

4.3 Financial statements

4.3.1 BALANCE SHEET

◆ Assets

<i>(in euros)</i>	NOTE	DEC. 31, 2015	DEC. 31, 2014
Fixed Assets			
Intangible assets	4.1.1	3,980,355	5,209,299.38
Interests in related companies	4.1.2	1,487,744,457	1,447,744,457
Loans to affiliates and subsidiaries	4.1.3	324,074,167	324,038,188
		1,815,798,979	1,776,991,944
Current Assets			
French government and other authorities			939,615
Current account Tax Consolidation		1,730,821	
Current account Coface Finanz		418,324,299	353,822,746
Miscellaneous receivables		6,852,719	6,682,939
	4.1.4	426,907,839	361,445,300
Investment securities	4.1.5	618,354	343,541
Treasury shares	4.1.6	2,680,522	861,258
Cash at bank and in hand	4.1.7	80,044	171,593
Prepaid expenses	4.1.8	112,500	4,889
		430,399,260	362,826,581
Deferred charge	4.1.9	2,641,026	2,971,155
Loan reimbursement premiums	4.1.10	1,538,848	1,731,204
		4,179,874	4,702,359
TOTAL ASSETS		2,250,378,113	2,144,520,884

◆ Equity and liabilities

	NOTE	DEC. 31, 2015	DEC. 31, 2014
Equity			
Capital		786,241,160	786,241,160
Share capital premiums		347,370,166	422,830,623
Other reserves (RL+RAN)		67,924,043	70,703,079
Income for the year		73,048,606	-2,779,036
	4.2.1; 4.2.2	1,274,583,976	1,276,995,826
Provisions for liabilities and charges			
Provision for charges	4.2.3	2,122,318	1,340,779
		2,122,318	1,340,779
Debts			
Bank borrowings and debts		418,065,103	351,952,226
Other bond issues		391,756,250	391,756,250
Sundry borrowings and debts		162,625,567	121,075,172
Trade notes and accounts payables		755,380	876,165
Tax and social liabilities		114,715	115,240
Other payables		354,804	409,226
	4.2.4	973,671,819	866,184,280
TOTAL EQUITY AND LIABILITIES		2,250,378,113	2,144,520,884

4.3.2 INCOME STATEMENT

<i>(in euros)</i>	NOTE	DEC. 31, 2015	DEC. 31, 2014
Operating income		992,028	5,943,605
Operating expenses		-4,151,810	-7,917,255
Other purchases and external expenses		-1,645,321	-5,400,703
Income tax, taxes and similar payments		-2,677	2,866
Employee-related expenses		-42,567	-54,200
Other expenses		-993,872	-1,556,279
Depreciations and amortisations		-1,467,373	-908,939
INCOME FROM OPERATIONS	5.1	-3,159,782	-1,973,651
Financial income		96,028,145	14,849,342
Investments income		80,007,634	0
Other financial income		16,019,355	14,783,506
Income from SICAV sales		1,157	65,836
Financial expenses		-21,684,711	-15,663,964
Interest and similar expenses		-21,492,355	-15,471,608
Depreciations and amortisations		-192,356	-192,356
FINANCIAL RESULT	5.2	74,343,434	-814,622
Non-recurring income		134,374	9,237
Non-recurring expenses		-241	
NON-RECURRING INCOME	5.3	134,133	9,237
Income tax	5.4	1,730,821	
NET INCOME FOR THE YEAR		73,048,606	-2,779,036

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/ NOTE 1 / Significant events

◆ Buyback of treasury shares

On May 18, 2015, the Combined Shareholders' Meeting of COFACE SA, in its eighth resolution, delegated to the Board of Directors the authority to set up a share buyback programme over a period of 18 months. The Board of Directors used this delegated authority on July 31, 2015 and selected Natixis to implement this contract in accordance with European Regulation No. 2273/2003 of December 22, 2003 (the European Regulation).

Accordingly, between July 31, and August 28, 2015, COFACE SA purchased 235,220 shares at the share price of €9.02. These shares are to be used in the bonus share plans.

◆ Tax consolidation group

On January 1, 2015, COFACE SA opted for the tax consolidation regime which allows it to constitute a tax consolidation group with subsidiaries in which it holds more than 95% of their equity: Compagnie française d'assurance pour le commerce extérieur, Cofinpar, Cogeri and Fimipar.

The tax consolidation agreements binding the parent company to its subsidiaries are all strictly identical and stipulate that:

- each company shall calculate its tax as if there were no tax consolidation, and the parent company alone shall be liable for the payment of corporate income tax;
- the parent company shall recognise tax savings in income and shall not reallocate them to subsidiaries unless the subsidiary leaves the tax consolidation group.

The option is valid for five years starting from January 1, 2015.

◆ Board of Directors

The COFACE SA Board of Directors co-opted two new directors at its meeting of May 5, 2015: Linda Jackson, Chief Executive Officer of Citroën, member of the Executive Committee of PSA Peugeot Citroën, and Martine Odillard, Chief Executive Officer of the Chargeurs group.

The Board of Directors therefore now has two new independent members and will benefit from their rich experience in international companies operating in diverse, innovative sectors.

As at December 31, 2015, the COFACE SA Board of Directors was composed of the following members: Laurent Mignon (Board Chairman), BPCE, represented by Marguerite Berard-Andrieu, Jean Arondel, Jean-Paul Dumortier, Eric Hemar, Linda Jackson, Pascal Marchetti, Sharon MacBeath, Martine Odillard, Laurent Roubin, and Olivier Zarrouati.

◆ Events since the close of the year

The Coface Board of Directors' meeting held on January 15, 2016, and chaired by Laurent Mignon, appointed Xavier Durand as the Chief Executive Officer. This appointment became effective after the Board meeting of February 9, 2016, held to approve the 2015 financial statements. Jean-Marc Pillu continued to act as Coface CEO until that date.

This announcement had no impact on the financial statements of Coface as at December 31, 2015.

/ **NOTE 2** / Accounting principles, rules and policies

◆ **Accounting principle and methods**

The financial statements for 2015 have been prepared in accordance with generally accepted gaap and the French chart of accounts.

(Regulation 99-03 of April 29, 1999 of the Accounting Regulation Committee), in accordance with the principles of prudence and business continuity.

Financial assets

Investment securities are reported in the balance sheet at cost. A depreciation is recorded when the realisable value (determined according to the restated equity, income, future outlook and value in use for the Company) is less than the acquisition value.

Receivables and payables

Receivables and payables are valued at their face value. They are depreciated through a provision in an effort to account for potential collection difficulties.

Investment securities

Units in money-market funds (SICAV) are recorded at their acquisition price according to the FIFO (first-in first-out) method. Unrealised losses or gains resulting from an evaluation of the portfolio at the close of the financial year

are reintegrated (or deducted) for calculating the tax income.

Start-up costs

According to Article 432-1 of the general accounting plan, the stock market listing costs incurred by the Company may be recorded as start-up costs.

These costs are amortised over five years, with the first and last year amortised *pro rata temporis* in accordance with the general accounting plan (PCG) instructions (Article 361-3).

Issuing charges

According to the general accounting plan (Article 361-2,) the costs linked to the hybrid debt issued must be in principle distributed according to the characteristics of the loan. These costs were recorded in deferred charges and amortised on a straight-line basis for the term of the loan, *i.e.* 10 years.

◆ **Permanent nature of methods**

The financial statements for the year are comparable to those of the previous year (consistency of accounting methods and time period principle).

The Balance Sheet, the Income statement and notes are expressed in euros.

/ **NOTE 3** / Other disclosures

Consolidating entity

COFACE SA has been fully consolidated since 2007 by Natixis whose head office is located at

30, Avenue Pierre Mendès France 75013 Paris.

Staff and managers

COFACE SA has no staff on its payroll and has no pension commitment.

Off-balance sheet commitments

■ Commitments received: €600 million

This entails six credit lines unused as at December 31, 2015 linked to the issue of commercial paper for an amount of €600 million (€500 million as at December 31, 2014) taken

from Natixis, Société Générale, BNP Paribas, CACIB, BRED and HSBC.

■ Commitments given: €1,000 million

On March 19, 2012, COFACE SA issued a joint surety bond in favour of Coface Finanz, a company held indirectly by COFACE SA, for the sums that will be due by Coface Factoring Poland as reimbursement for the loan granted to the latter, for a maximum amount that changed from €350 million to €500 million in April 2015.

This joint surety bond did not have to be exercised from 2012 to 2015.

In April 2015, COFACE SA issued a joint surety bond to hedge the commitments of Coface Finanz and Coface Factoring Poland for the bilateral credit lines taken out from five banks and amounting to €500 million.

/ **NOTE 4** / Analyses on the main balance sheet items *(in euros)*◆ **Assets****4.1.1 Intangible assets**

	GROSS 2015	AMORTISATION	NET 2015
Set-up costs	5,696,410	1,716,055	3,980,355

Set-up costs include IPO (initial public offering) costs amortised over five years.

4.1.2 Interests in related companies and companies with capital ties

RELATED COMPANIES	DEC. 31, 2014	ACQUISITIONS	DISPOSALS	DEC. 31, 2015
Compagnie française d'assurance pour le commerce extérieur	1,337,719,300			1,337,719,300
Coface Ré	110,025,157	40,000,000		150,025,157
	1,447,744,457	40,000,000		1,487,744,457

4.1.3 Loans to affiliates and subsidiaries

RELATED COMPANY	AMOUNT	INTERESTS	TOTAL
Compagnie française d'assurance pour le commerce extérieur	314,000,000	10,074,167	324,074,167
	314,000,000	10,074,167	324,074,167

On March 27, 2014, COFACE SA granted a subordinated intra-group loan to Compagnie française d'assurance pour le commerce extérieur for €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year.

4.1.4 Other receivables

	DEC. 31, 2015	UP TO ONE YEAR	DUE BETWEEN 1 AND 5 YEARS	DEC. 31, 2014
French government and other authorities				939,615
Current account Tax Consolidation	1,730,821	1,730,821		
Current account Coface Finanz	418,324,299	418,324,299		353,822,746
Miscellaneous receivables	6,852,720	4,730,402	2,122,318	6,682,939
Coface Factoring Poland	104,615	104,615		
Natixis liquidity agreement	4,510,423	4,510,423		4,147,979
Other receivables	2,237,682	115,364	2,122,318	2,534,961
	426,907,840	424,785,522	2,122,318	361,445,300

The item "other receivables" in miscellaneous receivables primarily consists of expenses to be recharged in connection with the award of bonus shares for €2,122,318.

4.1.5 Investment securities

	PURCH. VAL.	MARKET VAL.	UNREALISED CG
6 Money-market SICAV Natixis Cash Euribor	618,354	618,366	11

4.1.6 Treasury shares

NUMBER OF SHARES HELD	DEC. 31, 2014	ACQUISITIONS	DISPOSALS	DEC. 31, 2015
Liquidity agreement	80,819	3,144,906	3,164,354	61,371
Bonus Share Awards		235,220		235,220
	80,819	3,380,126	3,164,354	296,591

Liquidity agreement

With effect from July 7, 2014, Coface appointed Natixis to implement a liquidity agreement for COFACE SA shares traded on Euronext Paris, in accordance with the Charter of Ethics of the French financial markets association (Association française des marchés financiers - AMAFI) dated March 8, 2011, and approved by the AMF on March 21, 2011.

The Group allocated €5 million to the liquidity account for the purposes of the agreement, which is for a period of 12 months and was renewed by tacit agreement in July 2015 (see Note 4.1.4).

The liquidity agreement is part of the share buyback programme decided by the Board of Directors' meeting of June 26, 2014 (see the characteristics of the share 2015-2016 buyback programme in paragraph 7.2.1.2).

Share buyback agreement:

See Note 1.1.

At December 31, 2015, the Group's own shares held in treasury had a gross and net value of €2,680,522, broken down as follows:

- liquidity agreement: €558,204;
- award of Bonus Shares: €2,122,318.

4.1.7 Cash at bank and in hand

	DEC. 31, 2015	DEC. 31, 2014
Natixis	80,044	171,378
HSBC		215
	80,044	171,593

4.1.8 Prepaid expenses

	DEC. 31, 2015	DEC. 31, 2014
CACIB: fees		4,889
Moody's: issuer rating and programme	112,500	
	112,500	4,889

4.1.9 Deferred charges

	GROSS 2015	AMORTISATION	NET 2015
EXPENSES LINKED TO SUBORDINATED DEBT	3,301,283	660,257	2,641,026

Deferred charges include costs linked to the issuance of the subordinated debt amortised over a period of 10 years.

4.1.10 Loan reimbursement premiums

	GROSS 2015	AMORTISATION	NET 2015
Premium linked to subordinated debt	1,923,560	384,712	1,538,848

The premium linked to the subordinated debt is amortised over 10 years.

◆ Liabilities

4.2.1 Changes in equity

	DEC. 31, 2014	ALLOCATION OF INCOME	EXTRAORDINARY CASH DISTRIBUTION	INCOME FOR THE YEAR	DEC. 31, 2015
Share capital	786,241,160				786,241,160
Number of shares	157,248,232				157,248,232
Share premium	422,830,623		-75,460,456		347,370,166
Legal reserves	70,703,079				70,703,079
Retained earnings		-2,779,036			-2,779,036
Income for the year	-2,779,036	2,779,036		73,048,606	73,048,606
TOTAL	1,276,995,826	0	-75,460,456	73,048,606	1,274,583,976

COFACE SA's total equity amounted to €1,274,583,976.

In accordance with the decision taken by the Annual Shareholders' Meeting of May 18, 2015, net income for 2014 was allocated to retained earnings and an extraordinary dividend of €0.48 per share was paid at the end of May 2015, for a total amount of €75,460,456.

4.2.2 Composition of capital

	DEC. 31, 2015		INCREASE/ DECREASE	DEC. 31, 2014	
Number of shares	157,248,232			157,248,232	
Nominal value (in €)	5			5	
Shareholders: Financial market and other	58.33%	91,718,823		58.46%	91,922,573
Natixis	41.24%	64,853,870	1	41.24%	64,853,869
Group Employee funds	0.24%	378,937	-12,022	0.25%	390,959
Treasury shares	0.19%	296,591	215,772	0.05%	80,819
Directors' loaned shares:		11	-1		12
<i>BPCE</i>			-1		1
<i>Individuals</i>		11			11

4.2.3 Provisions for liabilities and charges

	DEC. 31, 2015	ADDITIONS	REVERSALS	DEC. 31, 2015
Provision for bonus share award	1,340,779	781,539		2,122,318
	1,340,779	781,539		2,122,318

4.2.4 Debts

	UP TO ONE YEAR	1-5 YEARS	BEYOND 5 YEARS	DEC. 31, 2015	DEC. 31, 2014
Bank borrowings and debts	418,065,103			418,065,103	351,952,226
31 Commercial paper: discounted fixed rate	417,962,205			417,962,205	351,867,462
CP accrued interests	102,898			102,898	84,764
Other bond issues	11,756,250	380,000,000		391,756,250	391,756,250
Subordinated bonds			380,000,000	380,000,000	380,000,000
Accrued interests	11,756,250			11,756,250	11,756,250
Sundry borrowings and debts	12,625,567	150,000,000		162,625,567	121,075,172
Borrowing Cie française d'assurance pour le commerce extérieur			150,000,000	150,000,000	110,000,000
Accrued interests on Coface borrowing	201,250			201,250	147,583
Cash advance Cie Française and accrued interest	12,424,317			12,424,317	10,927,589
Trade notes and accounts payables	755,380			755,380	876,165
Tax and social liabilities	114,715			114,715	115,240
Other debts	354,804			354,804	409,226
	443,671,819	530,000,000		973,671,819	866,184,280

After approval by the Banque de France on November 6, 2012, COFACE SA issued on November 13, 2012, commercial papers for €250 million (maturing 1 to 3 months). This programme, intended to refinance in part the factoring portfolio in Germany, was rated F1 and P2 by the Fitch and Moody's rating agencies.

The amount raised was fully loaned to Coface Finanz through a cash agreement and all fees incurred were recharged.

In October 2015, this programme, carried by Société Générale, amounted to €600 million through six banks.

As at December 31, 2015, €418 million had been used.

After the subordinated note issue, rating agencies Fitch and Moody's confirmed the Group's Insurer Financial Strength ratings at AA- and A2 respectively.

On March 27, 2014, COFACE SA completed the issue of subordinated debt in the form of bonds for a nominal amount of €380 million (corresponding to 3,800 bonds with a nominal unit value of €100 thousand), maturing on March 27, 2024 (10 years) and an annual interest rate of 4.125%.

In December 2014, COFACE SA borrowed €110 million from *la Compagnie* for Coface Ré. In June 2015, COFACE SA borrowed an additional €40 million to top up funds sent to Coface Ré (see Note 4.1.2).

Trade notes and accounts payable mainly comprise Statutory Auditors fees that have not yet been billed.

/ **NOTE 5** / Analyses on the main balance sheet items *(in euros)*◆ **Operating income**

	DEC. 31, 2015	DEC. 31, 2014
Operating income	992,028	5,943,605
Commercial paper structuring costs	210,469	425,063
Transfer of expenses		3,301,283
Other income	781,559	2,217,259
Operating expenses	-4,151,810	-7,917,255
Other purchases and external expenses	-1,645,321	-5,400,702
Statutory Auditors' fees	-655,020	-318,157
Fees and Commissions linked to CP program	-324,300	-232,500
Sundry fees	0	-4,589
Coface Europe fees: 8 management mandates	-91,608	-105,108
Rebilling Group payroll costs and related expenses	-75,540	
Legal advertising costs	-7,138	-2,084
Natixis charges and commissions	-8,092	-7,674
Charges linked to the offer reserved for employees	-20	-876,480
Charges linked to initial public offering and listing	-400,459	-549,785
Charges linked to the issue of subordinated debt	1,300	-3,301,283
Licence fees	-80,243	
Sundry costs	-4,201	-3,042
Income tax, taxes and similar payments	-2,677	2,866
Employee-related expenses	-42,567	-54,200
Social charges on directors' fees	-42,567	-54,200
Other expenses	-993,872	-1,556,279
Directors' fees	-212,333	-215,500
Expenses linked to the bonus share award	-781,539	-1,340,779
Depreciations and amortisations	-1,467,373	-908,939
Amortisation of set-up costs	-1,137,244	-578,811
Amortisation of costs linked to subordinated debt	-330,128	-330,128
	-3,159,782	-1,973,651

The entry "Commercial paper structuring costs" in the amount of €210,469 corresponds to the recharging of the costs of managing this commercial paper.

The item "Other income" in the amount of €781,559 corresponds to the recharging of expenses linked to the free award of the shares acquired by COFACE SA in 2015.

◆ **Financial income**

	DEC. 31, 2015	DEC. 31, 2014
Financial income	96,028,145	14,849,342
Investment income	80,007,634	
Dividend	80,007,634	
Other financial income	16,019,355	14,783,506
Sundry interests	50	142,303
Interests linked to the CP program	2,123,949	2,984,817
Income on guarantees	906,877	1,618,198
Loan interests	12,988,479	10,038,188
Income from SICAV sales	1,157	65,836
Income from SICAV sales	1,157	65,836
Financial expenses	-21,684,711	-15,663,964
Interest and similar expenses	-21,492,355	-15,471,608
Fees and Commissions linked to CP program	-1,982,966	-2,957,102
Interests on bond loan	-15,675,000	-11,756,250
Interests on borrowings	-3,018,111	-147,583
Interests on cash advance	-68,944	-28,006
Guarantees costs	-747,333	-582,667
Depreciations and amortisations	-192,356	-192,356
Reimbursement premium amortisation	-192,356	-192,356
	74,343,434	-814,622

Financial income primarily consists of the €80 million dividend received from Compagnie française d'assurance pour le commerce extérieur and €314 million in interest on a loan granted to Compagnie française d'assurance pour le commerce extérieur.

Financial expenses primarily consist of €380 million in interest on the bond loan and the €150 million loan taken out at the end of 2014 from Compagnie française d'assurance pour le commerce extérieur.

◆ **Non recurring result**

	DEC. 31, 2015	DEC. 31, 2014
Non-recurring income	134,374	9,237
Gains on treasury share sales	59,390	9,237
On prior years	74,984	
Non-recurring expenses	-241	
	134,133	9,237

The non-recurring result consists of income on disposals of treasury shares managed under the liquidity agreement and the reversal of expenses accrued in prior years.

◆ Income tax

	DEC. 31, 2015	DEC. 31, 2014
Accounting income before CT	71,317,785	-2,779,036
Deductions	-80,789,178	-1,349,849
■ Dividend Coface Europe (mother/daughter regime)	-80,007,634	
■ Bonus Share awards to be rebilled	-781,538	-1,340,779
■ Unrealised capital gain Dec. 31, 2014 from money-market SICAV	-7	-9,070
Reintegrations	4,781,931	1,340,785
■ Share of costs 5% on dividends	4,000,382	
■ Bonus Share award expenses	781,538	1,340,779
■ Unrealised capital gain Dec. 31, 2015 from money-market SICAV	11	7
Taxable income	-4,689,462	-2,788,100
Corporate tax (rates 33 1/3%)		
Corporate tax before tax consolidation	0	0
Tax consolidation income from consolidated companies	1,730,821	
Corporate income tax (income)	1,730,821	

The application of the tax consolidation agreement resulted in a consolidation gain of €1,730,821 for financial year 2015.

The Group's tax loss carryforward in the tax consolidation group amounted to €5,062,029, including €4,689,462 from COFACE SA, group leader, and €372,567 from Cofinpar.

COFACE SA's tax loss carryforward prior to the tax consolidation was €2,788,100 for 2014.

/ NOTE 6 / Information regarding related companies

The table below presents all balance sheet items and COFACE SA financial statement items regarding related companies:

	DEC. 31, 2015	DEC. 31, 2014
Balance Sheet - Assets		
Interests in related companies	1,487,744,457	1,447,744,457
Loans to affiliates and subsidiaries	324,074,167	324,038,188
Current account Tax Consolidation	1,730,821	
Ct Coface Finanz	418,324,299	353,822,746
Miscellaneous receivables	4,615,038	4,280,315
Cash at bank and in hand	80,043.68	171,378
Balance Sheet - Equity & Liabilities		
Sundry borrowings and debts	162,625,567	121,075,172
Trade notes and accounts payables	75,540	
Other payables	60,000	94,933
Income Statement		
Operating income	210,469	425,063
Operating expenses	-175,240	-112,937
Financial income	96,026,939	14,783,400
Financial expenses	-4,035,325	-1,134,967

/ NOTE 7 / Subsidiaries and Interests

AT DEC. 31, 2015	CURRENCY	CAPITAL	RESERVES AND RETAINED EARNINGS <i>(in foreign currency)</i>	SHARE OF CAPITAL HELD <i>(in %)</i>	VALUE OF SECURITIES HELD			FISCAL YEAR 2015			
					GROSS	NET	OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY	REVENUE	NET EARNINGS OR LOSS	DIVIDENDS RECEIVED OR RECOGNISED BY THE COMPANY <i>(in €)</i>	EXCHANGE RATE DEC. 31, 2015
Compagnie française pour le commerce extérieur 1, place Costes et Bellonte 92270 Bois-Colombes	EUR	137,052,417	985,166,495	99.995%	1,337,719,299.94	1,337,719,299.94	162,625,566.80	1,271,935,236	107,690,616	80,007,634	
Coface Ré SA Rue Bellefontaine 18 1003 Lausanne - SWITZERLAND	CHF	10,000,000	164,097,906	100%	150,025,157.42	150,025,157.42	-	352,822,335	2,470,700	-	1.0835