



Interim consolidated financial statements

Nine months ending September 30th 2014

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in thousands of euros)

ASSETS	Notes	Sep. 30, 2014	Dec. 31, 2013
Intangible assets		235,260	240,441
Goodwill	3	154,402	153,727
Other intangible assets	4	80,858	86,715
Insurance business investments	5	2,566,642	2,208,633
Investment property	5	924	1,271
Held-to-maturity securities	5	6,861	9,403
Available-for-sale securities	5	2,280,443	1,891,204
Trading securities	5	36,454	52,271
Derivatives	5	2,373	1,386
Loans and receivables	5	239,587	253,098
Receivables arising from banking and other activities	6	2,172,676	2,120,516
Investments in associates	7	18,224	17,621
Reinsurers' share of insurance liabilities		339,113	347,221
Other assets		887,143	784,667
Buildings used in the business and other property, plant and equipment		69,076	75,730
Deferred acquisition costs		47,552	39,547
Deferred tax assets		36,738	81,122
Receivables arising from insurance and reinsurance operations		488,502	420,557
Trade receivables arising from other activities		21,168	20,292
Current tax receivables		45,073	52,073
Other receivables		179,033	95,346
Cash and cash equivalents	8	343,898	273,920
TOTAL ASSETS		6,562,956	5,993,019

(in thousands of euros)

EQUITY AND LIABILITIES	Notes	Sep. 30, 2014	Dec. 31, 2013
Equity attributable to owners of the parent		1,700,754	1,780,238
Share capital	9	786,241	784,207
Additional paid-in capital		422,831	648,462
Retained earnings		316,418	193,371
Other comprehensive income		72,177	26,758
Consolidated net income for the period		103,087	127,439
Non-controlling interests		8,792	13,089
Total equity		1,709,546	1,793,327
Provisions for liabilities and charges	12	110,415	112,056
Financing liabilities		391,626	15,133
Financing liabilities due to banking sector companies	13	391,626	15,133
Liabilities relating to insurance contracts	10	1,477,517	1,450,499
Payables arising from banking sector activities	14	2,181,115	2,109,297
Amounts due to banking sector companies		439,772	406,759
Amounts due to customers of banking sector companies		306,400	353,751
Debt securities		1,434,943	1,348,787
Other liabilities		692,738	512,708
Deferred tax liabilities		150,651	138,091
Payables arising from insurance and reinsurance operations		169,157	125,547
Current tax payables		86,419	51,470
Derivative instruments with a negative fair value		19,101	2,527
Other payables		267,411	195,073
TOTAL EQUITY AND LIABILITIES		6,562,956	5,993,019

Consolidated income statement

(in thousands of euros)

	Notes	Sep. 30, 2014	Sep. 30, 2013
Revenue	15	1,071,975	1,075,869
Gross written premiums		957,367	917,645
Policyholders' bonuses and rebates		(86,956)	(52,166)
Net change in unearned premium provisions		(33,743)	(22,742)
Earned premiums	15	836,668	842,737
Fees and commission income	15	95,582	93,718
Net income from banking activities	15	53,067	51,854
Cost of risk of banking activities		(2,899)	(2,293)
Revenue or income from other activities	15	86,658	87,560
<i>Investment income, net of management expenses</i>		27,003	26,626
<i>Gains and losses on disposals of investments</i>		4,568	32,485
Investment income, net of management expenses (excluding finance costs)	18	31,571	59,111
Total revenue and income from ordinary activities		1,100,647	1,132,687
Claims expenses	11	(393,928)	(445,528)
Expenses from banking activities, excluding cost of risk		(8,587)	(9,304)
Expenses from other activities		(42,241)	(37,881)
<i>Income from ceded reinsurance</i>		149,322	195,418
<i>Expenses from ceded reinsurance</i>		(200,863)	(238,036)
Income and expenses from ceded reinsurance	17	(51,541)	(42,618)
Policy acquisition costs	16	(194,597)	(187,393)
Administrative costs	16	(194,177)	(189,961)
Other current operating expenses	16	(50,042)	(67,887)
Total current income and expenses		(935,111)	(980,572)
CURRENT OPERATING INCOME		165,536	152,115
Other operating expenses	19	(9,663)	(2,038)
Other operating income	19	2,242	518
OPERATING INCOME		158,114	150,595
Finance costs		(9,408)	(2,690)
Share in net income of associates		1,359	1,366
Income tax expense		(46,209)	(50,639)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		103,856	98,632
Non-controlling interests		(769)	(643)
NET INCOME FOR THE PERIOD		103,087	97,988
Earnings per share (€)	21	0.66	0.62
Diluted earnings per share (€)	21	0.66	0.62

Consolidated statement of comprehensive income

(in thousands of euros)

	Notes	Sep. 30, 2014	Sep. 30, 2013
Net income for the period		103,087	97,988
Non-controlling interests		769	643
Other comprehensive income			
Currency translation differences reclassifiable to income		17,876	(17,953)
	<i>Reclassified to income</i>		
	<i>Recognized in equity</i>	17,876	(17,953)
Fair value adjustments on available-for-sale financial assets	5	27,155	(24,313)
	<i>Reclassified to income – gross</i>	(5,580)	(28,813)
	<i>Reclassified to income – tax effect</i>	1,772	8,350
	<i>Recognized in equity – reclassifiable to income – gross</i>	43,123	(8,239)
	<i>Recognized in equity – reclassifiable to income – tax effect</i>	(12,160)	4,389
Fair value adjustments on employee benefit obligations			
Other comprehensive income for the period, net of tax		45,032	(42,266)
Total comprehensive income for the period		148,888	56,366
- attributable to owners of the parent		148,358	56,488
- attributable to non-controlling interests		530	(122)

Consolidated statement of changes in equity

(in thousands of euros)

	Notes	Share capital	Consolidated reserves	Treasury shares	Other comprehensive income			Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Foreign currency translation reserve	Reclassifiable revaluation reserves	Non-reclassifiable revaluation reserves				
Equity at December 31, 2012 restated for IAS 19R		784,207	787,752		(4,491)	87,325	(16,288)	124,087	1,762,593	13,648	1,776,241
Appropriation of 2012 net income			124,087					(124,087)			
Payment of 2012 dividends in 2013			(65,081)						(65,081)	(1,089)	(66,170)
Total transactions with owners			59,006					(124,087)	(65,081)	(1,089)	(66,170)
Sep.30, 2013 net income								97,988	97,988	643	98,632
Fair value adjustments on available-for-sale financial assets recognized in equity	5					(3,436)			(3,436)	(414)	(3,850)
Fair value adjustments on available-for-sale financial assets reclassified to income	5					(20,401)			(20,401)	(61)	(20,463)
Change in actuarial gains and losses (IAS 19R)											
Currency translation differences					(17,927)	265			(17,662)	(291)	(17,953)
Other movements			(2)						(2)	8	5
Equity at Sep. 30, 2013		784,207	846,756		(22,418)	63,753	(16,288)	97,988	1,753,999	12,445	1,766,443
Equity at December 31, 2013		784,207	841,834		(33,962)	75,930	(15,211)	127,439	1,780,239	13,089	1,793,327
Capital increase		2,034	1,352						3,386		3,386
2013 net income to be appropriated			127,439					(127,439)			
Special dividend paid to Natixis (issue premium)			(226,983)						(226,983)		(226,983)
Payment of 2013 dividends in 2014			(1,868)						(1,868)	(712)	(2,580)
Total transactions with owners		2,034	(100,060)					(127,439)	(225,465)	(712)	(226,178)
Sep. 30, 2014 net income								103,087	103,087	769	103,856
Fair value adjustments on available-for-sale financial assets recognized in equity	5					31,279			31,279	(316)	30,963
Fair value adjustments on available-for-sale financial assets reclassified to income	5					(3,808)			(3,808)		(3,808)
Change in actuarial gains and losses (IAS 19R)											
Currency translation differences					17,799				17,799	78	17,876
Treasury shares elimination				(2,340)					(2,340)		(2,340)
Other movements			(184)			191	(39)		(35)	(4,116)	(4,152)
Equity at Sep. 30, 2014		786,241	741,590	(2,340)	(16,164)	103,591	(15,250)	103,087	1,700,754	8,792	1,709,546

Consolidated statement of cash flows

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Net income for the period	103,087	97,988
Income tax expense	46,209	50,639
Finance costs	9,408	2,690
Operating income before tax (A)	158,704	151,318
Non-controlling interests	769	643
+/- Depreciation, amortization and impairment losses	14,658	16,799
+/- Net additions to/reversals from technical provisions	6,450	71,555
+/- Share in net income of associates	(1,359)	(1,366)
+ Dividends received from associates	756	684
+/- Fair value adjustments on financial instruments recognized at fair value through income	28,875	(576)
+/- Non-cash items		
Total non-cash items (B)	50,149	87,739
Gross cash flows from operations (C) = (A) + (B)	208,853	239,057
Change in operating receivables and payables	(54,337)	47,450
Net taxes paid (1)	32,288	(46,342)
Net cash related to operating activities (D)	(22,049)	1,108
Increase (decrease) in receivables arising from factoring operations	(50,646)	(2,168)
Increase (decrease) in payables arising from factoring operations	36,463	(100,525)
Increase (decrease) in factoring liabilities	71,602	75,177
Net cash generated from banking and factoring operations (E)	57,419	(27,516)
Net cash generated from operating activities (F) = (C+D+E)	244,222	212,650
Acquisitions of investments	(2,581,163)	(2,282,672)
Disposals of investments	2,269,226	2,194,165
Net cash used in movements in investments (G)	(311,937)	(88,507)
Acquisitions of consolidated subsidiaries, net of cash acquired	(0)	7,571
Disposals of consolidated companies, net of cash transferred		
Net cash used in changes in scope of consolidation (H)	(0)	7,571
Disposals of property, plant and equipment and intangible assets	(6,226)	(22,323)
Acquisitions of property, plant and equipment and intangible assets	4,164	930
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangibles (I)	(2,062)	(21,393)
Net cash used in investing activities (J) = (G+H+I)	(313,999)	(102,330)
Proceeds from the issue of equity instruments	3,386	
Special dividend paid to Natixis - issue premium payment	(226,983)	
Treasury share transactions	(2,341)	
Dividends paid to owners of the parent	(1,868)	(65,081)
Dividends paid to non-controlling interests	(712)	(1,089)
Relation (Coface SA repurchase Compagnie Française d'Assurance pour le Commerce Extérieur from Natixis)	(4,146)	
Cash flows related to transactions with owners (K)	(232,664)	(66,170)
Proceeds from the issue of debt instruments	388,818	3,716
Cash used in the redemption of debt instruments	(21,122)	(5,568)
Cash flows related to the financing of Group operations (L)	367,696	(1,852)
Net cash generated from (used in) financing activities (K)	135,032	(68,023)
Impact of changes in exchange rates on cash and cash equivalents (L)	4,723	(8,581)
Net increase in cash and cash equivalents (F+J+K+L)	69,978	33,716
Net increase in cash and cash equivalents (F+J+K+L)	69,978	33,716
Net cash generated from operating activities (F)	244,222	212,650
Net cash used in investing activities (J)	(313,999)	(102,330)
Net cash generated from (used in) financing activities (K)	135,032	(68,023)
Impact of changes in exchange rates on cash and cash equivalents (L)	4,723	(8,581)
Cash and cash equivalents at beginning of period	273,920	257,010
Cash and cash equivalents at end of period	343,898	290,726
Net change in cash and cash equivalents	69,978	33,716

⁽¹⁾ The favorable cash impact of net taxes paid is mainly related to the indemnity paid by Natixis to Coface to offset the loss of tax losses.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

These IFRS condensed interim consolidated financial statements of the Coface Group as at September 30, 2014 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

These condensed interim financial statements comprise:

- a balance sheet;
- an income statement;
- a statement of comprehensive income;
- a statement of changes in equity;
- a statement of cash flows;
- and selected explanatory notes.

They are presented with comparative financial information at December 31, 2013 for balance sheet items, and for the nine months ended September 30, 2013 for income statement items.

The explanatory notes do not contain all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

The condensed consolidated financial statements of the Coface Group as at September 30, 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union^[1]. The same accounting principles and policies have been used for the consolidated financial statements for the nine months ended September 30, 2014 as for the year ended December 31, 2013 – as described in Note 1, “Basis of preparation” of the 2013 consolidated financial statements. These condensed consolidated financial statements were examined by the Board of Directors on October 29, 2014.

Note 1. Significant events

^[1] The standards adopted by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Initial public offering (IPO)

Since 2011, the Coface Group has refocused on its core business, of credit insurance, and has undertaken a series of structural reorganizations that have restored the Group's operating profitability. In this context, on June 27, 2014 the Group entered a new stage of its development with its successful stock market listing on compartment A of French regulated market Euronext Paris.

The IPO was well received by the markets, with strong demand from French and international institutional investors resulting in a diversified ownership structure that reflects the multinational dimension of Coface.

The favorable reception from the markets led Natixis, acting as stabilizing agent in the name and on behalf of the financial institutions that accompanied Coface throughout its IPO, to exercise the over-allotment option in full just four days after the initial listing.

Following the IPO, Coface's market capitalization stood at approximately €1,631 million.

The IPO consisted in a Retail Offering for 2,546,251 shares and an International Offering for 77,442,816 shares i.e. a total of 79,989,067 existing shares sold by Natixis, corresponding to 51% of the capital and voting rights. The gross proceeds of the Retail Offering and the International Offering represented a total of approximately €82 million based on the Offer Price of €10.40 per share, and could reach €957 million assuming the full exercise of the over-allotment option comprising a maximum 11,998,359 existing shares.

Coface SA shares were initially traded in the form of pledges of shares on Euronext Paris, compartment A, on June 27, 2014.

A concurrent employee offering was also launched for approximate gross proceeds of €13 million, in the form of 1,568,413 new shares at €8.32 per share i.e., a 20% discount (rounded up to the nearest euro cent) on the offer Price at €10.40.

The employee offering was made available in 19 countries and covered 80% of the Group's headcount. It was warmly welcomed by employees, as illustrated by the nearly 50% take-up rate.

Subordinated debt issuance

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). These bonds bear annual interest at 4.125%.

The issue allowed the Coface Group to optimize its capital structure, which had previously been characterized by an extremely low debt ratio (less than 1% at end-2013), and to strengthen its regulatory capital.

It was welcomed by a diversified and international basis of investors and was 10 times oversubscribed, demonstrating the confidence in the profitable growth model put in place by Coface over the last three years based on bolstered operating and financial fundamentals.

The per-unit bond issue price was €99,493.80, and the amount received by Coface SA was €376.7 million, net of placement fees and directly-attributable transaction costs.

These bonds are irrevocably and unconditionally guaranteed on a subordinated basis by Compagnie Française d'Assurance pour le Commerce Extérieur, the Coface Group's main operating entity.

On March 25, 2014, a joint surety was issued by Compagnie Française d'Assurance pour le Commerce Extérieur for €380 million, in favor of the investors in Coface SA's subordinated bonds, applicable until the extinction of all liabilities in respect of said investors. The annual interest rate applicable is 0.2% on the basis of the total amount (due by Coface SA).

This subordinated surety is recorded in off-balance sheet items. Since it is classified as an intragroup transaction, it is eliminated in consolidation and is not disclosed in the explanatory notes.

On March 27, 2014, Coface SA granted a subordinated intragroup loan to Compagnie Française d'Assurance pour le Commerce Extérieur in the amount of €314 million, maturing on March 26, 2024 (10 years) and bearing annual interest at 4.125%, payable at the anniversary date each year.

Exercise of the over-allotment option

On July 2, 2014, Natixis, acting as stabilizing agent in the name and on behalf of the financial institutions that accompanied Coface throughout its IPO, exercised the over-allotment option in full covering 11,998,359 additional existing shares sold by Natixis at the offering price of €10.40 per share. Accordingly the total number of Coface shares offered in connection with the initial public offering was 91,987,426 shares representing 58.65% of the capital and voting rights. Following the exercise of the over-allotment option, Natixis held 41.35% of the share capital of Coface.

On September 30, 2014 and following the employee offering, Natixis held 41.30% of the share capital of Coface.

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 purposes of the agreement, which is for a period of 12 months subject to tacit renewal. The liquidity agreement is part of the share buyback program authorized by the shareholders' meeting of June 2, 2014.

Geographic expansion

In January, 2014, Coface was granted a license to issue credit insurance policies in Colombia via its own sales force, rounding out the indirect distribution model launched several years ago in Colombia based on a partnership with a local insurer.

In early May, Coface opened a new trade representation office in the Philippines.

Tax compensation by Natixis

Coface left the Natixis tax consolidation group with effect from January 1, 2014. In accordance with the tax consolidation agreement, Natixis paid Coface an amount of €50 million with respect to deferred tax assets recognized on tax loss carry forwards.

Changes in the scope of consolidation

During the second quarter of 2014, Coface SA purchased the 0.26% outstanding interest in Compagnie Française d'Assurance pour le Commerce Extérieur that it did not already own, which was held by Natixis. Compagnie Française d'Assurance pour le Commerce Extérieur is now wholly-owned by Coface SA. At September 30, 2014, the impact on the consolidated financial statements is a €4 million change in non-controlling interests.

Cessation of the state activity in Brazil

SBCE, Brazilian insurance company managed on behalf of the Brazilian state and with the guarantee of the Brazilian state guarantees on non-insurable risks by the private market. The agreement binding the Brazilian state and SBCE was not renewed on 30 June 2014.

Revenue generated by this activity was €5.6 million at December 31, 2013 and €2.6 million at 30 June 2014, as the activity has been terminated since June.

As at September 30, 2014, costs recognized in respect of the cessation of this activity as an other non-recurring operating expenses amounted to €1 million.

Since July 1, 2014, SBCE continues its activity export insurance for short-term trading.

Note 2. Accounting principles

The entry into force on January 1, 2014 of the following new standards and amendments to existing standards did not have a material impact on the condensed interim consolidated financial statements of the Coface Group for the six months ended September 30, 2014:

- Amendments to IAS 32, effective for annual periods beginning on or after January 1, 2014 and applicable retrospectively. These amendments clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet.
- The new standards on consolidation: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, and IFRS 12 – Disclosure of Interests in Other Entities, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012.
- IFRS 10 supersedes IAS 27 – Consolidated and Separate Financial Statements in relation to consolidated financial statements as well as SIC-12 on special purpose entities. It establishes a single control model that applies to all entities, including structured entities. IFRS 11 supersedes IAS 31 – Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers.

IFRS 12 combines and enhances the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

Application of IFRS 12 will result in additional disclosures concerning Coface's interests in unconsolidated structured entities.

As a result of these new standards, the IASB also published revised versions of IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, which were adopted by the European Commission on December 11, 2012 and are effective for annual periods beginning on or after January 1, 2014.

- Amendments to IFRS 10, IFRS 11 and IFRS 12 published by the IASB on June 28, 2012 and adopted by the European Commission on April 4, 2013. Application of these amended standards is mandatory for annual periods beginning on or after January 1, 2014. The amendments to IFRS 10 clarify the standard's transition guidance and limit the requirement to provide adjusted comparative information to only the immediately preceding comparative period. In addition, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.

Accounting principles applied to interim periods

Accounting treatment of debt

Debt is initially recognized at fair value after taking account of directly-attributable transaction costs.

It is subsequently measured at amortized cost using the effective interest method. Amortized cost corresponds to:

- the measurement of the financial liability on initial recognition; minus
- repayments of principal; plus or minus
- cumulative amortization (calculated using the effective interest rate) and any discounts or premiums between the initial amount and the maturity amount.

Premiums and discounts are not included in the initial cost of the financial liability. However, they are included in the calculation of amortized cost and are recognized over the life of the financial liability using the yield-to-maturity method. As and when they are amortized, premiums and discounts impact the amortized cost of the financial liability.

Accounting treatment of debt issuance costs

Transaction costs directly attributable to the issuance of financial liabilities are included in the initial fair value of the liability. Transaction costs are defined as incremental costs directly attributable to the issuance of the financial liability, i.e., that would not have been incurred if the Group had not acquired, issued or disposed of the financial instrument.

Transaction costs include:

- fees and commissions paid to agents, advisers, brokers and other intermediaries;
- levies by regulatory agencies and securities exchanges;
- and transfer taxes and duties.

Transaction costs do not include:

- debt premiums or discounts;
- financing costs;
- internal administrative or holding costs.

As at September 30, 2014, the debt presented on the line « Subordinated bond debt » of the balance sheet, amounted to €383,005 thousand, (i.e. note 13) is composed of:

- nominal value amounted to €380,000 thousand
- reduced by the debt issuance costs for €3,113 thousand,
- reduced by the debt premiums for €1,924 thousand,
- increased by interests accrued of €8,042 thousand.

The impact on income as at September 30, 2014 mainly includes the interests related to the period for €8,042 thousand.

Income tax

The method used to calculate the tax expense for the six months ended September 30, 2014 is the same as that used for the year ended December 31, 2013.

The tax expense is calculated on the basis of the latest known tax rate in force in each country.

Income tax expense 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 base.

Deferred tax assets and liabilities are calculated 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, failing that, at the tax rate in force at the period-end.

For reasons of prudence, Coface only recognizes a net deferred tax asset when it is probable that sufficient taxable profits against which the asset can be utilized will be available within a reasonable timeframe, even though tax losses can be carried forward for very long periods (e.g., 20 years in the United States) or indefinitely in France and the United Kingdom.

Coface therefore draws up tax business plans on a rolling basis, beginning from the last tax reporting date and extrapolated based on growth assumptions used in the medium-term business plans drawn up by its various business lines.

Where appropriate, adjustments are made to these tax plans in order to reflect specific tax regimes.

At December 31, 2013, deferred tax assets on the carryforward of unused tax losses in the Coface SA scope of consolidation amounted to €51.7 million, corresponding to tax losses of the subsidiary Compagnie Française d'Assurance pour le Commerce Extérieur (formerly Coface SA).

Following the departure of Coface from the Natixis tax consolidation group, Natixis paid in the 3rd quarter an indemnity to Coface to offset the loss of tax losses. The compensation was recognized in the income statement in current tax for €50.4 million and at the same time, the deferred tax assets related to the tax loss carryforwards were released in an amount of €50.5 million through deferred tax expense.

Estimates

The main balance sheet items for which Management is required to make estimates are presented in the table below:

Estimates	Notes	Type of information required
Fair value of investment property	5	The fair value of investment property is based on market prices, adjusted where appropriate to take account of the nature, location or any other characteristics specific to the property.
Provision for earned premiums not yet written	10	This provision is calculated based on the estimated amount of premiums expected in the period less premiums recognized.
Provision for policyholders' bonuses and rebates	10	This provision is calculated based on the estimated amount of rebates and bonuses payable to policyholders in accordance with the terms and conditions of the policies written.
Provision for subrogation and salvage	11	This provision is calculated based on the estimated amount potentially recoverable on paid claims.
Claims provision	11	The claims provision covers the estimated cost of all reported claims not settled at the period-end.
IBNR provision	11	The IBNR provision is calculated on a statistical basis using an estimate of the final amount of claims that will be settled after the risk has been extinguished and after any action taken to recover amounts paid out.

Explanatory notes

Note 3. Goodwill

At September 30, 2014, the change in goodwill amounted to €675 thousand. Accordingly, this note is not presented.

Note 4. Other intangible assets

At September 30, 2014, the change in other intangible assets amounted to a negative €5,857 thousand. Accordingly, this note is not presented.

Note 5. Investments

5.1 – Analysis by category

At September 30, 2014, the carrying amount of held-to maturity (HTM) securities was €6,861 thousand; available-for-sale (AFS) securities totaled €2,280,443 thousand; and securities held for trading (“trading securities”) came to €36,454 thousand.

At December 31, 2013, the carrying amount of held-to maturity (HTM) securities was €9,403 thousand; available-for-sale (AFS) securities totaled €1,891,204 thousand; and securities held for trading (“trading securities”) came to €52,271 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income products.

At September 30, 2014, 12% of the Group's total bond portfolio was rated “AAA”, 35% “AA” and “A”, 33% “BBB” and 20% below “BB”. The portion of the bond portfolio rated below “BB” exclusively comprises securities with maturities of less than three years.

At September 30, 2014, bonds represented 68% of the total investment portfolio.

(in thousands of euros)	Sep. 30, 2014					Dec. 31, 2013				
	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses
AFS securities	2,160,770	119,674	2,280,443	2,280,443		1,810,511	80,693	1,891,204	1,891,204	
Equities and other variable-income securities	195,823	99,214	295,037	295,037		109,981	92,486	202,467	202,467	
Bonds and government securities	1,964,946	20,460	1,985,406	1,985,406		1,700,529	(11,793)	1,688,736	1,688,736	
<i>o/w direct investments in securities</i>	<i>1,704,354</i>	<i>25,001</i>	<i>1,729,354</i>	<i>1,729,354</i>		<i>1,338,281</i>	<i>(4,448)</i>	<i>1,333,833</i>	<i>1,333,833</i>	
<i>o/w investments in UCITS</i>	<i>260,592</i>	<i>(4,541)</i>	<i>256,051</i>	<i>256,051</i>		<i>362,248</i>	<i>(7,345)</i>	<i>354,903</i>	<i>354,903</i>	
Shares in non-trading property companies	1		1	1		1		1	1	
HTM securities										
Bonds	6,861		6,861	7,624	763	9,403		9,403	10,170	767
Fair value through income – trading securities										
Money market funds (UCITS)	36,429	25	36,454	36,454		52,271		52,271	52,271	
Derivatives (positive fair value)		2,373	2,373	2,373			1,386	1,386	1,386	
Loans and receivables	239,587		239,587	239,587		253,098		253,098	253,098	
Investment property	708	216	924	924		1,055	216	1,271	1,271	
Total	2,444,355	122,287	2,566,642	2,567,405	763	2,126,338	82,294	2,208,633	2,209,400	767

(in thousands of euros)	Gross Sep. 30, 2014	Impairment	IFRS Sep. 30, 2014	IFRS Dec. 31, 2013
AFS securities	2,310,556	(30,113)	2,280,443	1,891,204
Equities and other variable-income securities	325,141	(30,105)	295,037	202,467
Bonds and government securities	1,985,406		1,985,406	1,688,736
<i>o/w direct investments in securities</i>	<i>1,729,354</i>		<i>1,729,354</i>	<i>1,333,833</i>
<i>o/w investments in UCITS</i>	<i>256,051</i>		<i>256,051</i>	<i>354,903</i>
Shares in non-trading property companies	9	(8)	1	1
HTM securities				
Bond	6,861		6,861	9,403
Fair value through income – trading securities				
Money market funds (UCITS)	36,454		36,454	52,271
Derivatives (positive fair value)	2,373		2,373	1,386
<i>(for information, derivatives with a negative fair value)</i>	<i>(19,101)</i>		<i>(19,101)</i>	
Loans and receivables	239,587		239,587	253,098
Investment property	924		924	1,271
Total investments	2,596,755	(30,113)	2,566,642	2,208,633

(in thousands of euros)	Dec. 31, 2013	Additions	Reversals	Exchange rate effects and other	Sep. 30, 2014
AFS securities	30,661	1,293	(1,949)	107	30,113
Equities and other variable-income securities	30,653	1,293	(1,949)	107	30,105
Shares in non-trading property companies	8				8
Total impairment	30,661	1,293	(1,949)	107	30,113

At September 30, 2014, Coface Chile reversed an impairment loss in respect of Coface Factoring Chile further to its liquidation. Since this was the matching entry to the liquidation loss, it had no impact on income.

Change in investments by category

(in thousands of euros)	Dec. 31, 2013 Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	Sep. 30, 2014 Carrying amount
AFS securities	1,891,204	1,767,131	(1,426,549)	37,518	656	10,484	2,280,443
Equities and other variable-income securities	202,467	98,756	(8,694)	5,313	656	(3,460)	295,037
Bonds and government securities	1,688,736	1,668,375	(1,417,855)	32,205		13,944	1,985,406
Shares in non-trading property companies	1						1
HTM securities							
Bonds	9,403		(2,542)				6,861
Fair value through income – trading securities	52,271	722,780	(738,306)	23		(314)	36,454
Loans, receivables and other financial investments	255,755	107,826	(103,778)	(28,898)		11,978	242,884
<i>Derivatives (positive fair value)</i>	<i>1,386</i>	<i>31,328</i>	<i>(1,438)</i>	<i>(28,898)</i>		<i>(5)</i>	<i>2,373</i>
<i>Loans and receivables</i>	<i>253,098</i>	<i>76,499</i>	<i>(101,993)</i>			<i>11,982</i>	<i>239,587</i>
<i>Investment Property</i>	<i>1,271</i>		<i>(347)</i>				<i>924</i>
Total investments	2,208,633	2,597,737	(2,271,174)	8,643	656	22,148	2,566,642

At September 30, 2014, material changes were observed for the following items:

- Equities and other variable-income securities amounted to €295,037 thousand at September 30, 2014, versus €202,467 thousand at December 31, 2013. The €92,570 thousand change in this item chiefly reflects the acquisition of additional equities by the "Colombes" mutual funds. The "Colombes" mutual funds were set up in 2013, and consolidated as from that date, to centralize the management of the Group's investments.
- Bonds and government securities amounted to €1,895,406 thousand at September 30, 2014, versus €1,688,736 thousand at December 31, 2013. The €206,670 thousand increase in this item is mainly attributable to various transactions and the remeasurement of the "Colombes" mutual funds.
- Held-to maturity (HTM) securities amounted to €6,861 thousand at September 30, 2014, versus €9,403 thousand at December 31, 2013. The €2,542 thousand decrease correspond to the maturity of the bond.
- Loans, receivables and other investments amounted to €279,338 thousand at September 30, 2014, versus €308,026 thousand at December 31, 2013. This item mainly comprises trading securities, certificates of deposit and term deposits.

5.2 – Financial instruments recognized at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorizes into three levels the inputs used to measure fair value. These levels are as follows:

Level 1: Quoted prices in active markets for an identical financial instrument.

Securities classified as level 1 represent 82% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized markets, as well as units in mutual funds whose net asset value is calculated and published on a very regular basis and is readily available (AFS securities);
- government bonds and bonds indexed to variable interest rates (HTM securities);
- French UCIT money-market funds (trading securities).

Level 2: Use of inputs, other than quoted prices for an identical instrument that are directly or indirectly observable in the market (inputs corroborated by the market such as yield curves, swap rates, multiples method, etc.).

This level is used for the following instruments:

- unlisted equities;
- loans and receivables due from banks or clients and whose fair value is determined using the historical cost method.

Level 3: Valuation technics based on unobservable inputs such as projections or internal data. This level corresponds to unlisted equities, investment securities and mutual fund units (UCITS), as well as investment property.

Breakdown of financial instrument fair value measurements as at September 30, 2014 by level in the fair value hierarchy

(in thousands of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
			Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	2,280,443	2,280,443	2,033,387	123,211	123,845
Equities and other variable-income securities	295,037	295,037	156,522	14,671	123,844
Bonds and government securities	1,985,406	1,985,406	1,876,865	108,540	
Shares in non-trading property companies	1	1			1
HTM securities					
Bonds	6,861	7,624	7,624		
Fair value through income – trading securities					
Money market funds (UCITS)	36,454	36,454	36,454		
Derivatives	2,373	2,373		2,373	
Loans and receivables	239,587	239,587		239,587	
Investment property	924	924			924
TOTAL	2,566,642	2,567,405	2,077,466	365,170	124,769

Movements in Level 3 securities as at September 30, 2014

(in thousands of euros)	Level 3 At Dec. 31, 2013	Gains and losses recognized in the period		Transactions for the period		Changes in scope of consolidation	Exchange rate effects	Level 3 At Sep. 30, 2014
		In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions			
AFS securities	107,825	166	8,198	6,211			1,445	123,845
Equities and other variable-income securities	107,824	166	8,198	6,211			1,445	123,844
Shares in non-trading property companies	1							1
Investment property	1,271	(347)						924
TOTAL	109,096	(181)	8,198	6,211			1,445	124,769

Breakdown of financial instrument fair value measurements as at December 31, 2013 by level in the fair value hierarchy

(in thousands of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
			Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	1,891,204	1,891,204	1,637,022	146,357	107,825
Equities and other variable-income securities	202,467	202,467	79,972	14,671	107,824
Bonds and government securities	1,688,736	1,688,736	1,557,050	131,686	
Shares in non-trading property companies	1	1			1
HTM securities					
Bonds	9,403	10,170	10,170		
Fair value through income – trading securities					
Money market funds (UCITS)	52,271	52,271	52,271		
Derivatives	1,386	1,386		1,386	
Loans and receivables	253,098	253,098		253,098	
Investment property	1,271	1,271			1,271
TOTAL	2,208,633	2,209,400	1,699,462	400,842	109,096

Movements in Level 3 securities as at December 31, 2013

	Level 3	Gains and losses recognized in the period		Transactions for the period		Reclassifications for the period	Changes in scope of consolidation	Exchange rate effects	Level 3
	At Dec. 31, 2012	In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions	To level 3			At Dec. 31, 2013
AFS securities	117,991	5,341	13,679	5,299	(30,734)	371			107,825
Equities and other variable-income securities	117,984	5,341	13,679	5,299	(30,728)	371	(3,872)	(250)	107,824
Shares in non-trading property companies	7				-6				1
Investment property	1,456				(185)				1,271
TOTAL	119,447	5,341	13,679	5,299	(30,919)	371	(3,872)	(250)	109,096

Note 6. Receivables arising from banking and other activities

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Receivables arising from banking and other activities	2,193,137	2,140,237
Allowances for receivables arising from banking and other activities	(20,461)	(19,721)
Total receivables arising from banking and other activities	2,172,676	2,120,516

Receivables arising from banking and other activities represent receivables acquired within the scope of factoring agreements.

They are recognized at cost within assets. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.

Where applicable, the Group recognizes a valuation allowance against receivables to take account of any potential difficulties in their future recovery, it being specified that the receivables are also covered by a credit insurance agreement. Accordingly, the related risks are covered by claims provisions.

Note 7. Investments in associates

At September 30, 2014, the change in investments in associates amounted to €603 thousand. Accordingly, this note does not present any material changes.

Note 8. Cash and cash equivalents

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Cash at bank and in hand	307,223	260,866
Cash equivalents	36,674	13,054
Total	343,898	273,920

Cash and cash equivalents totaled €343,898 thousand at September 30, 2014 compared with €273,920 thousand at December 31, 2013, representing a period-on-period increase of €69,978 thousand.

Note 9. Share capital

Ordinary shares	Number of shares	Par value	Share capital (in €)
At January 1, 2014	156,841,307	5	784,206,535
Capital increase	406,925	5	2,034,625
At Sep. 30, 2014	157,248,232	5	786,241,160
Treasury shares	(227,807)	5	(1,139,035)
At Sep. 30, 2014 (excluding treasury shares)	157,020,425	5	785,102,125

Shareholders	Number of shares - at Jan. 1, 2014	% at opening	Number of shares - at Sep. 30, 2014	% at closing
Natixis	156,841,307	100%	64,853,869	41.30%
Public	(0)	0%	92,166,556	58.70%
Total	156,841,307	100%	157,020,425	100%

As at September, 30 2014, treasury shares correspond to the shares purchased by Coface in connection with the liquidity agreement.

Note 10. Liabilities relating to insurance contracts

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Provisions for unearned premiums	308,251	267,023
Claims provisions	1,076,956	1,120,922
Provisions for policyholders' bonuses and rebates	92,310	62,554
Liabilities relating to insurance contracts	1,477,517	1,450,499
Provisions for unearned premiums	(65,106)	(41,674)
Claims provisions	(251,502)	(289,294)
Provisions for policyholders' bonuses and rebates	(22,506)	(16,254)
Reinsurers' share of technical insurance liabilities	(339,113)	(347,221)
Net technical provisions	1,138,403	1,103,278

Note 11. Claims expenses

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Paid claims, net of recoveries	(435,480)	(374,257)
Claims handling expenses	(17,825)	(20,386)
Change in claims provisions, net of recoveries	59,378	(50,885)
Total	(393,928)	(445,528)

Claims expenses by period of occurrence

(in thousands of euros)	Sep. 30, 2014			Sep. 30, 2013		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current period	(592,824)	122,308	(470,516)	(628,465)	154,919	(473,546)
Claims expenses – prior periods	198,895	(44,639)	154,256	182,937	(45,267)	137,670
Claims expenses	(393,928)	77,669	(316,260)	(445,528)	109,652	(335,876)

Note 12. Provisions for liabilities and charges

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Provisions for disputes	7,456	7,056
Provisions for pension and other post-employment benefit obligations	86,538	86,130
Other provisions for liabilities and charges	16,421	18,870
TOTAL	110,415	112,056

Other provisions for liabilities and charges chiefly include provisions for risks relating to investments in the amount of €13,668 thousand at September 30, 2014, versus €14,47 thousand at December 31, 2013, corresponding to the Group's share in the negative net financial position.

Note 13. Debt

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Subordinated bond debt	383,005	
Obligations under finance leases	8,621	10,565
Bank overdrafts and other borrowings		4,568
TOTAL	391,626	15,133

Coface SA has issued subordinated debt in the form of bonds for a nominal amount of €380 million (3,800 bonds with a nominal unit value of €100 thousand each), maturing on March 27, 2024 (10 years). These bonds bear annual interest at 4.125%, payable at the anniversary date each year.

The per-unit bond issue price was €99,493.80, and the amount received by Coface SA was €375 million, net of placement fees and directly-attributable transaction costs.

Note 14. Payables arising from banking sector activities

(in thousands of euros)	Sep. 30, 2014	Dec. 31, 2013
Amounts due to banking sector companies	439,772	406,759
Amounts due to customers of banking sector companies	306,400	353,751
Debt securities	1,434,943	1,348,787
TOTAL	2,181,115	2,109,297

The lines "Amounts due to banking sector companies" and "Debt securities" correspond to sources of refinancing for the Group's factoring entities – Coface Finanz (Germany) and Coface Factoring Poland.

Note 15. Consolidated revenue

(in thousands of euros)

a) By business line	Sep. 30, 2014	Sep. 30, 2013
Premiums – direct business	910,150	872,418
Premiums – inward reinsurance	47,217	45,227
Policyholders' rebates	(86,956)	(52,166)
Provisions for unearned premiums	(33,743)	(22,742)
Earned premiums net of cancellations c)	836,668	842,737
Fees and commission income	95,582	93,718
Net income from banking activities d)	53,067	51,854
Other insurance-related services	7,582	6,558
Remuneration of public procedures management services	47,721	49,277
Business information and other services	18,816	18,514
Receivables management	12,539	13,211
Revenue or income from other activities	86,658	87,560
Consolidated revenue	1,071,975	1,075,869

(in thousands of euros)

b) By country of invoicing	Sep. 30, 2014	Sep. 30, 2013
Northern Europe	267,601	272,715
Western Europe	347,396	354,407
Central Europe	84,078	80,576
Mediterranean & Africa	162,379	159,210
North America	83,508	77,370
Latin America	57,340	59,810
Asia-Pacific	69,673	71,781
Consolidated revenue	1,071,975	1,075,869

(in thousands of euros)

c) Insurance revenue by type of insurance	Sep. 30, 2014	Sep. 30, 2013
Credit insurance	775,750	773,500
Guarantees	38,947	43,539
Single risk	21,971	25,698
Total insurance revenue	836,668	842,737

(in thousands of euros)

d) Net income from banking activities	Sep. 30, 2014	Sep. 30, 2013
Financing fees	(10,852)	(8,742)
Factoring fees	65,280	61,318
Other	(1,361)	(722)
Total net income from banking activities	53,067	51,854

Note 16. General expenses by function

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Commissions	(102,282)	(98,651)
Other acquisition costs	(92,315)	(88,742)
Total acquisition costs	(194,597)	(187,393)
Administrative costs	(194,177)	(189,961)
Other current operating expenses	(50,042)	(67,887)
Investment management expenses	(1,883)	(3,949)
<i>o/w insurance investment management expenses</i>	<i>(1,883)</i>	<i>(2,225)</i>
Claims handling expenses	(17,825)	(20,386)
<i>o/w insurance claims handling expenses</i>	<i>(17,825)</i>	<i>(20,386)</i>
TOTAL	(458,524)	(469,576)
<i>o/w statutory and optional employee profit-sharing</i>	<i>(7,057)</i>	<i>(3,800)</i>

Total administrative costs for the Coface Group including general insurance expenses (by function), expenses from other activities and expenses from banking activities came out at €509,352 thousand in the nine months ended September 30, 2014 versus €516,761 thousand in the nine months ended September 30, 2013.

In the income statement, claims handling expenses are included in "Claims expenses" and investment management expenses are shown in "Investment income, net of management expenses (excluding finance costs)".

Note 17. Reinsurance result

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Ceded claims	115,163	100,451
Change in claims provisions, net of recoveries	(37,494)	9,201
Commissions paid by reinsurers	71,652	85,766
Income from ceded reinsurance	149,322	195,418
Ceded premiums	(202,076)	(244,300)
Change in unearned premium provisions	1,213	6,264
Expenses from ceded reinsurance	(200,863)	(238,036)
Reinsurance result	(51,541)	(42,618)

Note 18. Investment income by category

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Investment income	29,364	32,389
Change in financial instruments at fair value through income	(28,875)	576
<i>o/w hedged by currency derivatives on "Colombes" mutual funds*</i>	(28,872)	661
Net gains on disposals	4,568	32,485
<i>o/w hedged by currency derivatives on "Colombes" mutual funds*</i>	(1,748)	1,063
Additions to/(reversals from) impairment	(953)	263
Net foreign exchange gains	31,697	(796)
<i>o/w hedged by currency derivatives on "Colombes" mutual funds*</i>	30,200	(1,655)
Investment management expenses	(4,230)	(5,806)
Total investment income, net of management expenses (excluding finance costs)	31,571	59,111

* As at September 30, 2014, the significant variation of the dollar against the euro generated a significant impact in the consolidated income statement, almost completely offset by the currency derivatives. The residual impact amounts to €420 thousand.

As at September, 30, 2013, as part of the operation of centralized investments, a large part of the investments were sold to be reinvested in the funds doves, generating a capital gain of € 27 million

Note 19. Other operating income and expenses

(in thousands of euros)	Sep. 30, 2014	Sep. 30, 2013
Costs directly attributable to the stock market listing	(8,206)	
<i>Fees directly attributable to the stock market listing</i>	(6,759)	
<i>Matching contribution for employees having acquired shares in the company</i>	(1,447)	
Restructuring costs	(1,021)	
Other operating expenses	(436)	(2,038)
Total other operating expenses	(9,663)	(2,038)
Restructuring income	1,534	
Other operating income	708	518
Total other operating income	2,242	518
Net	(7,422)	(1,520)

In the nine months ended September 30, 2014, a non-recurring expense of €6,759 thousand was recognized in other operating expenses in respect of fees in connection with the stock market listing (communications agency, lawyers,

Statutory Auditors, consultants, etc.), expenses and fees paid to Natixis Interépargne and the matching contribution for employees having acquired shares in the company.

The Brazilian insurance company SBCE was managing, on behalf of, and with the guarantee of, the Brazilian State, coverage on risks that are uninsurable by the private market. The agreement binding the Brazilian state and SBCE was not renewed on 30 June 2014. The turnover generated by this activity reached €5,577 thousand as at December 31, 2013 and €2,644 thousand as at September 30, 2014.

As at September 30, 2014, a provision related to the termination of this activity was booked on the line “Restructuring costs” for €1,021 thousand. Since July 1, SBCE continues its export credit risk insurance for short-term operations.

Note 20. Breakdown of net income by segment

Segment reporting is representative of the data monitored for management purposes, and is presented by geographic segment.

Premiums, claims and commissions are monitored by country of invoicing. In the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located.

Reinsurance result – which is calculated and recognized for the whole Group at the level of Compagnie Française d'Assurance pour le Commerce Extérieur (formerly Coface SA) – has been reallocated at the level of each region.

Income taxes by segment have been calculated based on this monitoring framework.

Analysis of September 30, 2014 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	260,964	350,086	89,342	163,035	83,507	57,340	69,718	204,309	21,821		(228,147)	1,071,975
<i>o/w Insurance</i>	177,728	265,748	62,915	135,944	73,538	52,365	68,426	204,309			(204,305)	836,668
<i>o/w Factoring</i>	45,993		7,074									53,067
<i>o/w Other insurance-related services</i>	37,243	84,338	19,352	27,091	9,970	4,975	1,292		21,821		(23,842)	182,240
Claims-related expenses (including claims handling costs)	(88,851)	(99,364)	(41,541)	(82,441)	(19,751)	(30,137)	(27,858)	(124,081)		(2,782)	122,879	(393,928)
Cost of risk	(2,531)		(368)				0					(2,899)
Commissions	(15,274)	(33,730)	(3,427)	(14,570)	(16,547)	(6,616)	(14,506)	(51,799)			54,186	(102,282)
Other internal general expenses	(103,441)	(126,370)	(28,169)	(52,613)	(18,288)	(16,735)	(19,045)		(21,696)	(24,138)	23,134	(387,361)
UNDERWRITING INCOME BEFORE REINSURANCE*	50,867	90,622	15,837	13,412	28,921	3,851	8,309	28,429	125	(26,920)	(27,947)	185,505
Income/(loss) on ceded reinsurance	(14,786)	(23,402)	(2,896)	(15)	(6,653)	(1,084)	(3,336)	(27,795)			28,426	(51,541)
Other operating income and expenses	(283)	(7,157)	(154)	1,323	(53)	(1,067)	(34)				3	(7,422)
Net financial income excluding finance costs	9,057	25,535	3,094	2,632	322	6,184	267		50	(587)	(14,985)	31,571
Finance costs	(418)	(22,344)	(30)	(271)	(410)	(354)	134		(217)		14,504	(9,408)
OPERATING INCOME including finance costs	44,437	63,253	15,851	17,081	22,128	7,530	5,340	635	(42)	(27,507)	0	148,706
Share in net income of associates		1,359										1,359
NET INCOME BEFORE TAX	44,437	64,612	15,851	17,081	22,128	7,530	5,340	635	(42)	(27,507)	0	150,065
Income tax expense	(12,426)	(25,569)	(2,926)	(9,257)	(7,267)	(491)	(1,706)	(218)	(7)	9,471	4,188	(46,209)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	32,011	39,043	12,925	7,824	14,861	7,039	3,634	416	(49)	(18,036)	4,188	103,856
Non-controlling interests	(2)	(1)	(569)	(1)	(1)	(196)	(0)		0			(769)
NET INCOME FOR THE PERIOD	32,009	39,041	12,356	7,823	14,860	6,844	3,633	416	(49)	(18,036)	4,188	103,087

* Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyze the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from other activities.

Analysis of September 30, 2013 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	268,340	356,829	84,861	162,362	77,348	59,734	71,783	97,172	22,032		(124,592)	1,075,868
<i>o/w Insurance</i>	186,836	270,008	59,985	133,959	68,165	53,164	70,622	97,172			(97,174)	842,737
<i>o/w Factoring</i>	44,778		7,076									51,854
<i>o/w Other insurance-related services</i>	36,726	86,822	17,801	28,402	9,183	6,569	1,161		22,032		(27,418)	181,278
Claims-related expenses (including claims handling costs)	(92,640)	(119,910)	(37,078)	(103,472)	(9,374)	(63,141)	(18,918)	(61,038)			60,043	(445,528)
Cost of risk	(2,248)		(45)									(2,293)
Commissions	(16,575)	(32,841)	(2,998)	(13,670)	(16,699)	(4,422)	(14,561)	(23,154)			26,269	(98,651)
Other internal general expenses	(105,684)	(137,038)	(27,670)	(51,028)	(17,466)	(20,039)	(19,363)		(21,820)	(20,946)	27,278	(393,775)
UNDERWRITING INCOME BEFORE REINSURANCE*	51,194	67,040	17,071	(5,808)	33,808	(27,869)	18,941	12,980	212	(20,946)	(11,002)	135,622
Income/(loss) on ceded reinsurance	(13,158)	(21,542)	1,196	4,581	(10,820)	3,837	(10,889)	(8,807)			12,984	(42,618)
Other operating income and expenses		(1,253)	(167)	(65)		(1)					(35)	(1,521)
Net financial income excluding finance costs	12,289	21,091	11,080	11,608	1,064	3,737	2,607		166		(4,528)	59,112
Finance costs	(513)	(2,768)	(131)	(1,032)	(626)	(48)	(12)		(141)		2,582	(2,690)
OPERATING INCOME including finance costs	49,812	62,569	29,049	9,283	23,427	(20,344)	10,646	4,172	237	(20,946)	(0)	147,905
Share in net income of associates		1,366										1,366
NET INCOME BEFORE TAX	49,812	63,935	29,049	9,283	23,427	(20,344)	10,646	4,172	237	(20,946)	(0)	149,271
Income tax expense	(24,630)	(22,590)	(5,785)	(4,687)	(7,739)	4,210	1,948	(1,437)	23	7,212	2,836	(50,639)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	25,182	41,345	23,264	4,596	15,687	(16,134)	12,593	2,736	260	(13,734)	2,836	98,632
Non-controlling interests	(60)	(74)	(399)	3	(31)	(37)	(44)		(1)			(643)
NET INCOME FOR THE PERIOD	25,122	41,271	22,865	4,599	15,656	(16,172)	12,549	2,736	260	(13,734)	2,836	97,988

Note 21. Earnings per share

Sep. 30, 2014				
		Average number of shares	Net income (in thousands of euros)	Earnings per share (€)
Consolidated scope	Basic earnings per share	156,930,866	103,087	0.66
	Dilutive instruments			
	Diluted earnings per share	156,930,866	103,087	0.66
Sep. 30, 2013				
		Average number of shares	Net income (in thousands of euros)	Earnings per share (€)
Consolidated scope	Basic earnings per share	156,841,307	97,988	0.62
	Dilutive instruments			
	Diluted earnings per share	156,841,307	97,988	0.62

Note 22. Off-balance sheet commitments

(in thousands of euros)

Off-balance sheet commitments	Sep. 30, 2014	Dec. 31, 2013
Commitments given	38,313	38,600
Endorsements and letters of credit	28,655	29,000
Property guarantees	7,500	7,500
Financial commitments in respect of equity interests		210
<i>of which, consolidated companies</i>		
Obligations under finance leases	2,158	1,890
Commitments received	755,673	626,780
Endorsements and letters of credit	114,157	116,828
Guarantees	130,889	
Credit lines	500,000	500,000
Financial commitments in respect of equity interests	10,627	9,952
<i>of which, consolidated companies</i>		
Reciprocal commitments		
Forward purchases and sales of foreign currencies		
Guarantees received	349,388	349,488
Securities lodged as collateral by reinsurers	349,388	349,488
Financial market transactions	394,500	237,133

Credit lines correspond to liquidity lines related to commercial paper issues in the amount of €500,000 thousand.

Note 23. Related parties

Natixis holds 41.30% of the share capital of the Coface Group

	Number of shares	%
Natixis	64,853,869	41.30%
Public	92,166,556	58.70%
Total	157,020,425	100.00%

RELATIONS WITH CONSOLIDATED ENTITIES

The Coface Group's main transactions with related parties concern Natixis and its subsidiaries.

The main related-party transactions are as follows:

- financing of a portion of the factoring activity by Natixis SA;
- financial investments with the BPCE and Natixis groups;
- tax payables and receivables within the Natixis tax consolidation group;
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below:

Current operating income	Sep. 30, 2014				
	Natixis group (excl. discontinued operations)	Natixis Factor	Ellisphere	Kompass International	Coface Collections North America
(in thousands of euros)					
Total revenue and income from ordinary activities	(4,051)		(2)	(1)	
Revenue (net banking income, after cost of risk)	(4,189)				
Revenue or income from other activities					
Earned premiums					
Fees and commission income					
Investment income/(loss), net of management expenses	138		(2)	(1)	
Total current income and expenses	(497)	(1)	(323)	(160)	(24)
Claims expenses	(32)		(15)	(10)	(73)
Expenses from other activities			(79)		(17)
Policy acquisition costs	(274)		(122)	(88)	
Administrative costs	(117)	(1)	(70)	(38)	66
Other current operating income and expenses	(74)		(37)	(24)	
Current operating income/(loss)	(4,548)	(1)	(325)	(161)	(24)

Related-party receivables and payables (in thousands of euros)	Sep. 30, 2014					
	BPCE group	Natixis group (excl. discontinued operations)	Natixis Factor	Ellisphere	Kompass International	Coface Collections North America
Financial investments	25,230	7,061				
Other assets		882	86	454	131	111
Receivables arising from insurance and reinsurance operations			2			
Current tax receivables		882				
Other receivables			84	454	131	111
Cash and cash equivalents		7,369				
Financing liabilities due to banking sector companies						
Debt securities						
Liabilities relating to insurance contracts						73
Payables arising from banking sector activities		220,179				
Amounts due to banking sector companies		220,179				
Amounts due to customers of banking sector companies						
Debts evidenced by certificates						
Other liabilities		5,769	5	686		0
Current taxes		5,761				
Other payables		8	5	686		0

Financial investments at September 30, 2014 correspond solely to investments issued by Natixis and BPCE. Investments managed by Natixis and BPCE amounting to €35,219 thousand are not disclosed in this table.

Due to departure of Coface from the Natixis tax consolidation group, deferred tax assets amounting to €50,933 thousand with respect to Natixis at December 31, 2013 were reversed during the period. The compensation paid by Natixis during the 3rd quarter in respect of tax loss carryforwards was recognized in an amount of €50,424 thousand.

The €220,179 thousand in amounts due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business (see Note 14).

Current operating income (in thousands of euros)	Sep. 30, 2013						
	Natixis group (excl. discontinued operations)	Natixis Factor	Ellisphere	Kompass International	Coface Services Belgium	Ignios	Coface Collections North America
Total revenue and income from ordinary activities	(5,343)	205	74	15	66	7	9
Revenue (net banking income, after cost of risk)	(5,662)						
Revenue or income from other activities			106		65	2	9
Earned premiums			30				
Fees and commission income		204	3				
Investment income/(loss), net of management expenses	319	1	(65)	15	1	5	
Total current income and expenses	(811)	(30)	(4,233)	701	(40)	(47)	49
Claims expenses	(51)	3	(223)	45	2	14	13
Expenses from other activities			(284)			(70)	(32)
Policy acquisition costs	(389)	24	(1,531)	343	13	109	(6)
Administrative costs	(204)	(67)	(1,527)	165	(60)	50	78
Other current operating income and expenses	(167)	10	(668)	148	5	(150)	(3)
Current operating income/(loss)	(6,154)	175	(4,159)	716	26	(40)	58

Related-party receivables and payables (in thousands of euros)	Dec. 31, 2013							
	BPCE group	Natixis group (excl. discontinued operations)	Natixis Factor (formerly Factorem)	Ellisphere (formerly Coface Services)	Kompass International	Coface Services Belgium	Ignios	Coface Collections North America
Financial investments	23,317	214,207						
Other assets		55,643	87	1,236	1,657	101	52	24
Receivables arising from insurance and reinsurance operations			2	16				
Current tax receivables		4,710						
Deferred tax assets		50,933						
Other receivables			85	1,220	1,657	101	52	24
Cash and cash equivalents		(11,859)						
Financing liabilities due to banking sector companies		27,555						0
Liabilities relating to insurance contracts								67
Payables arising from banking sector activities		261,304						
Amounts due to banking sector companies		261,304						
Amounts due to customers of banking sector companies		(0)						
Other liabilities		2,314	45	2,282		14		0
Current taxes		2,211						
Other payables		103	45	2,282		14		0

Financial investments at December 31, 2013 represent investments issued and managed by Natixis and BPCE. Financial investments managed by Natixis and BPCE amounted to €50,366 thousand.

Note 24. Events after the reporting period

No event after the reporting period.