5	5
316,000	FR0010744987	PPR 8.625% 14 EMTN	398	398
1,525,000	XS0438380247	SES GLOB 4.875%14	1,656	1,656
852,000	FR0010807669	SGI EURO GOVIES 3D	8,705	8,705
3,397,000	XS0498782738	STORM 2010-1 TV52	3,371	3,371
968,000	FR0010750497	VEOLIA ENV 5.25% 14	1,072	1,072
44,000	XS0438750431	VOLKSWAGE 3.875% 12	46	46
<b>Total bonds</b>			<b>147,038</b>	<b>147,038</b>

VALEURS RECUES EN NANTISSEMENT DES REASSUREURS AU 31 DECEMBRE 2010

Number of securities	Code	Description	Net value	Realisable value
<b>Mutual funds</b>				
2,898	FR0007040084	CEZANNE OBL.FCP	1,092	1,092
1,860	FR0000292443	CHATEAUDUN OBL.SI.	795	795
2,430,300	FR0007448568	FRACOM FCP	54,852	54,852
2	FR0007474259	GERVAFRANC FCP 3DEC (GLOBAL RUCK)	2	2
390	FR0007436654	MUNICH RE PLAC FCP	9,426	9,426
553	LU0086914446	PV BOND EUR,CD3DEC	57	57
61,300	GG00B1GHHH78	VOLTA FINANCE	245	245
61,300	NL0009539063	VOLTA FINANCE DO10	8	8
		<b>Total mutual funds</b>	<b>66,476</b>	<b>66,476</b>
<b>Equities</b>				
223	FR0000131104	BNP PARIBAS ACT A	11	11
19,000	LU0324447506	SWISS I FIX INC.A	19,197	19,197
4,532	FR0000120289	GUYENNE GASCOGNE	366	366
35,755	FR0000120693	PERNOD RICARD	2,516	2,516
6,576	FR0000130809	SOCIETE GENERALE A	264	264
3,000	FR0000120271	TOTAL	119	119
		QBE	1,877	1,877
		<b>Total equities</b>	<b>24,351</b>	<b>24,351</b>
		<b>Total</b>	<b>237,865</b>	<b>237,865</b>
<b>Cash deposits</b>				
		Cash deposit	2,987	2,987
		Cash deposit	18	18
		<b>Total Cash deposits</b>	<b>3,005</b>	<b>3,005</b>
<b>Letters of credit</b>				
		LETTER OF CREDIT	2,299	2,299
		<b>Total letters of credit</b>	<b>2,299</b>	<b>2,299</b>
		<b>TOTAL COFACE</b>		<b>243,169</b>
<b>SOFRASCAU pledges</b>				
97	FR0000292443	CHATEAUDUN OBL SI	40	40
2,000	XS0340180149	GE CAPIT 5.375%18	2	2
31,000	GR0124015497	GREECE 5.35%11	34	34
7,748	FR0000120644	DANONE	273	273
199,000	XS0431772572	DEU.TELEK 4.375%14	203	203
		<b>Total SOFRASCAU pledges</b>	<b>552</b>	<b>552</b>
<b>TOTAL MARKETABLE SECURITIES</b>			<b>243,721</b>	<b>243,721</b>



## STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2010

### COFACE

12, Cours Michelet  
La Défense 10- 92800 PUTEAUX

#### 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 2010 on:

- The audit of the annual financial statements of Coface S.A., as attached to this report;
- The justification of our assessments;
- The specific verifications 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 on the basis of our audit.

#### 1. Opinion on the annual 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 assurance that the annual 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 annual 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 annual financial statements give a true and fair view of the Company's financial position and its assets and liabilities at 31 December 2010 and of the results of its operations for the year then ended, in accordance with French accounting rules and principles.

#### 2. Justification of our assessments

The context in which the 2010 financial statements were prepared remained particularly challenging: the economic environment experienced further weakness and uncertainty and the changing nature of the economic crisis now has monetary ramifications within the Eurozone.

It is against this backdrop that, as required by Article L. 823-9 of the French Commercial Code (Code de commerce), we made our own assessments, which we bring to your attention:

- Your Company raises technical provisions to cover its commitments. Note 2 to the financial statements (Accounting principles and methods) details the methods used to estimate such provisions. Using the information available on the balance-sheet date, we based our assessment of the technical provisions on an analysis of the calculation methods and assumptions used.
- In Note 2 to the financial statements (Accounting principles and methods), your Company sets out the methods used to measure financial instruments. We analysed the control procedures implemented in respect of the identification and measurement of said instruments, and the appropriateness of the information disclosed in the aforementioned Note.
- The provision for lasting impairment in respect of the securities portfolio is measured in accordance with the procedures detailed in Note 2 to the financial statements (Accounting principles and methods). We were required to assess the information and assumptions used to determine the recoverable amounts and, in particular, the investment horizons and your Company's ability to hold these securities over these horizons.
- Note 2 to the financial statements (Accounting principles and methods) details the measurement and impairment methods in respect of shares in subsidiaries and affiliates. We assessed the reasonableness of the measurement methods and main assumption used.

These assessments were made in the context of our audit of the annual 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, the specific verifications as required by law.

We have no comments to make on the accuracy and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the documents issued to the shareholders on the Company's financial situation and annual financial statements.

The Statutory Auditors

Paris La Défense, 16 February 2011

KPMG Audit  
A unit of KPMG S.A.

Francine Morelli  
Partner

Neuilly-sur-Seine, 16 February 2011

DELOITTE & ASSOCIES

Damien LEURENT  
Partner

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

Year ended 31 December 2010

### **To the shareholders,**

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

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

It is also our responsibility to report to you, where applicable, the information required by Article R. 225-31 of the French Commercial Code relating to the execution, during the year under review, of agreements and commitments already approved by the General Meeting.

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

### **AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING**

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

In accordance with Article L. 225-40 of the French Commercial Code, we were advised of the following agreements which received the prior authorisation of your Board of Directors.

#### **Agreement between Coface SA and Coface Holding for the sale of Coface Services Belgium Holding shares**

In connection with the restructuring of the financing of the group's equity investments, Coface SA sold its entire shareholding in Coface Services Belgium Holding to Coface Holding. In accordance with the share sale agreement dated 24 November 2010, Coface Holding paid €3,441,000 to Coface SA on 22 December 2010.

The sale of these 7,500 shares generated a capital loss of €1,790,771 in Coface SA's annual financial statements for the year ended 31 December 2010.

### **AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING**

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

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments authorised in prior years, which remained in force during the year ended 31 December 2010.

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, on their own behalf and on behalf of their partner, related to the sale of their products, within the context of their joint sales network.

In application of this agreement, Coface billed Coface Services a total of €8,500,000 (excluding taxes) in respect of the year ended 31 December 2010.

Paris La Défense and Neuilly-sur-Seine, 16 February 2011

The Statutory Auditors

KPMG Audit  
A unit of KPMG S.A.

Francine Morelli  
Partner

Deloitte & Associés

Damien LEURENT  
Associé



## Legal and social informations

## 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, France.  
Telephone: +33 (0)1 4902 2000

### Share capital

At 31 December 2010, the Company's share capital amounted to €136,950,607.80.

### Legal form and applicable legislation

French Limited company (Société Anonyme) governed by the provisions of the French Insurance Code, notably by those contained in the decree of 14 May 1994, the provisions of the French Commercial Code, the provisions of law no. 49 874 of 5 July 1949 relating to various provisions of an economic or financial nature.

### 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 Memorandum and Articles of Association, the Company's purpose is to:

- cover credit insurance risk and the proper completion of commercial and financial operations, and also all related insurance and reinsurance services and services which may encourage the development of said operations;
- 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;
- 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 purposes.

### 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.

## Corporate governance

### Composition and functioning of the administrative and management bodies

#### Board of Directors

The Company is managed by a Board of Directors that met on six occasions during 2010. In accordance with the Company's Memorandum and Articles of Association, Directors remain in office for five years.

The Board of Directors comprises twenty-one members, eighteen of whom are elected by the General Meeting and three by the employees in accordance with the provisions of Article 11 of the Memorandum and Articles of Association and Articles L.225-27 to L.225-34 of the French Commercial Code.

#### Committees established by the Board of Directors

The Company's Board of Directors established three committees on 22 June 1998.

The Strategy Committee issues an opinion on the Group's development strategy, investment policy and product strategy. The current members are Yvan de la Porte du Theil (Committee Chairman since May 2006) and Bruno Deletré. The Strategy Committee met three times in 2010.

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), Daniel Karyotis, Pascal Marchetti and Colette Mahé O'Chinal. The Audit Committee met four times in 2010.

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 Laurent Mignon (Committee Chairman since December 2009), Jean Arondel and Jean-Guy Sarrazin. The Committee did not meet in 2010.

## Governance

### Board of Directors (as of 7 May 2011)

**François David**, Chairman of the Board of Directors

**BPCE**, represented by François Riahi

**Natixis**, represented by Laurent Mignon

**Jean Arondel**, Chairman of the Steering and Supervisory Board, Caisse d'Épargne Loire-Centre

**Bernard Benisti**, Deputy Manager, Club de Paris unit, PublicGuarantees department, Coface

**Pierre Carli**, Chairman of the Management Board, Caisse d'Épargne de Midi-Pyrénées

**Bruno Deletré**, Chief Executive Officer, BCPE International et Outre-Mer

**Édouard Esparbes**, Honorary Chief Executive Officer, Crédit Agricole Corporate and Investment Bank

**Marc Jardin**, Chairman, Banque Populaire Rives de Paris

**Daniel Karyotis**, Chairman of the Management Board, Banque Palatine

**Yvan de la Porte du Theil**, Advisor to the Chairman of the Management Board of BPCE

**Colette Mahé O'Chinal**, Head of Major Accounts, Land and Naval Transport, Public Guarantees Department, Coface

**Pascal Marchetti**, Chief Executive Officer, Banque Populaire des Alpes

**Nicole Notat**, Chairwoman, Vigeo

**Jean-Luc Parer**, Head of Global Finance, Société Générale

**Laurence Parisot**, Chairwoman of the Board of Directors of Medef, Vice Chairwoman of the Management Board of Ifop

**Nicolas Plantrou**, Chairman of the Steering and Supervisory Board, Caisse d'Épargne Normandie

**Dominique Remy**, Head of Structured Finance, BNP Paribas

**Jean-Guy Sarrazin**, Chairman of the Board of Directors, Banque Populaire Atlantique

### General Management Committee

**Jean-Marc Pillu**, Chief Executive Officer

**Thierry Coldefy**, Company Secretary (Human Resources, Finance, Reinsurance and Organisation)

**Daniel Garcia**, Chief Information Officer

**Martine Haas**, Communications Director

**Carole Lytton**, Legal and Compliance Officer

**Didier Morand**, Risk Underwriting Director

**Carine Pichon**, Financial Controller

**Corine Troncy**, Commercial Director

**Éric Vaingnedroye**, Information and Claims Director

### Executive Committee

The members of the Executive Management Committee, and:

**Riccardo Carradori**, Mediterranean and Africa platform

**Xavier Denecker**, UK and Ireland platform

**Martina Dobringer**, Central Europe platform

**Michael Ferrante**, North America platform and Latin America platform

**Norbert Langenbach**, Asia Pacific platform

**François Meunier**, Western Europe platform

**Franz Michel**, Northern Europe platform

## Coface

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La défense 10  
92800 Puteaux  
France

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Fax: 33 (0) 1 49 02 27 41  
[www.coface.com](http://www.coface.com)

Société anonyme with share capital euros 136,935,469.61  
RCS Nanterre B 552069791 00481 - NAF 660 E

### **Financial department**

David Dewelle  
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Fax: 33 (0) 1 49 02 16 44  
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### **Communication department**

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