



Unaudited interim consolidated financial statements  
(free translation)

Nine months ending September 30, 2017

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## Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at September 30, 2017 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

The interim financial statements include:

- the balance sheet;
- the income statement;
- the consolidated statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

They are presented with comparative financial information at December 31, 2016 for balance sheet items, and for the 9 months ended September 30, 2016 for income statement items.

The accounting principles and policies used for the interim financial statements as at September 30, 2017 are the same as the ones used for the year ended December 31, 2016. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union<sup>1</sup>. They are detailed in the note 3 “Applicable Accounting Standards” of the consolidated financial statements for the year ended December 31, 2016.

The condensed consolidated financial statements were reviewed by the Coface Group’s Board of Directors on October 25, 2017.

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<sup>1</sup>The standards adopted by the European Union can be consulted on the website of the European Commission at: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm)

## **Significant events**

### **Coface Central Europe Holding : acquisition of minority interests**

Coface now wholly owns its subsidiary Coface Central Europe Holding, having acquired 25% of the share capital held since 1990 by KSV1870, an Austrian debt collection and information company. The shares were acquired on March 27th, for an amount of 6.5 million euros.

### **Tax review in France**

Compagnie française d'assurance pour le commerce extérieur received a notice of a tax review, dated January 10, 2017 issued by la Direction des verifications nationales et internationales. The review is covering fiscal years 2014 and 2015.

### **Signing of social agreements in France and Germany**

A new social agreement was signed in France with the employees' representative bodies on May 17. This agreement provides, starting in January 2018, of a working time organisation more in line with market practices and taking better account of the social and economic issues of the Group.

The voluntary redundancy plan, in Germany, which was presented to the staff representative bodies last November, was signed on May 10. It concerns the suppression of 83 positions. This plan is part of a provision for restructuring recorded in the financial statements for the year ended December 31, 2016.

### **Syndicated loan agreement**

As part of the refinancing of its factoring activities, COFACE SA signed an agreement with a group of banking partners for a €700 million syndicated euro loan on 28 July 2017. This syndicated loan replaces existing bilateral credit lines.

The Group is supported by six banking partners: Natixis, Société Générale, BNPParibas, Crédit Agricole CIB, acting as Mandated Lead Arrangers and Bookrunners, HSBC and BRED acting as Mandated Lead Arrangers. Natixis is acting as Documentation Agent and Société Générale as Facility Agent.

The loan is put in place for three years, with an option to extend its duration by one year, exercisable twice, subject to the banks' agreement.

This operation enables the Group to increase its financial flexibility and to extend the maturity of its refinancing debt, whilst benefiting from current favorable market conditions and strengthening its relationships with its leading banks, who thus confirm their commitment to Coface over the mid-term.

## Consolidated balance sheet

(in thousands of euros)

ASSETS	Sept 30, 2017	Dec. 31, 2016
<b>Intangible assets</b>	<b>211,108</b>	<b>215,708</b>
Goodwill	155,195	156,214
Other intangible assets	55,913	59,494
<b>Insurance business investments</b>	<b>2,808,050</b>	<b>2,751,091</b>
Investment property	288	787
Held-to-maturity securities	1,831	2,740
Available-for-sale securities	2,701,982	2,593,953
Trading securities	3,636	69,696
Derivatives	4,310	2,975
Loans and receivables	96,003	80,940
<b>Receivables arising from banking and other activities</b>	<b>2,647,793</b>	<b>2,481,525</b>
<b>Investments in associates</b>	<b>14,848</b>	<b>13,411</b>
<b>Reinsurers' share of insurance liabilities</b>	<b>381,256</b>	<b>341,347</b>
<b>Other assets</b>	<b>880,817</b>	<b>926,344</b>
Buildings used in the business and other property, plant and equipment	60,379	57,484
Deferred acquisition costs	45,243	46,393
Deferred tax assets	86,232	71,973
Receivables arising from insurance and reinsurance operations	502,829	528,273
Trade receivables arising from other activities	37,749	14,849
Current tax receivables	52,210	69,126
Other receivables	96,175	138,246
<b>Cash and cash equivalents</b>	<b>310,884</b>	<b>332,071</b>
<b>TOTAL ASSETS</b>	<b>7,254,756</b>	<b>7,061,497</b>

(in thousands of euros)

<b>EQUITY AND LIABILITIES</b>	<b>Sept 30, 2017</b>	<b>Dec. 31, 2016</b>
<b>Equity attributable to owners of the parent</b>	<b>1,784,463</b>	<b>1,755,177</b>
Share capital	314,496	314,496
Additional paid-in capital	810,420	810,420
Retained earnings	520,034	501,734
Other comprehensive income	84,528	86,996
Consolidated net income for the year	54,985	41,531
<b>Non-controlling interests</b>	<b>159</b>	<b>5,490</b>
<b>Total equity</b>	<b>1,784,622</b>	<b>1,760,667</b>
<b>Provisions for liabilities and charges</b>	<b>138,477</b>	<b>151,074</b>
<b>Financing liabilities</b>	<b>384,193</b>	<b>390,044</b>
<b>Liabilities relating to insurance contracts</b>	<b>1,687,827</b>	<b>1,678,249</b>
<b>Payables arising from banking sector activities</b>	<b>2,591,228</b>	<b>2,409,691</b>
Amounts due to banking sector companies	666,179	452,144
Amounts due to customers of banking sector companies	353,281	366,363
Debt securities	1,571,768	1,591,184
<b>Other liabilities</b>	<b>668,409</b>	<b>671,772</b>
Deferred tax liabilities	107,860	104,500
Payables arising from insurance and reinsurance operations	205,531	191,911
Current taxes payable	69,594	110,847
Derivative instruments with a negative fair value	879	7,508
Other payables	284,545	257,006
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,254,756</b>	<b>7,061,497</b>

## Consolidated income statement

(in thousands of euros)

	Sept 30, 2017	Sept 30, 2016(*)
<b>Revenue</b>	<b>1,021,187</b>	<b>1,065,394</b>
Gross written premiums	925,039	938,283
Premium refunds	(69,976)	(68,233)
Net change in unearned premium provisions	(17,882)	(28,544)
<b>Earned premiums</b>	<b>837,181</b>	<b>841,506</b>
<b>Fee and commission income</b>	<b>98,972</b>	<b>99,946</b>
<b>Net income from banking activities</b>	<b>53,851</b>	<b>52,695</b>
Cost of risk	(3,555)	(2,934)
<b>Revenue or income from other activities</b>	<b>31,183</b>	<b>71,247</b>
<i>Investment income, net of management expenses</i>	<i>38,754</i>	<i>43,612</i>
<i>Gains and losses on disposals of investments</i>	<i>5,970</i>	<i>(529)</i>
Investment income, net of management expenses (excluding finance costs)	<b>44,724</b>	<b>43,083</b>
<b>Total revenue and income from ordinary activities</b>	<b>1,062,356</b>	<b>1,105,543</b>
Claims expenses	(433,688)	(536,516)
Expenses from banking activities, excluding cost of risk	(10,079)	(10,134)
Expenses from other activities	(39,720)	(32,008)
<i>Income from ceded reinsurance</i>	<i>189,640</i>	<i>190,552</i>
<i>Expenses from ceded reinsurance</i>	<i>(223,616)</i>	<i>(198,238)</i>
Income and expenses from ceded reinsurance	(33,976)	(7,686)
Policy acquisition costs	(192,626)	(191,389)
Administrative costs	(190,403)	(208,020)
Other current operating expenses	(61,389)	(61,278)
<b>Total current income and expenses</b>	<b>(961,881)</b>	<b>(1,047,031)</b>
<b>CURRENT OPERATING INCOME</b>	<b>100,475</b>	<b>58,512</b>
Other operating expenses	(2,469)	(2,754)
Other operating income	186	531
<b>OPERATING INCOME</b>	<b>98,192</b>	<b>56,289</b>
Finance costs	(13,400)	(14,042)
Share in net income of associates	1,436	(6,850)
Income tax expense	(31,315)	(20,604)
<b>CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS</b>	<b>54,913</b>	<b>14,793</b>
Non-controlling interests	72	(402)
<b>NET INCOME FOR THE YEAR</b>	<b>54,985</b>	<b>14,391</b>

(\*) The financial statements ended 30 September 2016 are not restated for the state export guarantees management; it was transferred on January 1, 2017

## Consolidated statement of comprehensive income

(in thousands of euros)	Sept 30, 2017	Sept 30, 2016
<b>Net income for the period</b>	<b>54,985</b>	<b>14,391</b>
Non-controlling interests	(72)	402
<b>Other comprehensive income</b>		
<b>Currency translation differences reclassifiable to income</b>	<b>(14,140)</b>	<b>(2,525)</b>
<i>Reclassified to income</i>		
<i>Recognised in equity</i>	(14,140)	(2,525)
<b>Fair value adjustments on available-for-sale financial assets</b>	<b>9,348</b>	<b>37,083</b>
<i>Recognised in equity – reclassifiable to income – gross</i>	22,527	294
<i>Recognised in equity – reclassifiable to income – tax effect</i>	(7,371)	(697)
<i>Reclassified to income – gross</i>	(8,701)	51,806
<i>Reclassified to income – tax effect</i>	2,893	(14,317)
<b>Fair value adjustments on employee benefit obligations</b>	<b>(131)</b>	<b>18</b>
<i>Recognised in equity – not reclassifiable to income – gross</i>	(131)	14
<i>Recognised in equity – not reclassifiable to income – tax effect</i>	(0)	4
<b>Other comprehensive income for the period, net of tax</b>	<b>(4,923)</b>	<b>34,576</b>
<b>Total comprehensive income for the period</b>	<b>49,990</b>	<b>49,369</b>
- attributable to owners of the parent	50,177	48,788
- attributable to non-controlling interests	(187)	581



## Statement of changes in equity

(in thousands of euros)	Share capital	Premiums	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				
<b>Equity at December 31, 2015</b>	<b>786,241</b>	<b>347,371</b>	<b>444,874</b>	<b>(2,643)</b>	<b>(18,002)</b>	<b>94,278</b>	<b>(17,404)</b>	<b>126,239</b>	<b>1,760,954</b>	<b>6,073</b>	<b>1,767,027</b>
Reduction of the value of the shares	(471,745)	471,745									
2015 net income to be appropriated			126,239					(126,239)			
Payment of 2015 dividends in 2016		(8,696)	(66,616)						(75,312)	(771)	(76,083)
<b>Total transactions with owners</b>	<b>(471,745)</b>	<b>463,049</b>	<b>59,623</b>					<b>(126,239)</b>	<b>(75,312)</b>	<b>(771)</b>	<b>(76,083)</b>
December 31, 2016 net income								41,531	41,531	523	42,054
Fair value adjustments on available-for-sale financial assets recognized in equity						20,745			20,745	(596)	20,149
Fair value adjustments on available-for-sale financial assets reclassified to income							578		578		578
Change in actuarial gains and losses (IAS 19R)								(5,378)	(5,378)		(5,378)
Currency translation differences					12,179				12,179	234	12,413
Treasury shares elimination				(327)					(327)		(327)
Free share plans expenses			207						207		207
Transactions with shareholders										27	27
<b>Equity at December 31, 2016</b>	<b>314,496</b>	<b>810,420</b>	<b>504,704</b>	<b>(2,970)</b>	<b>(5,823)</b>	<b>115,601</b>	<b>(22,782)</b>	<b>41,531</b>	<b>1,755,177</b>	<b>5,490</b>	<b>1,760,667</b>
2016 net income to be appropriated			41,531					(41,531)			
Payment of 2016 dividends in 2017			(20,398)						(20,398)		(20,398)
<b>Total transactions with owners</b>			<b>21,133</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(41,531)</b>	<b>(20,398)</b>		<b>(20,398)</b>
September 30, 2017 net income								54,985	54,985	(72)	54,913
Fair value adjustments on available-for-sale financial assets recognized in equity						15,156			15,156		15,156
Fair value adjustments on available-for-sale financial assets reclassified to income							(5,807)		(5,807)		(5,808)
Change in actuarial gains and losses (IAS 19R)								(131)	(131)		(131)
Currency translation differences					(14,026)				(14,026)	(114)	(14,140)
Treasury shares elimination				291					291		291
Free share plans expenses			381						381		381
Transactions with shareholders			(3,505)		(38)	2,378			(1,165)	(5,144)	(6,309)
<b>Equity at September 30, 2017</b>	<b>314,496</b>	<b>810,420</b>	<b>522,713</b>	<b>(2,679)</b>	<b>(19,887)</b>	<b>127,328</b>	<b>(22,913)</b>	<b>54,985</b>	<b>1,784,463</b>	<b>159</b>	<b>1,784,622</b>

## Consolidated statement of cash flows

(in thousands of euros)	Sept. 30, 2017	Sept. 30, 2016
<b>Net income for the period</b>	<b>54,985</b>	<b>14,391</b>
Non-controlling interests	(72)	401
Income tax expense	31,315	20,604
+/- Share in net income of associates	(1,436)	6,850
Finance costs	13,400	14,042
<b>Operating income (A)</b>	<b>98,192</b>	<b>56,288</b>
+/- Depreciation, amortization and impairment losses	(2,972)	17,838
+/- Net additions to/reversals from technical provisions	59,108	108,301
+ Dividends received from associates	(0)	1,008
+/- Unrealized foreign exchange income / loss	17,799	21,013
+/- Non-cash items	(47,413)	24,476
<b>Total non-cash items (B)</b>	<b>26,522</b>	<b>172,636</b>
<b>Gross cash flows from operations (C) = (A) + (B)</b>	<b>124,714</b>	<b>228,924</b>
Change in operating receivables and payables	40,275	(52,627)
Net taxes paid	(32,653)	(54,959)
<b>Net cash related to operating activities (D)</b>	<b>7,622</b>	<b>(107,586)</b>
Increase (decrease) in receivables arising from factoring operations	(159,994)	3,792
Increase (decrease) in payables arising from factoring operations	(32,498)	(152,471)
Increase (decrease) in factoring liabilities	208,046	82,593
<b>Net cash generated from banking and factoring operations (E)</b>	<b>15,554</b>	<b>(66,086)</b>
<b>Net cash generated from operating activities (F) = (C+D+E)</b>	<b>147,890</b>	<b>55,252</b>
Acquisitions of investments	(1,237,252)	(1,229,023)
Disposals of investments	1,140,840	1,253,792
<b>Net cash used in movements in investments (G)</b>	<b>(96,412)</b>	<b>24,769</b>
Acquisitions of consolidated subsidiaries, net of cash acquired	(6,500)	
Disposals of consolidated companies, net of cash transferred		
<b>Net cash used in changes in scope of consolidation (H)</b>	<b>(6,500)</b>	
Disposals of property, plant and equipment and intangible assets	(12,427)	(5,804)
Acquisitions of property, plant and equipment and intangible assets	1,072	144
<b>Net cash generated from (used in) acquisitions and disposals of property, plant and equipment (I)</b>	<b>(11,355)</b>	<b>(5,660)</b>
<b>Net cash used in investing activities (J) = (G+H+I)</b>	<b>(114,267)</b>	<b>19,109</b>
Proceeds from the issue of equity instruments		
Treasury share transactions	291	(389)
Dividends paid to owners of the parent	(20,398)	(75,312)
Dividends paid to non-controlling interests		
<b>Cash flows related to transactions with owners (K)</b>	<b>(20,107)</b>	<b>(76,475)</b>
Proceeds from the issue of debt instruments		
Cash used in the redemption of debt instruments	(2,268)	(2,168)
Interests paid	(16,961)	(17,616)
<b>Cash flows related to the financing of Group operations (L)</b>	<b>(19,229)</b>	<b>(19,784)</b>
<b>Net cash generated from (used in) financing activities (K)</b>	<b>(39,336)</b>	<b>(96,259)</b>
<b>Impact of changes in exchange rates on cash and cash equivalents (L)</b>	<b>(15,474)</b>	<b>(2,162)</b>
<b>Net increase in cash and cash equivalents (F+J+K+L)</b>	<b>(21,187)</b>	<b>(24,061)</b>
Net cash generated from operating activities (F)	147,890	55,252
Net cash used in investing activities (J)	(114,267)	19,109
Net cash generated from (used in) financing activities (K)	(39,336)	(96,259)
Impact of changes in exchange rates on cash and cash equivalents (L)	(15,474)	(2,162)
<b>Cash and cash equivalents at beginning of period</b>	<b>332,071</b>	<b>396,837</b>
<b>Cash and cash equivalents at end of period</b>	<b>310,884</b>	<b>372,776</b>
<b>Net change in cash and cash equivalents</b>	<b>(21,187)</b>	<b>(24,061)</b>