Consolidated financial statements

As at 31 December 2014

Preliminary version, unaudited financial statements

free translation

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in thousands of euros)

ASSETS	Notes	Dec. 31, 2014	Dec. 31, 2013
Intangible assets		**231,968**	**240,441**
Goodwill	**4**	154,515	153,727
Other intangible assets	**5**	77,453	86,715
Insurance business investments	**7**	**2,677,731**	**2,208,633**
Investment property	**7**	923	1,271
Held-to-maturity securities	**7**	6,872	9,403
Available-for-sale securities	**7**	2,324,682	1,891,204
Trading securities	**7**	30,864	52,271
Derivatives	**7**	2,834	1,386
Loans and receivables	**7**	311,556	253,098
Receivables arising from banking and other activities	**8**	**2,244,262**	**2,120,516**
Investments in associates	**9**	**19,001**	**17,621**
Reinsurers' share of insurance liabilities	**16**	**329,163**	**347,221**
Other assets		**806,468**	**784,667**
Buildings used in the business and other property, plant and equipment	**6**	67,708	75,730
Deferred acquisition costs	**11**	43,171	39,547
Deferred tax assets	**19**	34,125	81,122
Receivables arising from insurance and reinsurance operations	**10**	453,415	420,557
Trade receivables arising from other activities	**11**	17,762	20,292
Current tax receivables	**11**	43,238	52,073
Other receivables	**11**	147,049	95,346
Cash and cash equivalents	**12**	**278,624**	**273,920**
TOTAL ASSETS		**6,587,217**	**5,993,019**

(in thousands of euros)

EQUITY AND LIABILITIES	Notes	Dec. 31, 2014	Dec. 31, 2013
Equity attributable to owners of the parent		**1,717,427**	**1,780,238**
Share capital	**13**	786,241	784,207
Additional paid-in capital		422,831	648,462
Retained earnings		318,062	193,371
Other comprehensive income		65,201	26,758
Consolidated net income for the year		125,092	127,439
Non-controlling interests		**6,737**	**13,089**
Total equity		**1,724,164**	**1,793,327**
Provisions for liabilities and charges	**17**	**117,792**	**112,056**
Financing liabilities	**20**	**395,123**	**15,133**
Financing liabilities due to banking sector companies		395,123	15,133
Liabilities relating to insurance contracts	**16**	**1,472,180**	**1,450,499**
Payables arising from banking sector activities	**21**	**2,217,782**	**2,109,297**
Amounts due to banking sector companies	**21**	300,706	406,759
Amounts due to customers of banking sector companies	**21**	379,016	353,751
Debt securities	**21**	1,538,060	1,348,787
Other liabilities		**660,175**	**512,708**
Deferred tax liabilities	**19**	128,463	138,091
Payables arising from insurance and reinsurance operations	**22**	176,628	125,547
Current taxes payable	**23**	97,614	51,470
Derivative instruments with a negative fair value	**23**	16,037	2,527
Other payables	**23**	241,434	195,073
TOTAL EQUITY AND LIABILITIES		**6,587,217**	**5,993,019**

Consolidated income statement

(in thousands of euros)

	Notes	Dec. 31, 2014	Dec. 31, 2013
Revenue	**24**	**1,440,536**	**1,440,330**
Gross written premiums	**24**	1,242,676	1,206,690
Premium refunds	**24**	-98,309	-75,564
Net change in unearned premium provisions	**24**	-11,640	-2,583
Earned premiums	**24**	**1,132,727**	**1,128,543**
Fee and commission income	**24**	124,756	123,410
Net income from banking activities	**24**	70,623	69,210
Cost of risk	**26**	-2,046	-2,533
net banking income, after cost of risk		68,577	66,678
Revenue or income from other activities	**24**	112,431	119,167
Investment income, net of management expenses	***29 30***	*35,397*	*32,116*
Gains and losses on disposals of investments	***29 30***	*7,372*	*35,400*
Investment income, net of management expenses (excluding finance costs)	29 30	42,769	67,516
TOTAL REVENUE AND INCOME FROM ORDINARY ACTIVITIES		**1,481,259**	**1,505,313**
Claims expenses	**25**	-538,721	-576,263
Expenses from banking activities, excluding cost of risk	**26**	-11,066	-11,884
Expenses from other activities		-47,338	-51,884
Income from ceded reinsurance	***28***	*198,013*	*249,652*
Expenses from ceded reinsurance	***28***	*-266,673*	*-315,855*
Income and expenses from ceded reinsurance	**28**	-68,660	-66,202
Policy acquisition costs	**27**	-262,854	-256,867
Administrative costs	**27**	-269,106	-263,891
Other current operating expenses	**27**	-74,455	-83,112
Total current income and expenses		**-1,272,200**	**-1,310,104**
CURRENT OPERATING INCOME		**209,060**	**195,210**
Other operating expenses	**31**	-11,809	-2,590
Other operating income	**31**	1,872	4,311
OPERATING INCOME		**199,122**	**196,931**
Finance costs		-14,975	-3,035
Share in net income of associates	**33**	2,136	1,493
Income tax expense	**32**	-60,367	-67,380
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**125,916**	**128,008**
Non-controlling interests		-825	-569
NET INCOME FOR THE YEAR	**34**	**125,092**	**127,439**
Earnings per share (€)	**35**	0.80	0.81
Diluted earnings per share (€)	**35**	0.80	0.81

Consolidated statement of other comprehensive income

in thousands of euros

	Notes	Dec. 31, 2014	Dec. 31, 2013
Net income for the year		**125,092**	**127,439**
Non-controlling interests		825	569
Other comprehensive income (expense)			
Currency translation differences		13,284	-29,909
Reclassified to income			
Recognised in equity		*13,284*	*-29,909*
Fair value adjustments on available-for-sale financial assets	**7 15 19**	**30,220**	**-10,994**
Reclassified to income – gross		*-7,834*	*-27,795*
Reclassified to income – tax effect		*2,485*	*7,943*
Recognised in equity – reclassifiable to income – gross		*48,086*	*6,200*
Recognised in equity – reclassifiable to income – tax effect		*-12,517*	*2,658*
Fair value adjustments on employee benefit obligations	**15 18 19**	**-6,132**	**1,080**
Recognised in equity – not reclassifiable to income – gross		*-8,763*	*1,548*
Recognised in equity – not reclassifiable to income – tax effect		*2,631*	*-468*
Other comprehensive income (expense) for the year, net of tax		**37,371**	**-39,823**
Total comprehensive income for the year		**163,288**	**88,186**
- attributable to owners of the parent		163,390	87,695
- attributable to non-controlling interests		-102	491

The €2,658 thousand in deferred taxes arising on the fair value adjustments on available-for-sale financial assets in 2013 was mainly due to the fact that in certain countries, gains on the sale of securities invested are either not taxed or are taxed at very low rates.

Consolidated statement of changes in equity

in thousands of euros

	Notes	Share capital	Consolidated reserves	Treasury shares	Other comprehensive income			Net income for the year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Share capital			Foreign currency translation reserve	Reclassifiable revaluation reserves	Non-reclassifiable revaluation reserves				
Equity at December 31, 2012 restated for IAS 19R		**784 207**	**787 752**	**0**	**-4 491**	**87 325**	**-16 288**	**124 087**	**1 762 593**	**13 648**	**1 776 241**
Capital increase											
Appropriation of 2012 net income			124 087					-124 087			
2013 interim dividend			-65 082						-65 082	-1 089	-66 171
Total transactions with owners		**0**	**59 005**	**0**	**0**	**0**	**0**	**-124 087**	**-65 082**	**-1 089**	**-66 171**
2013 net income								127 439	127 439	569	128 008
Fair value adjustments on available-for-sale financial assets recognised in equity						8 141			8 141	452	8 593
Fair value adjustments on available-for-sale financial assets reclassified to income						-19 800			-19 800	-52	-19 852
Change in actuarial gains and losses (IAS 19R)							1 076		1 076	4	1 080
Currency translation differences					-29 206				-29 206	-438	-29 644
Cancellation Coface AMEEMS merger loss with Compagnie Française d'Assurance pour le Commerce Extérieur		0	-4 923	0	0	0			-4 923	-6	-4 929
Reclassification translation difference on sale of securities		0	0	0	-265	265			0	0	0
Other movements			-4 923		-265	265			-4 923	-6	-4 929
Equity at December 31, 2013		**784 207**	**841 834**	**0**	**-33 962**	**75 930**	**-15 211**	**127 439**	**1 780 239**	**13 089**	**1 793 327**
Capital increase	14	2 034	1 352						3 386		3 386
Appropriation of 2013 net income		0	127 439					-127 439			0
Non-recurring dividend for Natixis paid through a share premium		0	-226 983					0	-226 983		-226 983
2014 distribution for 2013		0	-1 868					0	-1 868	-760	-2 628
2014 interim dividend		0	0	0	0	0	0	0	0	0	0
Total transactions with owners		**2 034**	**-100 060**	**0**	**0**	**0**	**0**	**-127 439**	**-225 465**	**-760**	**-226 225**
2014 net income								125 092	125 092	825	125 916
Fair value adjustments on available-for-sale financial assets recognised in equity	7 15					36 499			36 499	-930	35 569
Fair value adjustments on available-for-sale financial assets reclassified to income	7 15 19					-5 349			-5 349		-5 349
Change in actuarial gains and losses (IAS 19R)	18 19						-6 132		-6 132		-6 132
Currency translation differences		0			13 281				13 281	3	13 284
Elimination of treasury shares		0		-709					-709		-709
Transactions with shareholders		0	-172	0	0	184	-39	0	-28	-5 490	-5 518
Equity at December 31, 2014		**786 241**	**741 602**	**-709**	**-20 681**	**107 264**	**-21 382**	**125 092**	**1 717 427**	**6 737**	**1 724 164**

Consolidated statement of cash flows

(in thousands of euros)	Notes	2014.12	2013.12
Net income for the yesr	**35**	**125,092**	**127,439**
Income tax expense	**32**	60,367	67,380
Finance costs		14,975	3,035
Operating income before tax (A) [1]		**200,434**	**197,854**
Non-controlling interests		825	569
+/- Depreciation, amortisation and impairment losses	**5-6-7.1-17**	21,179	10,415
+/- Net additions to/reversals from technical provisions	**15**	-10,502	12,768
+/- Share in net income of associates	**9**	-2,136	-1,493
+ Dividends received from associates	**9**	756	684
+/- Fair value adjustments on financial instruments recognised at fair value through income		42,948	88
+/- Unrealised foreign exchange income covered by financial instruments at fair value through income		-39,879	
+/- Recognised but unpaid interest expenses [2]		-13,016	-498
+/- Other non-cash items [3]		-1,031	-14,405
Total non-cash items (B)		***-856***	***8,127***
Gross cash flows from operations (C) = (A) + (B)		***199,577***	***205,981***
Change in operating receivables and payables		16,941	-5,357
Net taxes paid [4]		14,495	-54,051
Net cash related to operating activities (D)		***31,436***	***-59,408***
Increase (decrease) in receivables arising from factoring operations		-123,997	-14,497
Increase (decrease) in payables arising from factoring operations		214,538	184,620
Increase (decrease) in factoring liabilities		-62,245	-152,254
Net cash generated from banking and factoring operations (E)	**8-21**	***28,295***	***17,869***
Net cash generated from operating activities (F) = (C+D+E)		**259,308**	**164,443**
Acquisitions of investments	**7**	-3,286,721	-2,719,755
Disposals of investments	**7**	2,891,605	2,637,150
Net cash used in movements in investments (G)		***-395,116***	***-82,604***
Acquisitions of consolidated subsidiaries, net of cash acquired			6,623
Disposals of consolidated companies, net of cash transferred			
Net cash used in changes in scope of consolidation (H)			***6,623***
Disposals of property, plant and equipment and intangible assets	**5-6**	-8,920	-25,590
Acquisitions of property, plant and equipment and intangible assets	**5-6**	4,334	2,054
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets		***-4,586***	***-23,536***
Net cash used in investing activities (J) = (G+H+I)		**-399,702**	**-99,518**
Proceeds from the issue of equity instruments		3,386	
Special dividend paid to Natixis - issue premium payment		-226,983	
Treasury share transactions		-657	
Dividends paid to owners of the parent		-1,867	-65,082
Dividends paid to non-controlling interests		-760	-1,089
Relution (Coface SA repurchase Compagnie Française d'Assurance pour le Commerce Extérieur from Natixis)		-4,169	
Cash flows related to transactions with owners		***-231,050***	***-66,171***
Proceeds from the issue of debt instruments	**20**	388,846	4,509
Cash used in the redemption of debt instruments [5]	**20**	-10,457	-3,277
Cash flows related to the financing of Group operations		***378,389***	***1,232***
Net cash generated from (used in) financing activities (K)		**147,339**	**-64,940**
Impact of changes in exchange rates on cash and cash equivalents (L)		**-2,242**	**16,925**
Net increase in cash and cash equivalents (F+J+K+L)		**+4,704**	**+16,910**
Net increase in cash and cash equivalents (F+J+K+L)		**+4,704**	**+16,910**
Net cash generated from operating activities (F)		259,308	164,443
Net cash used in investing activities (J)		-399,702	-99,518
Net cash generated from (used in) financing activities (K)		147,339	-64,940
Impact of changes in exchange rates on cash and cash equivalents (L)		-2,242	16,925
Cash and cash equivalents at beginning of year	**12**	**273,920**	**257,010**
Cash and cash equivalents at end of year	**12**	**278,624**	**273,920**
Net change in cash and cash equivalents		**+4,704**	**+16,910**

(1) Received dividends and interests and gains and losses on disposals of investments are included in the operational cash.

(2) The item "Recognised but unpaid interest expenses" is mostly due to the unpaid interests on the hybrid securities for €12,075 thousand.

(3) The other non cash items are due to unpaid dividends from non consolidates entities for €476 thousand and accrued interests on fixed term deposits for €555 thousand at Dec. 31, 2014.

(4) The item "Net taxes paid" at December 31, 2014 is primarily due to the payment made by Natixis to Coface to offset the loss of its tax losses.

(5) The item "Cash used in the redemption of debt instruments" at December 31, 2014 includes €1,959 thousand of interests paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

These IFRS consolidated financial statements of the Coface Group as at December 31, 2014 are established in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union[1] and described in Note 1, "Applicable Accounting Standards" of the 2014 consolidated financial statements and notes to those statements.

In accordance with IAS 1, the consolidated financial statements of the Coface Group for the year ended December 31, 2014 include:

- the balance sheet,
- the income statement,
- the consolidated statement of comprehensive income,
- the statement of changes in equity,
- the statement of cash flows,
- the notes to the financial statements.

They are presented with comparative financial information at December 31, 2013. The financial statements presented for comparison are those published by Coface in the core registration document filed and registered as I.14-029 with the *Autorité des Marchés Financiers* (French Financial Markets Authority) on May 6, 2014.
Pursuant to European regulation 809/2004 on information contained in the prospectus, the Group consolidated financial statements for year ended December 31, 2012 published in the core registration document filed and registered as I.14-029 with the AMF on May 6, 2014 are included by reference in this registration document.

These IFRS consolidated financial statements for the year ended December 31, 2014, were reviewed by the Coface Group's Board of Directors on February 17, 2015.

[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_fr.htm

Note 1. Significant events

Stock market listing

Since 2011, the Coface Group has refocused on its core business of credit insurance, and has undertaken a series of structural reorganisations that have restored the Group's profitable growth. In this context, on June 27, 2014 the Group entered a new stage of its development and with its successful stock market listing on compartment A of the Euronext Paris regulated market.
The listing 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 favourable 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 stock market listing, to exercise the over-allotment option in full just four days after the initial listing.
Following the full exercise of the over-allotment option, the total number of Coface shares offered in connection with the stock market listing amounted to 91,987,426 shares, representing 58.65% of Coface SA's capital and voting rights. Following the listing, the Coface Group's market capitalisation stood at approximately €1,631 million.
A concurrent employee offering was also launched in 19 countries, covering 80% of the Group's headcount. It was warmly welcomed by employees, as illustrated by the nearly 50% take-up rate. At December 31, 2014 and following the recognition of the capital increase reserved for employees, Natixis held 41.24% of the capital of Coface.

On December 22, 2014, the Coface Group share was listed on the SBF 120 market index.

The costs linked to this transaction amounted to €8 million and are recorded under "other operating expenses".

Implementation of a liquidity agreement

With effect from July 7, 2014, the Coface Group 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 subject to tacit renewal. 80,819 Coface SA shares or €4,147,971.71 on the liquidity account on the settlement date of December 31, 2014.
By its decision of June 26, 2014, the Board of Directors decided to implement the COFACE SA share buyback programme , and specify the terms, and to decide on its conditions. This decision was taken following the authorisation given by the Ordinary and Extraordinary Shareholders' Meeting of June 2, 2014, which delegated to the Board of Directors all powers necessary for this purpose.

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, maturing on March 27, 2024 (10 years). These bonds bear annual interest at 4.125%.
The issue allowed the Coface Group to optimise its capital structure, which had previously been characterised by an extremely low debt ratio (less than 1% at end-2013), and to strengthen its regulatory equity.

The leverage effect of debt thus amounted to about 19%. The ratio is obtained by dividing the subordinated debt by the sum of equity and subordinated debt.
The issuance was welcomed by a diversified and international basis of investors and was 10-times oversubscribed. This level of demand demonstrates the confidence in the profitable growth model put in place by Coface over the last three years based on bolstered operating and financial fundamentals. Finance costs linked to this debt totalled €12.1 million at December 31, 2014.

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 guarantee was issued by Compagnie française d'assurance pour le commerce extérieur for €380 million, in favour 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 guarantee 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.

Financial strength confirmed

In March, then in December 2014, rating agencies Fitch and Moody's confirmed the Group's Insurer Financial Strength (IFS) Ratings at AA- and A2 (outlook stable), respectively, taking into account both the subordinated note issue and the €227 million special dividend paid to Natixis during the period.

Changes in the scope of consolidation

At the end of September 2014, Coface Group created a new subsidiary in Lausanne, Switzerland, which joined the consolidation scope. At the end of December 2014, this company, known as Coface Re, obtained from the Swiss Regulator a licence to practice reinsurance, subject to compliance with the different conditions laid down by the regulator. From 2015 onwards, Coface Re will be the interface between the external reinsurance market and the Group's entities and as such will replace Compagnie française d'assurance pour le commerce extérieur. By creating this company, the Group will be isolating its reinsurance business in a dedicated entity, and continuing the streamlining of coverage solutions for entities and partners of the Coface Group while expanding the range of services offered to its international customers.
Coface is already established in Israel through its BDI subsidiary. It has created another branch of Compagnie française d'assurance pour le commerce extérieur which is also included in the scope of consolidation.
In 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 December 31, 2014, the impact of the acquisition on the consolidated financial statements was a €4 million change in non-controlling interests.
The Company has not acquired interests or control in the French companies.

Cessation of the public procedures management business line in Brazil

The insurance subsidiary SBCE used to manage, 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 June 30, 2014 and this activity was transferred to the Brazilian State on July 1, 2014. This activity generated revenue of €5.6 million at December 31, 2013 and €2.6 million at June 30, 2014. The activity was terminated on that date.
Since July 1, 2014, SBCE continues its export credit risk insurance business for short-term operations.

Exit from the Natixis tax consolidation group

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 recognised on tax loss carryforwards.

Note 2. Scope of consolidation

Changes in the scope of consolidation

2.1 – Changes in the scope of consolidation in 2014

Changes in the scope of consolidation in 2014 were as follows:

First-time consolidations

Coface SA includes Coface Ré, a company created in Switzerland in Q3 2014 and which will begin operating the Group's external reassurance starting from 2015. The main impacts of this consolidation in 2014 are the creation costs of €1,777 thousand reported under the item "other non-recurring operating income and expenses".

Furthermore, Coface Israel, a branch of Compagnie française d'assurance pour le commerce extérieur, was created and immediately included in the consolidation scope.

Change in ownership interests

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 December 31, 2014, the impact of the acquisition on the consolidated financial statements was a €4 million change in non-controlling interests.

2.2 – Changes in the scope of consolidation in 2013

Changes in the scope of consolidation in 2013 were as follows:

First-time consolidations

12 newly-created Colombes mutual funds:

- Colombes 1 fund: Money market investments
- Colombes 2 fund: 3-5 year government bonds

- Colombes 2bis fund: 3-5 year government bonds
- Colombes 3 fund: Euro-denominated private sector bonds
- Colombes 3bis fund: Euro-denominated private sector bonds
- Colombes 3ter fund: Euro-denominated private sector bonds
- Colombes 4 fund: High-yield very short-term international bonds
- Colombes 4bis fund: High-yield very short-term international bonds
- Colombes 5 fund: Emerging market bonds
- Colombes 5bis fund: Emerging market bonds
- Colombes 6 fund: Eurozone equities
- Colombes 6bis fund: Eurozone equities

Coface includes Coface RUS Insurance Company in the consolidation scope. The company was consolidated on January 1, 2013 inside the Northern Europe region.

Coface Vertriebs was included in the consolidation scope since January 1, 2013.

Scope of consolidation

Region	Country	Entity	Consolidation method	Percentage Control Dec. 31, 2014	Percentage Interest Dec. 31, 2014	Percentage Control Dec. 31, 2013	Percentage Interest Dec. 31, 2013
Northern Europe	Germany	Coface Deutschland (formerly Coface Kreditversicherung) Isaac – Fulda – Allee 1 55124 Mainz	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Northern Europe	Germany	COFACE DEUTSCHLAND Isaac – Fulda – Allee 1 55124 Mainz	(previously fully consolidated)	Merged into Compagnie Française d'Assurance pour le Commerce Extérieur		Merged into Compagnie Française d'Assurance pour le Commerce Extérieur	
Northern Europe	Germany	COFACE FINANZ GmbH Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	COFACE DEBITORENMANAGEMENT GmbH Isaac – Fulda – Allee 5 55124 Mainz	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	COFACE RATING HOLDING Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	Coface Deutschland Vertriebs Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	COFACE RATING Gmbh Isaac – Fulda – Allee 1 55124 Mainz	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	Kisselberg Hauptstr. 131-137 65260 Eschborn	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Germany	FCT VEGA (Fonds de titrisation) 41 rue Délizy 93500 Pantin	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Netherlands	COFACE NEDERLAND SERVICES Claudius Prinsenlaan 126 Postbus 3377 4800 DJ Breda	Full	100.00%	100.00%	100.00%	99.74%
Northern Europe	Netherlands	Coface Nederland Claudius Prinsenlaan 126 P.O. Box 3377 4800 DJ Breda	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Northern Europe	Netherlands	Coface Finances Netherlands - BRANCH (Coface Finanz) Claudius Prinsenlaan 126 Postbus 3377 4800 DJ Breda	-	Liquidated		Liquidated	
Northern Europe	Denmark	Coface Danmark Nygade 111 7430 Ikast	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Northern Europe	Sweden	Coface Sverige Kungsgatan 33 111 56 Stockholm	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Northern Europe	Russia	Coface Russia Insurance Company Parus Business Centre, 23/1 1st Tverskaya-Yamskaya Str. 125047 Moscow	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	COFACE SA (EX-COFACE HOLDING) 1 Place Costes et Bellonte 92 270 Bois-Colombes	Parent company	100.00%	100.00%	100.00%	100.00%
Western Europe	France	COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR (FORMERLY- COFACE SA) 1 Place Costes et Bellonte 92 270 Bois-Colombes	Full	100.00%	100.00%	99.74%	99.74%
Western Europe	France	COFACREDIT Tour facto 18, rue Hoche 92988 Puteaux	Equity method	36.00%	36.00%	36.00%	35.91%
Western Europe	France	COFINPAR 1 Place Costes et Bellonte 92 270 Bois-Colombes	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	COGERI Place Costes et Bellonte 92 270 Bois-Colombes	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FIMIPAR 1 Place Costes et Bellonte 92 270 Bois-Colombes	Full	100.00%	100.00%	100.00%	99.74%

Region	Country	Entity	Consolidation method	Percentage		Percentage	
				Control Dec. 31, 2014	Interest Dec. 31, 2014	Control Dec. 31, 2013	Interest Dec. 31, 2013
Western Europe	France	FONDS COLOMBES 1 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 2 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 2 bis 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 3 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 3 bis 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 3 ter 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 4 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 4 bis 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 5 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 5 bis 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 6 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	France	FONDS COLOMBES 6 bis 90, Boulevard Pasteur 75015 Paris	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	Belgium	COFACE BELGIUM SERVICES HOLDING 100 Boulevard du Souverain 1170 Brussels	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	Belgium	Coface Belgium 100, Boulevard du Souverain B-1170 Brussels (Watermael-Boitsfort)	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Western Europe	Switzerland	Coface Switzerland Rue Belle-Fontaine 18; CP 431 1001 Lausanne	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Western Europe	Switzerland	Coface Re Rue Belle-Fontaine 18; CP 431 1001 Lausanne	Full	100.00%	100.00%	-	0.00%
Western Europe	Spain	COFACE SERVICIOS ESPAÑA, SL Calle Aravaca, 22 28040 Madrid	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	Spain	Coface Iberica C/Aravaca 22 28040 Madrid	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Western Europe	Portugal	Coface Portugal Av. José Malhoa, 16B - 7º Piso, Fracção B.1 Edifício Europa 1070 159 Lisboa	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Western Europe	UK	COFACE UK HOLDING 180 St Albans Rd, Watford Hertfordshire WD17 1RP	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	UK	COFACE UK SERVICES 180 St Albans Rd, Watford Hertfordshire WD17 1RP	Full	100.00%	100.00%	100.00%	99.74%
Western Europe	UK	Coface UK Egale 1, 80 St Albans Road Watford, Hertfordshire WD17 1RP	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Western Europe	Ireland	Coface Ireland 67 B Upper George's Street Dun Laoghaire Co Dublin	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	

Region	Country	Entity	Consolidation method	Percentage		Percentage	
				Control Dec. 31, 2014	Interest Dec. 31, 2014	Control Dec. 31, 2013	Interest Dec. 31, 2013
Central Europe	Austria	COFACE AUSTRIA SERVICES Stubenring 24 1011 Vienna	Full	100.00%	100.00%	100.00%	99.74%
Central Europe	Austria	COFACE CENTRAL EUROPE HOLDING Stubenring 24-2 A 1010 Vienna	Full	74.99%	74.99%	74.99%	74.80%
Central Europe	Austria	Coface Austria (formerly- Coface Austria Holding AG) Stubenring 24 1011 Vienna	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Austria	COFACE AUSTRIA BANK Stubenring 24 1011 Vienna	-	Liquidated	0.00%	Liquidated	0.00%
Central Europe	Austria	COFACE AUSTRIA INSURANCE Stubenring 24 1011 Vienna	(previously fully consolidated)	Merged into Coface Austria		Merged into Coface Austria	
Central Europe	Hungary	Coface Hungary Insurance Tűzoltó u. 57, H-1094 Budapest	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Poland	COFACE POLAND CMS Al.Jerozolimskie 136 PL-02-305 / Warszaw	Full	100.00%	74.99%	100.00%	74.80%
Central Europe	Poland	COFACE POLAND FACTORING Al.Jerozolimskie 136 PL-02-305 / Warszaw	Full	100.00%	100.00%	100.00%	99.74%
Central Europe	Poland	Coface Poland Insurance Al. Jerozolimskie 136, 02-305 Warszawa	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Czech Republic	Coface Czech Insurance I.P. Pavlova 5 120 00 Praha 2	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Romania	Coface Romania Insurance Calea Floreasca 39, Et. 3 Sect.1, 014453, Bucuresti	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Slovakia	Coface Slovakia Insurance Šoltésovej 14 811 08 Bratislava	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Lithuania	LEID (Lithuania) Vilniaus str. 23 01402 Vilnius	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Latvia	Coface Latvia Insurance Berzaunes iela 11a LV-1039 Riga	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Central Europe	Bulgaria	Coface Bulgaria Insurance 85/87, T. Alexandrov blvd 1303 Sofia	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Mediterranean & Africa	Italy	Coface Italy (Branch) Via Giovanni Spadolini 4 20141 Milan	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Mediterranean & Africa	Italy	COFACE ITALIA Via Giovanni Spadolini 4 20141 Milan	Full	100.00%	100.00%	100.00%	99.74%
Mediterranean & Africa	Italy	COFACE FACTORING ITALIA Via Giovanni Spadolini 4 20141 Milan	-	Liquidated	0.00%	Liquidated	0.00%
Mediterranean & Africa	Israel	COFACE ISRAEL 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Mediterranean & Africa	Israel	COFACE HOLDING ISRAEL 11 Ben Gurion st, Bnei Brak 51260 Bnei Brak	Full	100.00%	100.00%	100.00%	99.74%
Mediterranean & Africa	South Africa	COFACE SOUTH AFRICA Nyanga Office Park Inyanga Close, Suninghill	Full	100.00%	100.00%	100.00%	99.74%
Mediterranean & Africa	South Africa	COFACE SOUTH AFRICA SERVICES Nyanga Office Park Inyanga Close, Suninghill	Full	100.00%	100.00%	100.00%	99.74%
Mediterranean & Africa	Turkey	COFACE SIGORTA Buyukdere Caddesi, Yapi Kredi Plaza, B-Blok Kat:6 Levent 34 330 Istanbul	Full	100.00%	100.00%	100.00%	99.74%

Region	Country	Entity	Consolidation method	Percentage		Percentage	
				Control	Interest	Control	Interest
				Dec. 31, 2014	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2013
North America	United States	COFACE NORTH AMERICA HOLDING COMPANY Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW-JERSEY 08520	Full	100.00%	100.00%	100.00%	99.74%
North America	United States	COFACE NORTH AMERICA Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW-JERSEY 08520	Full	100.00%	100.00%	100.00%	99.74%
North America	United States	COFACE SERVICES NORTH AMERICA 900 Chapel Street New Haven, CT 06510	Full	100.00%	100.00%	100.00%	99.74%
North America	United States	COFACE NORTH AMERICA INSURANCE COMPANY Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW-JERSEY 08520	Full	100.00%	100.00%	100.00%	99.74%
North America	United States	Coface Canada 251 Consumer Roadn Suite 910 Toronto - On M2J 1R3	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
North America	United States	COFACE CREDIT MANAGEMENT NORTH AMERICA Windsor Corporate Park 50, Millstone Road, Building 100 Suite 360, East Windsor NEW-JERSEY 08520	-	Liquidated	0.00%	Liquidated	0.00%
Latin America	Mexico	COFACE SEGURO DE CREDITO MEXICO Av. Insurgentes Sur #1787 Piso 10, Col. Guadalupe Inn, Delegación: Alvaro Obregon 01020 Mexico City, D.F	Full	100.00%	100.00%	100.00%	99.74%
Latin America	Mexico	COFACE HOLDING AMERICA LATINA Av. Insurgentes Sur #1787 Piso 10, Col. Guadalupe Inn, Delegación: Alvaro Obregon 01020 Mexico City, D.F	Full	100.00%	100.00%	100.00%	99.74%
Latin America	Brazil	COFACE DO BRASIL SEGUROS DE CREDITO INTERNO SA 34, João Duran Alonso Square Brooklin Novo District Saõ Paulo 12 floor	Full	100.00%	100.00%	100.00%	99.74%
Latin America	Brazil	SEGURADORA BRASILEIRA DE CREDITO INTERNO SA (SBCE) Pça. João Duran Alonso, 34 - 12th Floor Brooklin Novo - Sao Paulo, CEP: 04571-070	Full	75.82%	75.82%	75.82%	75.63%
Latin America	Chile	Coface Chile Nueva Tajamar 555. P17. Las Condes Santiago	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Latin America	Chile	COFACE CHILE SA Nueva Tajamar 555. Torre Costanera	Full	100.00%	100.00%	100.00%	99.74%
Latin America	Argentina	Coface Argentina Ricardo Rojas 401 – 7 Floor CP 1001 Buenos Aires – Argentina	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Latin America	Ecuador	Coface Ecuador Irlanda E10-16 y República del Salvador Edificio Siglo XXI, PH	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Asia-Pacific	Australia	Coface Australia Level 10, 68 York Street Sydney NSW 2000 GPO Box 129 Sydney NSW 2001	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Asia-Pacific	Hong Kong	Coface Hong Kong 29th Floor, No.169 Electric Road North Point, Hong Kong	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Asia-Pacific	Japan	Coface Japan Atago Green Hills MORI Tower 38F, 2-5-1 Atago, Minato-ku Tokyo 105-6238	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Asia-Pacific	Singapore	Coface Singapore 16 Collyer Quay #15-00 Singapore 049318	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	
Asia-Pacific	Taiwan	Coface Taiwan Room A5, 6F, No.16, Section 4, Nanjing East Road, Taipei 10553	-	Branch of Compagnie Française d'Assurance pour le Commerce Extérieur		Branch of Compagnie Française d'Assurance pour le Commerce Extérieur	

Note 3. Accounting principles

3.1 - Applicable accounting standards

The consolidated financial statements of the Coface Group 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 financial statements of the year ended December 31, 2013 – apart from the following amendments applicable for the first time on or after January 1, 2014:

- the amendment to IAS 32 "Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities". This amendment clarifies the requirements for offsetting financial assets and financial liabilities in the balance sheet. The application of this amendment did not have a significant impact on Coface's consolidated financial statements.

- 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. The control of an entity must now be analysed through three aggregate criteria: the power on the relevant activities of the entity, exposure to the variable returns of the entity and the investor's ability to affect those returns through its power over the entity. The application of this amendment did not have a significant impact on Coface's scope of consolidation.

  IFRS 11 supersedes IAS 31 – "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". The accounting treatment for partnerships is based on their economic substance, and therefore requires analysis of the rights and obligations of the parties arising from the joint arrangement. The application of this amendment did not have a significant impact on Coface's scope of consolidation.

  IFRS 12 combines and enhances the disclosure requirements for subsidiaries, partnerships, associates and structured entities. The application of this amendment did not have a significant impact on disclosures made by Coface.

  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;

- 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. The amendment to IFRS 10 clarifies the transitional provisions and provides relief as to the comparative disclosures by limiting the restatements to the previous 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;

- the amendment to IAS 36 "Impairment of Assets", published by the IASB on May 29, 2013 and adopted by the European Commission on December 19, 2013. This amendment limits the scope of disclosures

[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_fr.htm

about the recoverable value of impaired assets to the recoverable amount of the impaired assets where this amount is based on the fair value less the cost of selling the assets. The amendment had no impact on Coface's financial statements at December 31, 2014;

- the amendment "Novation to Derivatives and Continuation of Hedge Accounting" to IAS 39 "Financial Instruments: Recognition and Measurement", published by the IASB on June 27, 2013 and adopted by the European Commission on December 19, 2013. This amendment allows the continuation of hedge accounting in cases where a derivative designated as hedging instrument is transferred through novation from one counterparty to a central counterparty as a consequence of laws or regulations. The amendment had no impact on Coface's financial statements at December 31, 2014;

- amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements" published by the IASB on October 31, 2012 and adopted by the European Commission on November 20, 2013. IFRS 10 has been amended to define the economic model of investment entities and requires the latter to measure their investment in their subsidiaries (barring exception) at fair value through income, rather than through consolidation. IFRS 12 was amended to introduce specific reporting obligations in the notes on the subsidiaries of investment entities. Lastly, the amendment to IAS 27 cancels the possibility, for investment entities, to measure their investment in certain subsidiaries either at cost, or at fair value in their separate financial statements. The amendment had no impact on Coface's financial statements at December 31, 2014.

Coface did not proceed to the early application of the texts adopted by the European Union at December 31, 2014 but not yet in force on that date. These include:

- the interpretation of IFRIC 21 "Levies" published by the IASB on May 20, 2013 and adopted by the European Commission on June 13, 2014 and of mandatory application on or after January 1, 2015. This interpretation seeks to clarify the date to be used for the recognition of levies in the financial statements of the entity paying such levy in application of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". At the current stage of the Group's analyses, Coface has not identified any significant impacts on its consolidated financial statements that may arise from the application of IFRIC 21.

- the amendment to IAS 19 "Employee Benefits" entitled "Defined Benefit Plans: Employee Contributions" adopted by the European Commission on December 17, 2014 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment applies to the contributions paid by staff members or by third parties to defined benefit plans. The goal is to clarify and simplify the recognition of contributions that are independent of the employee's years of service (e.g.: the contributions of staff members that are calculated by a fixed percentage of wages) which can be recognised as a reduction in the service cost in the period in which the related service is rendered, instead of being attributed to periods of service.

- the amendment "Annual Improvements to IFRSs 2010 - 2012 Cycle", adopted by the European Commission on December 17, 2014 and of mandatory application on or after January 1, 2016 in the financial statements of Coface. This amendment pertains to the annual improvement process aimed at simplifying and clarifying the international reporting standards. The following standards have been amended: IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IAS 16 "Property, plant and equipment", IAS 38 "Intangible Assets" and IAS 24 "Related-Party Disclosures".

3.2 – Basis of consolidation

In accordance with IAS 1 – "Presentation of Financial Statements", IFRS 10 and IFRS 3 on Business Combinations, certain interests that are not material in relation to the Coface Group's consolidated financial statements were excluded from the scope of consolidation.

The consolidation methods applied are as follows:

- companies over which Group exercises exclusive control are fully consolidated
- companies over which the Coface Group exercises significant influence are accounted for by the equity method.

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. The control of an entity must now be analysed through three aggregate criteria: the power on the relevant activities of the entity, exposure to the variable returns of the entity and the investor's ability to affect the variable returns through its power over the entity.

Cofacrédit is the only company that is accounted for by the equity method.

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

At December 31, 2014, none of these businesses is recorded in Coface accounting.

Intercompany transactions

Material intercompany transactions are eliminated on the balance sheet and on the income statement.

3.3 - Special purpose entities

SPEs used for the credit insurance business

Coface's credit enhancement operations consist of insuring, via a special purpose entity (SPE), receivables securitised by a third party through investors, for losses in excess of a predefined amount. In this type of operation, the Coface Group has no role whatsoever in determining the SPE's activity or its operational management. The premium received on the insurance policy represents a small sum compared to all the benefits generated by the SPE, the bulk of which flows to the investors.

Coface does not sponsor securitisation arrangements. It plays the role of mere service provider to the special purpose entity by signing a contract with the SPE. In fact, Coface holds no power over the relevant activities of the SPEs involved in these arrangements (selection of receivables in the portfolio, receivables management, etc.). No credit insurance SPEs were consolidated within the financial statements at December 31, 2014.

SPEs used for financing operations

Since 2011, Coface has put in place an alternative refinancing solution to the liquidity line granted by Natixis for the Group's factoring business in Germany and Poland (SPEs used for financing operations).

Under this solution, every month, Coface Finanz – a Group factoring company – sells its factored receivables to a French SPV (special purpose vehicle), the FCT Vega securitisation fund. The sold receivables are covered by credit insurance provided by Coface Deutschland (formerly Coface Kreditversicherung AG).
The securitisation fund acquires the receivables at their nominal value less *a discount determined on the basis of the portfolio's past losses and refinancing costs)*. To obtain refinancing, the fund issues (i) senior units to the

conduits (one conduit per bank) which in turn issue ABCP (Asset-Backed Commercial Paper) on the market, and (ii) subordinated units to Coface Factoring Poland. The Coface Group holds control over the relevant activities of the FCT.

The FCT Vega securitisation fund is consolidated in the Group financial statements.

SPEs used for investing operations

The "Colombes" mutual funds were set up in 2013 to centralise the management of the Coface Group's investments. The administrative management of these funds has been entrusted to Amundi, and Caceis has been selected as custodian and asset servicing provider.
Coface Group entities (and only Coface Group entities) now subscribe to units in these funds, via Compagnie française d'assurance pour le commerce extérieur, instead of having their own respective investment portfolios, which have been liquidated. Once a year the entities concerned receive a share of the comprehensive income generated by the funds in proportion to their net contribution to the management platform.

The three criteria established by IFRS 10 for consolidation of the FCP Colombes funds are met. Units in dedicated mutual funds (UCITS) have been included in the scope of consolidation and are fully consolidated. They are wholly-controlled by the Group.

3.4 - Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and it must be highly probable that the sale will take place within 12 months.

A sale is deemed to be highly probable if:

- management is committed to a plan to sell the asset (or disposal group),
- a non-binding offer has been submitted by at least one potential buyer,
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

Once assets meet these criteria, they are classified under "Non-current assets held for sale" in the balance sheet at the subsequent reporting date, and cease to be depreciated/amortised as from the date of this classification. An impairment loss is recognised if their carrying amount exceeds their fair value less costs to sell. Liabilities related to assets held for sale are presented in a separate line on the liabilities side of the balance sheet.

If the disposal does not take place within 12 months of an asset being classified as "Non-current assets held for sale", the asset ceases to be classified as held for sale, except in specific circumstances that are beyond Coface's control.

A discontinued operation is a clearly identifiable component of an entity that either has been disposed of, or is classified as held for sale, and which meets the three conditions below:

- the component represents a separate major line of business or geographical area of operations,
- without representing a separate major line of business or geographical area of business, the component is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- the component is a subsidiary acquired exclusively with a view to resale.

The income from these operations is presented on a separate line of the income statement for the period during which the criteria are met and for all comparative periods presented. The amount recorded in this income statement line includes (i) the net income from discontinued operations until they are sold, and (ii) the post -tax net income recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

At December 31, 2014 none of these operations were included in the Group's consolidated financial statements.

3.5 - Year-end and accounting period

All consolidated companies have a December 31 year-end and an accounting period of 12 months.

3.6 - Foreign currency translation

Translation of foreign currency transactions

In accordance with IAS 21, transactions carried out in foreign currencies (i.e., currencies other than the functional currency) are translated into the functional currency of the entity concerned using the exchange rates prevailing at the dates of the transactions. The Group's entities generally use the closing rate for the month preceding the transaction date, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates.

Translation of the financial statements of subsidiaries and foreign branches

Coface's consolidated financial statements are presented in euros.

The balance sheets of foreign subsidiaries whose functional currency is not the euro are translated into euros at the year-end exchange rate, except for capital and reserves, which are translated at the historical exchange rate. All resulting foreign currency translation differences are recognised in the consolidated statement of comprehensive income.

Income statement items are translated using the average exchange rate for the year, which is considered as approximating the transaction-date exchange rate provided there are no significant fluctuations in rates (see IAS 21.40). All exchange differences arising on translation of these items are also recognised in consolidated statement of comprehensive income.

3.7 - General principles

The insurance business

An analysis of all of Coface's credit insurance policies shows that they fall within the scope of IFRS 4, which permits insurers to continue to use the recognition and measurement rules applicable under local GAAP when accounting for insurance contracts.
Coface has therefore used French GAAP for the recognition of its insurance contracts.

However, IFRS 4

- prohibits the use of equalisation and catastrophe provisions
- and requires insurers to carry out liability adequacy tests.

The services business

Companies engaged in the sale of business information and debt collection services fall within the scope of IAS 18 – Revenue.
In accordance with IAS 18, revenue is recognised when: (i) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (ii) it is probable that the economic benefits associated with the transaction will flow to the entity; and (iii) the amount of revenue and costs incurred or to be incurred in respect of the transaction can be measured reliably.

The factoring business

Companies engaged in the factoring business are directly impacted by IAS 39 – "Financial Instruments: Recognition and Measurement": a financial instrument is a contract that gives rise to a financial asset of one entity (contractual right to receive cash or another financial asset from another entity) and a financial liability or equity instrument of another entity (contractual obligation to deliver cash or another financial asset to another entity).

In application of IAS 39, Application Guidance 26, trade receivables are classified within the "Loans and receivables" category. After initial recognition at fair value, these receivables are measured at amortised cost using the effective interest method (EIM). The financing fee is recorded over the term of the factoring transactions, which is equivalent to it being included in the EIM in view of the short-term nature of the transactions concerned.

Classification of income and expenses for the Group's different businesses

Breakdown by function of insurance company' expenses:

The expenses of French and international insurance subsidiaries are initially accounted for by nature and are then analysed by function in income statement items using appropriate cost allocation keys. Investment management expenses are included under investment expenses. Claims handling expenses are included under claims expenses. Policy acquisition costs, administrative costs and other current operating expenses are shown separately in the income statement.

Public credit insurance procedures management:

Compagnie française d'assurance pour le commerce extérieur (formerly Coface SA) manages public credit insurance procedures for the French government. Although these services solely correspond to management on behalf of a third party, they nevertheless qualify as insurance business. Consequently, the compensation received from the French government is reported under "Revenue or income from other activities". The corresponding costs are analysed by function and are therefore included under the same income statement headings as the expenses incurred by Compagnie française d'assurance pour le commerce extérieur (formerly Coface SA) in connection with its private market insurance activities.
Until June 30, 2014, SBCE, a Brazilian insurance company, performed the same type of activity for the Brazilian government. This agreement which entered into by the government of Brazil and SBCE was not renewed as at June 30, 2014. Since July 1, 2014, SBCE continues its export credit risk insurance business for short-term operations.

Factoring companies:

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

Other companies outside the insurance business and factoring business:

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

Revenue

Consolidated revenue includes:

- for the insurance business, earned premiums net of cancellations and refunds from direct business and inward reinsurance, as well as fees for insurance-related services. This latter category covers policy fees and fees for other services offered by insurance companies,

- the compensation received by Compagnie française d'assurance pour le commerce extérieur (formerly Coface SA) from the French government for its management of public credit insurance procedures,

  The terms and procedures applicable to the compensation paid by the French government are set out in the "Financial Agreement" signed between the French government and Coface. The most recent version of this agreement was signed on February 24, 2012 and covers the four-year period from 2012 to 2015.

- sales of services corresponding to the revenue generated by Group companies in the areas of business information, receivables management and marketing information. These services consist primarily of providing client access to credit and marketing information and debt collection services.

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

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

Insurance operations

- **Premiums**

Gross premiums correspond to written premiums, excluding tax and net of premium cancellations. They include an estimate of pipeline premiums and premiums to be cancelled after the reporting date.
The estimate of pipeline premiums includes premiums negotiated but not yet invoiced as well as premium adjustments corresponding to the difference between minimum and final premiums. It also includes a provision for future economic risks that may impact end-of-year premiums.

Premiums invoiced are primarily based on policyholders' revenue or trade receivables balances, which vary according to changes in revenue. Premium income therefore depends directly on the volume of sales made in the countries where the Group is present, especially French exports and German domestic and export sales.
The Group also receives fee and commission income, corresponding mainly to the cost of monitoring the credit status of insured buyers, which is billed to customers and partners.

Premium refunds include policyholders' bonuses, profit sharing and no claims bonuses, which are mechanisms designed to return a part of the premium to a policyholder according to contract profitability. It also includes the penalties, taking the form of an additional premium invoiced to policyholders with the loss attributed to the policy.
The "premium refunds" item includes provisions established through an estimation of refunds to be paid.

- **Reserves for unearned premiums**

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

- **Deferred acquisition costs**

Policy acquisition costs, including commissions and internal expenses related to contract preparation, are deferred over the life of the contracts concerned according to the same rules as reserves for unearned premiums. The amount deferred corresponds to policy acquisition costs related to the period between the year-end and the next premium payment date. Deferred acquisition costs are included in the balance sheet under “Other assets”. Changes in deferred acquisition costs are included under “Policy acquisition costs” in the income statement.

- **Paid claims**

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

- **Claims provisions**

Claims provisions include provisions to cover the estimated total cost of reported claims not settled at the year-end. In accordance with the applicable French regulations, separate provisions are set aside for claims and recoveries. Claims reserves also include (i) provisions for claims incurred but not yet reported, determined by reference to the final amount of paid claims.

The provisions also include a provision for collection costs and claims handling expenses.
Specific provisions are also recorded for major claims based on the probability of default and level of risk exposure, estimated on a case-by-case basis.

In the guarantee business, local methods are applied. Provisions are only recorded for claims of which the company concerned has been notified by the year-end. However, an additional provision is recorded when the risk that the guarantee will be called on is higher due to the principal (guaranteed) becoming insolvent, even if no related bonds have been called on. This additional provision is calculated based on the probability of default and the level of risk exposure.

- **Subrogation and salvage**

Subrogation and salvage represent estimated recoveries determined on the basis of the total amount expected to be recovered in respect of all open underwriting periods.
The subrogation and salvage includes a provision for debt collection costs.

Reinsurance operations

All of the Group’s inward and ceded reinsurance operations involve transfers of risks.

- **Inward reinsurance**

Inward reinsurance is accounted for on a contract-by-contract basis using data provided by the ceding insurers.
Technical provisions are determined based on amounts reported by ceding insurers, adjusted upwards by Coface where appropriate.
Commissions paid to ceding insurers are deferred and recognised in the income statement on the same basis as reserves for unearned premiums. Where these commissions vary depending on the level of losses accepted, they are estimated at each period-end.

- **Disposals**

Ceded reinsurance is accounted for in accordance with the terms and conditions of the related treaties.
Reinsurers' share of technical provisions is determined on the basis of technical provisions recorded under liabilities.
Cash deposits received from reinsurers are reported under liabilities.
Commissions received from reinsurers are calculated by reference to written premiums. They are deferred and recognised in the income statement on the same basis as ceded reserves for unearned premiums.

Other operating income and expenses

In accordance with Recommendation no. 2013-03 issued by the ANC (the French accounting standards setter), "Other operating income" and "Other operating expenses" should only be used to reflect a major event arising during the reporting period that could distort the understanding of the company's performance. Accordingly, limited use is made of this caption for unusual, abnormal and infrequent income and expenses of a material amount which Coface has decided to present separately in the income statement so that readers can better understand its recurring operating performance and to make a meaningful comparison between accounting periods, in accordance with the relevance principle set out in the IFRS Conceptual Framework.
Other operating income and expenses are therefore limited, clearly identified, non-recurring items which are material to the performance of the Group as a whole.

Goodwill

In accordance with the revised version of IFRS 3, the Group measures goodwill at the acquisition date as the excess of (a) over (b) below: (a) The aggregate of:

- (i) the fair value of the consideration transferred, plus
- (ii) the amount of any non-controlling interest in the acquiree, and
- (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, less
- (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value).

In the case of a bargain purchase, i.e., a business combination in which the amount in (b) above exceeds the aggregate of the amounts specified in (a), the resulting gain is recognised in net income on the acquisition date.

If new information comes to light within the 12 months following the initial consolidation of a newly-acquired company and that new information affects the initial fair values attributed to the assets acquired and liabilities assumed at the acquisition date, the fair values are adjusted with a corresponding increase or decrease in the gross value of goodwill.

Goodwill is allocated, at the acquisition date, to the cash-generating unit (CGU) or group of CGUs that is expected to derive benefits from the acquisition. In accordance with paragraph 10 of IAS 36, goodwill is not amortised but is tested for impairment at least once a year or whenever events or circumstances indicate that impairment losses may occur. Impairment testing consists of comparing the carrying amount of the CGU or group of CGUs (including allocated goodwill) with its recoverable amount, which corresponds to the higher of value in use and fair value less costs to sell. Value in use is determined using the discounted cash flow method.

Impairment tests on goodwill and intangible assets

In accordance with IAS 36, for the purpose of impairment testing the strategic entities included in the Group's scope of consolidation are allocated to groups of CGUs.

A group of CGUs is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets (other CGUs). Paragraph 80 of IAS 36 stipulates that goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the acquirer's groups of CGUs that is expected to benefit from the synergies of the combination.

Coface has identified groups of CGUs, based on its internal organisation as used by management for making operating decisions.

The seven groups of CGUs include:

- Northern Europe
- Western Europe
- Central Europe
- Mediterranean & Africa
- North America
- Latin America
- Asia-Pacific

Measuring groups of CGUs and performing goodwill impairment tests

Existing goodwill is allocated to each group of CGUs for the purpose of impairment testing. Goodwill is tested for impairment at least once a year or whenever there is an objective indication that it may be impaired.

Goodwill impairment tests are performed by testing the group of CGUs to which the goodwill has been allocated.
If the recoverable amount of the group of CGUs is less than its carrying amount, an impairment loss is recognised and allocated to reduce the carrying amount of the assets of the group of CGUs, in the following order:

- first, the carrying amount of any goodwill allocated to the group of CGUs (which may not be subsequently reversed); and
- then, the other assets of the group of CGUs *pro rata* to the carrying amount of each asset in the group.

The recoverable amount represents the higher of value in use (determined using the discounted cash flow method) and fair value less costs to sell (determined using multiples data from comparable listed companies as well as comparable recent transactions).

At December 31, 2014, the impairment tests carried out did not give rise to the recognition of any goodwill impairment losses (see Note 4. Goodwill).

Method used for measuring the value of Coface entities

- **Value in use: Discounted cash flow method**

Cash flow projections were derived from the three-year business plans drawn up by the Group's operating entities as part of the budget process and approved by Coface Group Management.

These projections are based on the past performance of each entity and take into account assumptions relating to Coface's business line development. Coface draws up cash flow projections beyond the period covered in its business plans by extrapolating the cash flows over two additional years.
The assumptions used for growth rates, margins, cost ratios and claims ratios are based on the entity's maturity, business history, market prospects, and geographic region.

Under the discounted cash flow method, Coface applies a discount rate to insurance companies and a perpetuity growth rate to measure the value of its companies.

- **Fair value**

Under this approach, Coface values its companies by applying multiples of (i) revenue (for services companies), revalued net assets (for insurance companies) or net banking income (for factoring companies), and (ii) net income. The benchmark multiples are based on stock market comparables or recent transactions in order to correctly reflect the market values of the assets concerned.

The multiples-based valuation of an entity is determined by calculating the average valuation obtained using net income multiples and that obtained using multiples of revenue (in the case of services companies), revalued net assets (insurance companies) or net banking income (factoring companies).

Intangible assets; IT development costs

Coface capitalises IT development costs and amortises them over their estimated useful lives when it can demonstrate:

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

Internally generated software is amortised over its useful life, which is capped at 15 years.

Property, plant and equipment: property assets

- **Buildings used in the business (IAS 16)**

Property, plant and equipment are measured using the amortised cost model. Coface applies this model to measure its property, plant and equipment, including buildings used in the business. IFRS requires the breakdown of these buildings into components where the economic benefits provided by one or more components of a building reflect a pattern that differs from that of the building as a whole. The components are depreciated over their value in use.
Coface has identified the following components of property assets:

Land	Not depreciated
Enclosed/covered structure	Depreciated over 30 years

Technical equipment	Depreciated over 15 years
Interior fixtures and fittings	Depreciated over 10 years

Property assets acquired under finance leases are included in assets and an obligation in the same amount is recorded under liabilities. At December 31, 2014, the main property acquired under a finance lease was the head office of Coface Deutschland (formerly Coface Kreditversicherung).

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

An impairment loss is recognised if the net carrying amount of a building exceeds its market value.

Financial assets

The Group classifies its financial assets into the following five categories: available-for-sale financial assets, financial assets held for trading, held-to-maturity investments, financial assets at fair value through income, and loans and receivables.

The date used by Coface for initially recognising a financial asset in its balance sheet corresponds to the asset's trade date.

- **Available-for-sale financial assets (AFS)**

Available-for-sale financial assets are carried at fair value plus transaction costs that are directly attributable to the acquisition (hereafter referred to as the purchase price). The difference between the fair value of the securities at year-end and their purchase price (less actuarial amortisation for debt instruments) is recorded under "Available-for-sale financial assets" with a corresponding adjustment to revaluation reserves (no impact on net income). Investments in non-consolidated companies are included in this category.

- **Financial assets held for trading**

Financial assets held for trading are recorded at the fair value of the securities at year-end. Changes in fair value of securities held for trading during the accounting period are taken to the income statement.

- **Held-to-maturity investments (HTM)**

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

- **Financial assets at fair value through profit or loss**

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

- **Loans and receivables**

The "Loans and receivables" category includes cash deposits held by ceding insurers lodged as collateral for underwriting commitments. The amounts recognised in relation to these deposits correspond to the cash amount actually deposited.

Non-derivative financial assets with fixed or determinable payments that are not quoted on an active market are also included in this caption. These assets are recognised at amortised cost using the effective interest method.

Loans and receivables also include short-term deposits whose maturity at the date of purchase or deposit is more than three months but less than 12 months.

- **Fair value**

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

Impairment test

Available-for-sale financial assets are tested for impairment at each period-end. When there is objective evidence that such an asset is impaired and a decline in the fair value of that asset has previously been recognised directly in equity, the cumulative loss is reclassified from equity to income through "Investment income, net of management expenses".

A multi-criteria analysis is used to assess whether there is any objective indication of impairment. An independent expert is used for these analyses, particularly in the case of debt instruments.

Impairment indicators include the following:

- For debt instruments: default on the payment of interest or principal, the existence of a mediation, alert or insolvency procedure, bankruptcy of a counterparty or any other indicator that reveals a significant decline in the counterparty's financial position (such as evidence of losses to completion based on stress tests or projections of recoverable amounts using the discounted cash flow method),

- For equity instruments (excluding investments in unlisted companies): indicators showing that the entity will be unable to recover all or part of its initial investment. In addition, an impairment test is systematically performed on securities that represent unrealised losses of over 30% or which have represented unrealised losses for a period of more than six consecutive months. This test consists of carrying out a qualitative analysis based on various factors such as an analysis of the equity instrument's market price over a given period, or information relating to the issuer's financial position. Where appropriate, an impairment loss is recognised based on the instrument's market price at the period-end. Independently of this analysis, an impairment loss is systematically recognised when an instrument represents an unrealised loss of over 50% at the period-end, or has represented an unrealised loss for more than 24 months,

- For investments in unlisted companies: an unrealised loss of over 20% over a period of more than 18 months, or the occurrence of significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer and indicate that the amount of the investment in the equity instrument will not be recovered.

If the fair value of an instrument classified as available-for-sale increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognised in income, the impairment loss is reversed, with the amount of the reversal recognised in:

- equity, for equity instruments,

- income, for debt instruments, in an amount corresponding to the previously-recognised impairment loss.

In accordance with IFRIC 10, impairment losses recognised on equity instruments in an interim reporting period are not reversed from income until the securities concerned are divested.

Derivatives and hedging transactions

A derivative is a financial instrument (IAS 39):

- whose value changes in response to the change in the interest rate or price of a product known as the "underlying",
- that requires no or a very low initial net investment, and
- that is settled at a future date.

A derivative is a contract between two parties, a buyer and a seller, under which future cash flows between the parties are based on the changes in value of an underlying asset.

In accordance with IAS 39, derivatives are measured at fair value through income, except in the case of effective hedges, for which gains and losses are recognised depending on the underlying hedging relationship.
Derivatives that qualify for hedge accounting are derivatives which, from their inception and throughout the hedging relationship, meet the criteria set out in IAS 39. These notably include a requirement for entities to formally document and designate the hedging relationship, including information demonstrating that the hedging relationship is effective, based on prospective and retrospective tests. A hedge is deemed to be effective when changes in the actual value of the hedge fall within a range of 80% and 125% of the change in value of the hedged item.

- For fair value hedges, gains or losses from remeasuring the hedging instrument at fair value are systematically recognised in income. These amounts are partially offset by symmetrical gains or losses on changes in the fair value of the hedged items (valued at the fair value for the portion of risk covered), which are also recognised in income. The net impact on the income statement therefore solely corresponds to the ineffective portion of the hedge.
- For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion of the gain or loss on the hedging instrument is recognised in income.

At December 31, 2014, Coface's derivatives were used for hedging purposes, notably to hedge currency risks, interest rate risks and changes in fair value of equities in the portfolios of the "Colombes" funds. Coface does not carry out any hedging transactions within the meaning of IAS 39. The financial instruments that it does use are recognised at fair value through income.

<u>**Borrowings**</u>

Financing liabilities

This item mainly includes the subordinated debt and the liabilities relating to financing agreements (finance leases).

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 €100,000), maturing on March 27, 2024 (10 years) and an annual interest rate of 4.125%.

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 guarantee was issued by Compagnie française d'assurance pour le commerce extérieur for €380 million, in favour 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 guarantee 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.

Borrowings are initially recognised at fair value after taking account of directly-attributable transaction costs. It is subsequently measured at amortised cost using the effective interest method (EIM). Amortised cost corresponds to:

- the measurement of the financial liability on initial recognition,
- minus repayments of principal,
- plus or minus cumulative amortisation (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 amortised cost and are recognised over the life of the financial liability using the yield-to-maturity method. As and when they are amortised, premiums and discounts impact the amortised 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 December 31, 2014, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €386,850 thousand, (cf. Note 20) is composed of:

- nominal amount of bonds: €380,000 thousand,
- reduced by the debt issuance costs for €3,301 thousand,
- reduced by the share premiums for €1,924 thousand,
- increased by interests accrued of €12,075 thousand.

The impact on income as at December 31, 2014 mainly includes the interests related to the period for €12,075 thousand.

Payables arising from banking sector activities

This item includes:

- Amounts due to banking sector companies: corresponds to bank credit lines. They represent the refinancing of the credit extended to factoring clients.

- Amounts due to customers of banking sector companies, corresponding to payables arising from factoring operations. They include:

  - ⇨ amounts credited to factoring clients' current accounts that have not been paid out in advance by the factor; and
  - ⇨ factoring contract guarantee deposits.

- Debt securities. This item includes subordinated borrowings and non-subordinated bond issues. These borrowings are classified as "Payables arising from banking sector activities" as they are used for financing the factoring business line.

All borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method.

Payables arising from factoring operations are analysed in Note 21 to the financial statements.

Receivables arising from factoring operations

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

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

Cash and cash equivalents

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

Provisions for liabilities and charges

In accordance with IAS 37 – "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the reporting date if a present obligation towards a third party resulting from a past event exists at that date and it is probable or certain, as of the date when the financial statements are drawn up, that an outflow of resources embodying economic benefits to that third party will be required to settle the obligation and that a reliable estimate can be made of the amount of the obligation.
Provisions are discounted when the effect of the time value of money is material.
Provisions for liabilities and charges mainly consist of provisions for pensions and other post-employment benefit obligations (see Note 18, "Employee benefits").

Employee benefits

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

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

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

- Defined contribution plans: consequently, the company’s legal or constructive obligation is limited to the amount that it agrees to pay to the fund. These plans are generally state pension plans, which is the case in France.
- Defined benefit plans, under which the employer has a legal or constructive obligation to provide agreed benefits to current and former employees.

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

- statutory retirement benefits and termination benefits,
- early retirement and supplementary pension payments,
- employer contributions to post-employment health insurance schemes,
- long-service awards.

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

- the actuarial value of future benefits, corresponding to the present value of all benefits to be paid. The measurement of this present value is essentially based on:

    - demographic assumptions,
    - future benefit levels (statutory retirement benefits, long service awards, etc.),
    - the probability that the specified event will occur,
    - an evaluation of each of the factors included in the calculation of the benefits, such as future salary increases,
    - the interest rate used to discount future benefits at the measurement date.

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

Stock options

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

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

In connection with its stock market listing, the Coface Group awarded to certain beneficiaries (employees of Coface S.A. subsidiaries) bonus shares (cf. Note 14.).

In accordance with the provisions of IFRS 2, only stock options granted under plans set up after November 7, 2002 and which had not vested at January 1, 2005 have been measured at fair value and recognised in personnel costs.

Income tax

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.

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

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 recognises a net deferred tax asset when it is probable that sufficient taxable profits against which the asset can be utilised will be available within a reasonable time frame, 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 relating to the tax losses of the Coface SA scope amounted to €51.7 million. It corresponded to the 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 compensation to Coface in the third quarter to offset the loss of tax losses. This compensation was recognised in the accounts as current tax income of €50.4 million. 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 taxes.

At December 31, 2014, the deferred tax assets relating to tax losses were entirely reversed.

Receivables and payables denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into euros at the year-end exchange rate.

Unrealised exchange gains and losses on receivables and payables denominated in foreign currencies are recorded in the consolidated income statement, except for those related to the technical provisions carried in the accounts of the subsidiaries of Compagnie française d'assurance pour le commerce extérieur (formerly Coface SA) and those concerning consolidated companies' long-term receivables and payables whose settlement is neither planned nor likely to occur in the foreseeable future.

Exchange differences concerning receivables and payables denominated in a foreign currency and relating to a consolidated company are treated as part of Coface's net investment in that company. In accordance with

IAS 21, these exchange differences are recorded in other comprehensive income until the disposal of the net investment.

Segment information

Coface applies IFRS 8 for segment information reporting, which requires an entity's operating segments to be based on its internal organisation as used by management for the allocation of resources and the measurement of performance.

The segment information used by management corresponds to the following geographic regions:

- Northern Europe
- Western Europe
- Central Europe
- Mediterranean & Africa
- North America
- Latin America
- Asia-Pacific

No operating segments have been aggregated for the purposes of published segment information.

The Group's geographic industry sector segmentation is based on the country of invoicing.

Related parties

Coface applies IAS 24 with respect to related-party disclosures.
A related party is a person or entity that is related to the entity preparing its financial statements (referred to in IAS 24 as "the reporting entity").
The Coface Group's main transactions with related parties are presented in Note 39.

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
Goodwill impairment	4	Impairment is recognised when the recoverable amount of goodwill, defined as the higher of value in use and fair value, is below its carrying amount. The value in use of cash-generating units is calculated based on cost of capital, long-term growth rate and loss ratio assumptions.
Provision for earned premiums not yet written	16	This provision is calculated based on the estimated amount of premiums expected in the period less premiums recognised.
Provision for premium refunds	16 24	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	16 25	This provision is calculated based on the estimated amount potentially recovered on settled claims.
Claims reserves	16 25 42	It includes an estimate of the total cost of claims reported but not settled at year end.
IBNR provision	16 25 42	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.
Pension benefit obligations	18	Pension benefit obligations are measured in acordance with IAS 19 and annually reviewed by actuaries according to the Group's actuarial assumptions.

The policies managed by the Coface Group’s insurance subsidiaries meet the definition of insurance contracts set out in IFRS 4. In accordance with this standard, these contracts give rise to the recognition of technical provisions on the liabilities side of the balance sheet, which are measured based on local GAAP pending the publication of an IFRS that deals with insurance liabilities. Phase 2 of IFRS 4 is expected to be published during the first half of 2015, with an application date envisaged three years after the publication date. In accordance with IFRS 4, insurance provisions (“technical provisions”) are calculated using the methods prescribed in local GAAP (French GAAP in Coface’s case).

The recognition of technical provisions requires the Group to carry out estimates, which are primarily based on assumptions concerning changes in events and circumstances related to the insured and their debtors as well as to their economic, financial, social, regulatory and political environment. These assumptions may differ from actual events and circumstances, particularly if they simultaneously affect the Coface Group’s main portfolios. The use of assumptions requires a high degree of judgement on the part of the Coface Group, which may affect the level of provisions recognised and therefore have a material adverse effect on the Group’s financial position, results, and solvency margin.

For certain financial assets held by the Group there is no active market, there are no observable inputs, or the observable inputs available are not representative. In such cases the assets’ fair value is measured using valuation techniques which include methods or models that are based on assumptions or assessments requiring a high degree of judgement. The Group cannot guarantee that the fair value estimates obtained using these valuation techniques represent the price at which a security will ultimately be sold, or at which it could be sold at a given moment. The valuations and estimates are revised when circumstances change or when new information becomes available. Using this information, and respecting the objective principles and methods described in the consolidated and combined financial statements, the Group’s management bodies regularly analyse, assess and discuss the reasons for any decline in the estimated fair value of securities, the likelihood of their value recovering in the short term, and the amount of any ensuing impairment losses that should be recognised. It cannot be guaranteed that any impairment losses or additional provisions recognised will not have a material adverse effect on the Group’s income, financial position and solvency margin.

NOTES TO THE CONSOLIDATED BALANCE SHEET

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

Note 4. Goodwill

In accordance with IAS 36, goodwill is not amortised but is systematically tested for impairment at the year-end or whenever there is an impairment indicator.

At December 31, 2014, movements in goodwill were primarily due to the impact of foreign currency translation differences.

Breakdown of goodwill by region:

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Northern Europe	112,603	112,603
Western Europe	5,068	5,068
Central Europe	8,401	8,430
Mediterranean & Africa	21,435	21,334
North America	5,752	5,050
South America	1,256	1,241
Net value	**154,515**	**153,727**

Impairment testing methods

In compliance with IAS 36 – "Impairment of Assets", goodwill and other non-financial assets were tested for impairment losses at December 31, 2014. Coface performed the tests by comparing the value in use of the groups of CGUs to which goodwill was allocated with their carrying amounts.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or a CGU. This value is determined using the discounted cash flow method, based on the three-year business plan drawn up by the subsidiaries and validated by management. The cash flows are extrapolated for an additional two years using normalised loss ratios and target cost ratios. Beyond this five-year period, the terminal value is calculated by projecting to infinity the cash flows for the last year.

The main assumptions used to determine the value in use of the groups of CGUs were a long-term growth rate of 1.5% for all entities and the weighted average cost of capital.

The assumptions used for goodwill impairment testing were as follows by group of CGUs at December 31, 2014:

2014.12	Northern Europe	Western Europe	Central Europe	Mediter-ranean and Africa	North America	Latin America
Cost of capital	10.6%	10.6%	10.7%	10.6%	10.6%	10.6%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	490.3	785.9	153.0	50.5	51.0	70.6

The assumptions used in 2013 were as follows:

	Northern Europe	Western Europe	Central Europe	Mediter-ranean & Africa	North America	Latin America
Cost of capital	10.6%	10.9%	10.7%	11.0%	11.1%	11.2%
Perpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	491.1	662.5	141.5	62.2	40.9	61.1

Sensitivity of impairment tests

Sensitivity analyses were performed for the impairment tests, based on the following sensitivity factors:

- long-term growth rate sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point increase would not have a significant impact on the outcome of the impairment tests or therefore on the Group’s consolidated financial statements for the year ended December 31, 2014.

- cost of capital sensitivity: the impairment tests were tested for sensitivity based on a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have a significant impact on the outcome of the impairment tests or therefore on the Group’s consolidated financial statements for the year ended December 31, 2014.

- loss ratio and the cost ratio sensitivity for the last two years of the business plan (2018 and 2019): additional impairment tests were performed based on a 2-point increase in the loss ratio and a 1-point increase in the cost ratio. The sensitivity analysis showed that such increases in the assumptions used would not have a significant impact on the outcome of the original impairment tests or therefore on the Group’s consolidated financial statements for the year ended December 31, 2014.

For the Group’s main goodwill items, the sensitivity of enterprise values to the assumptions used is shown in the following table:

Outcome of impairment tests

in millions of euros	Northern Europe	Western Europe	Central Europe	Mediter-ranean and Africa	North America	Latin America
Contribution to consolidated net assets	490.3	785.9	153.0	50.5	51.0	70.6
Sensitivity: Long-term growth rate -0.5 points	550.2	839.2	251.3	142.3	161.5	86.0
Sensitivity: WACC +0.5 points	540.0	822.6	246.5	138.8	157.5	84.0
Sensitivity: Loss ratio 2018 +2 points	568.8	864.0	259.4	147.9	168.1	90.1
Sensitivity: Loss ratio 2019 +2 points	555.3	759.5	250.6	137.5	158.9	83.7
Sensitivity: Cost ratio 2018 +1 point	568.4	862.3	259.3	147.5	167.9	90.0
Sensitivity: Cost ratio 2019 +1 point	551.3	742.1	248.1	132.9	156.0	83.0

The amounts presented in the table above represent the total amount after changes in assumptions.

Note 5. Other intangible assets

in thousands of euros	Dec. 31, 2014 Net value	Dec. 31, 2013 Net value
Development costs and software	74,078	83,086
Purchased goodwill	3,018	3,072
Other	357	557
Total	**77,453**	**86,715**

in thousands of euros	Dec. 31, 2014		
	Cost	Accumulated amortization and impairment	Net value
Development costs and software	194,762	-120,684	74,078
Purchased goodwill	7,717	-4,700	3,018
Other	2,754	-2,397	357
Total	**205,233**	**-127,780**	**77,453**

in thousands of euros	Dec. 31, 2013		
	Cost	Accumulated amortization and impairment	Net value
Development costs and software	195,704	-112,618	83,086
Purchased goodwill	7,057	-3,985	3,072
Other	2,796	-2,239	557
Total	**205,556**	**-118,842**	**86,715**

Change in the gross amount of intangible assets:

in thousands of euros	Dec. 31, 2013	Increases	Decreases	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2014
Development costs and software	195,704	5,503	-8,938	0	2,494	194,762
Other intangible assets	2,796	359	0	0	-401	2,754
Purchased goodwill	7,057	0	0	0	660	7,717
Total	**205,556**	**5,862**	**-8,938**	**0**	**2,753**	**205,233**

in thousands of euros	Dec. 31, 2012	Increases	Decreases	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2013
Development costs and software	193,137	5,748	-2,835	2	-349	195,704
Other intangible assets	2,849	-9	73	0	-117	2,796
Purchased goodwill	12,274	0	-4,773	0	-444	7,057
Total	**208,259**	**5,739**	**-7,535**	**2**	**-910**	**205,556**

Change in accumulated amortisation and impairment of intangible assets:

in thousands of euros	Dec. 31, 2013	Additions	Reversals	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2014
Accumulated amortization – development costs and software	-112,372	-15,047	8,939	0	-1,944	-120,424
Accumulated impairment – development costs and software	-246	-27	0	0	13	-260
Total accumulated amortisation and impairment – development costs and software	**-112,618**	**-15,074**	**8,939**	**0**	**-1,931**	**-120,684**
Accumulated amortisation – other intangible assets	-2,222	-95	0	0	-60	-2,377
Accumulated impairment – other intangible assets	-17	-3	0	0	0	-20
Total accumulated amortisation and impairment – other intangible assets	**-2,239**	**-98**	**0**	**0**	**-60**	**-2,397**
Accumulated amortisation – purchased goodwill	-3,985	-261	0	0	-453	-4,700
Total accumulated amortisation and impairment – purchased goodwill	**-3,985**	**-261**	**0**	**0**	**-453**	**-4,700**
Total	**-118,842**	**-15,433**	**8,939**	**0**	**-2,444**	**-127,780**

Note 6. Property, plant and equipment

in thousands of euros	Dec. 31, 2014 Net value	Dec. 31, 2013 Net value
Buildings used in the business	43,014	45,919
Other property, plant and equipment	24,694	29,811
Total	**67,708**	**75,730**

in thousands of euros	Dec. 31, 2014 Cost	Accumulated depreciation and impairment	Net value
Buildings used in the business	109,167	-66,153	43,014
Other property, plant and equipment	63,980	-39,286	24,694
Total	**173,147**	**-105,439**	**67,708**

in thousands of euros	Dec. 31, 2013 Cost	Accumulated depreciation and impairment	Net value
Buildings used in the business	91,215	-45,297	45,919
Other property, plant and equipment	67,485	-37,674	29,811
Total	**158,700**	**-82,970**	**75,730**

Change in the gross amount of property, plant and equipment:

in thousands of euros	Dec. 31, 2013	Increases	Decreases	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2014
Land used in the business	14,010	0	0	0	0	14,010
Buildings used in the business	77,205	0	-196	0	18,148	95,157
Total buildings used in the business	**91,215**	**0**	**-196**	**0**	**18,148**	**109,167**
Operating guarantees and deposits	8,732	360	-3,826	0	52	5,319
Other property, plant and equipment	58,753	2,605	-3,008	0	311	58,661
Total other property, plant and equipment	**67,485**	**2,966**	**-6,834**	**0**	**363**	**63,980**
Total	**158,700**	**2,966**	**-7,030**	**0**	**18,511**	**173,147**

in thousands of euros	Dec. 31, 2012	Increases	Decreases	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2013
Land used in the business	14,010	0	0	0	0	14,010
Buildings used in the business	75,839	1,362	0	0	5	77,205
Total buildings used in the business	**89,849**	**1,362**	**0**	**0**	**5**	**91,215**
Operating guarantees and deposits	6,729	3,758	-1,564	0	-191	8,732
Other property, plant and equipment	57,703	14,740	-12,582	83	-1,191	58,753
Total other property, plant and equipment	**64,432**	**18,498**	**-14,146**	**83**	**-1,382**	**67,485**
Total	**154,280**	**19,860**	**-14,146**	**83**	**-1,377**	**158,700**

Change in accumulated depreciation and impairment of property, plant and equipment:

in thousands of euros	Dec. 31, 2013	Additions	Reversals	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2014
Accumulated depreciation - Building used in the business	-45,297	-2,803	94	0	-18,148	-66,153
Accumulated impairment - Buildings used in the business	0	0	0	0	0	0
Buildings used in the business	**-45,297**	**-2,803**	**94**	**0**	**-18,148**	**-66,153**
Accumulated depreciation other property, plant & equipment	-34,992	-4,015	2,693	0	-239	-36,553
Accumulated impairment other property, plant & equipment	-2,682	-40	0	0	-11	-2,733
Other property, plant and equipment	**-37,674**	**-4,056**	**2,693**	**0**	**-250**	**-39,286**
Total	**-82,970**	**-6,859**	**2,787**	**0**	**-18,397**	**-105,439**

in thousands of euros	Dec. 31, 2012	Additions	Reversals	Changes in scope of consolidation	Exchange rate effects and other	Dec. 31, 2013
Accumulated depreciation - Building used in the business	-42,650	-2,643	0	0	-4	-45,297
Accumulated impairment - Buildings used in the business	0	0	0	0	0	0
Buildings used in the business	**-42,650**	**-2,643**	**0**	**0**	**-4**	**-45,297**
Accumulated depreciation other property, plant & equipment	-43,025	-4,676	12,073	-33	668	-34,992
Accumulated impairment other property, plant & equipment	-2,802	-34	1	0	153	-2,682
Other property, plant and equipment	**-45,826**	**-4,710**	**12,074**	**-33**	**821**	**-37,674**
Total	**-88,476**	**-7,353**	**12,074**	**-33**	**817**	**-82,970**

	Buildings used in the business	
in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Carrying amount	43,014	45,919
Market value	69,918	72,973
Unrealised gain	**26,904**	**27,054**

Note 7. Investments

7.1 – Analysis by category

At December 31, 2014, the carrying amount of held-to-maturity (HTM) securities was €6,872 thousand available-for-sale (AFS) securities totalled €2,324,682 thousand and trading securities came to €30,864 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income instruments which provide it with recurring and stable revenues.

At December 31, 2014, 13% of the Group's total bond portfolio was rated "AAA", 36% "AA" and "A", 32% "BBB" and 19% below "BB" of the Group's total bond portfolio.

	Dec. 31, 2014					Dec. 31, 2013				
	Amortised cost	Revaluation	Net value	Fair value	Unrealised gain and loss	Amortised cost	Revaluation	Net value	Fair value	Unrealised gain and loss
AFS securities	**2,203,306**	**121,376**	**2,324,682**	**2,324,682**	**0**	**1,810,511**	**80,693**	**1,891,204**	**1,891,204**	**0**
Equities and other variable-income securities	211,173	98,537	**309,710**	309,710	0	109,981	92,486	**202,467**	202,467	0
Bonds and government securities	1,962,132	22,838	**1,984,971**	1,984,971	0	1,700,529	-11,793	**1,688,736**	1,688,736	0
o/w direct investments in securities	*1,752,367*	*27,757*	***1,780,124***	1,780,124	*0*	*1,338,281*	*-4,448*	***1,333,833***	1,333,833	*0*
o/w investments in UCITS	*209,765*	*-4,919*	***204,847***	204,847	*0*	*362,248*	*-7,345*	***354,903***	354,903	*0*
Shares in non-trading property companies	30,001	0	**30,001**	30,001	0	1	0	**1**	1	0
HTM securities										
Bonds and government securities	6,872		**6,872**	7,703	831	9,403	0	**9,403**	10,170	767
Fair value through income – trading securities	0	0	**0**	0	0	0	0	**0**	0	0
Money-market funds UCITS	30,864	0	**30,864**	30,864	0	52,271	0	**52,271**	52,271	0
Derivatives (positive fair value)	0	2,834	**2,834**	2,834	0	0	1,386	**1,386**	1,386	0
(For information, derivatives with a negative fair value)		*-16,037*	***-16,037***	*-16,037*	*0*		*-2,527*	***-2,527***	*-2,527*	
Loans and receivables	311,556	0	**311,556**	311,556	0	253,098	0	**253,098**	253,098	0
Investment property	707	216	**923**	923	0	1,055	216	**1,271**	1,271	0
Total	**2,553,305**	**124,426**	**2,677,731**	**2,678,562**	**831**	**2,126,338**	**82,294**	**2,208,633**	**2,209,400**	**767**

in thousands of euros	Gross Dec. 31, 2014	Impairments	IFRS Dec. 31, 2014	IFRS Dec. 31, 2013
AFS securities	**2,354,823**	**-30,141**	**2,324,682**	**1,891,204**
Equities and other variable-income securities	339,843	-30,133	309,710	202,467
Bonds and government securities	1,984,971	0	1,984,971	1,688,736
o/w direct investments in securities	*1,780,124*	*0*	*1,780,124*	*1,333,833*
o/w investments in UCITS	*204,847*	*0*	*204,847*	*354,903*
Shares in non-trading property companies	30,009	-8	30,001	1
HTM securities				
Bonds and government securities	6,872	0	6,872	9,403
Fair value through income – trading securities				
Money-market funds UCITS	30,864	0	30,864	52,271
Derivatives (positive fair value)	2,834	0	2,834	1,386
(for information, derivatives with a negative fair value)	*-16,037*	*0*	*-16,037*	*-2,527*
Loans and receivables	311,556	0	311,556	253,098
Investment property	923	0	923	1,271
Total investments	**2,707,872**	**-30,141**	**2,677,731**	**2,208,633**

(1) The gross amount is before impairment.

in thousands of euros	Dec. 31, 2013	Additions	Reversals	Exchange rate effects and other	Dec. 31, 2014
AFS securities	**30,661**	**1,624**	**-2,283**	**139**	**30,141**
Equities and other variable-income securities	30,653	1,624	-2,283	139	**30,133**
Bonds and government securities	0	0	0	0	**0**
Shares in non-trading property companies	8				**8**
Loans and receivables	0	0	0	0	**0**
Total impairments	**30,661**	**1,624**	**-2,283**	**139**	**30,141**

(1) Reversals relate only to shares sold.

in thousands of euros	Dec. 31, 2012	Additions	Reversals	Exchange rate effects and other	Dec. 31, 2013
AFS securities	**38,593**	**1,576**	**-11,985**	**2,478**	**30,661**
Equities and other variable-income securities	38,585	1,576	-11,985	2,478	30,653
Bonds and government securities	0	0	0	0	0
Shares in non-trading property companies	8	0	0	0	8
Loans and receivables	2,282	0	-2,282	0	0
Total impairment	**40,875**	**1,576**	**-14,267**	**2,478**	**30,661**

Change in investments by category

in thousands of euros	Carrying amount at January 1	Increases	Decreases	Revaluations	Depreciation & impairments	Other movements	Carrying amount at December 31
	Dec. 31, 2014						
AFS securities	**1,891,204**	**1,583,476**	**-1,242,660**	**40,246**	**659**	**51,757**	**2,324,682**
Equities and other variable-income securities	202,467	150,964	-50,502	5,800	659	322	309,710
o/w direct investments in securities	*94,695*	*85,165*	*-10,718*	*-3,792*	*-953*	*6*	*164,403*
o/w investments in UCITS	*5,084*	*59,671*	*-39,924*	*-44*	*0*	*0*	*24,787*
including unconso. securities	*102,688*	*6,128*	*140*	*9,635*	*1,612*	*316*	*120,520*
Bonds and government securities	1,688,736	1,402,512	-1,192,159	34,447		51,435	1,984,971
o/w direct investments in securities	*1,333,833*	*624,574*	*-257,890*	*32,029*		*47,578*	*1,780,124*
o/w investments in UCITS	*354,903*	*777,938*	*-934,269*	*2,417*		*3,857*	*204,847*
Shares in non-trading property companies	1						30,001
HTM securities							
Bonds	9,403	-51	-2,480				6,872
Fair value through income – trading securities	52,271	1,546,923	-1,567,833	-180		-317	30,864
Loans, receivables and other financial investments	255,755	170,437	-80,915	-42,769		12,804	315,313
Fair value through income - Non trading	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Derivatives (positive fair value)	*1,386*	*45,780*	*-1,558*	*-42,769*		*-5*	*2,834*
Loans and receivables	*253,098*	*124,658*	*-79,009*			*12,809*	*311,556*
Investment property	*1,271*		*-348*				*923*
Total	**2,208,633**	**3,300,786**	**-2,893,888**	**-2,703**	**659**	**64,244**	**2,677,731**

Derivatives (within the Colombes funds):

The structural use of derivatives is strictly limited to hedging. The notional amounts of the hedges therefore do not exceed the amounts of the underlying assets in the portfolio.

During 2014, the majority of the derivative transactions carried out by the Group concerned the systematic hedging of currency risks via swaps or currency futures for primarily USD-denominated bonds held in the investment portfolio that covers all of Coface’s European entities (whose currency risks are systematically hedged).

Investments in equities were partially hedged during 2013 through purchases of index options (which were out of the money) in the second half of the year. The hedging strategy applied by the Group seeks to protect the portfolio against a sharp drop in the equities market in the Eurozone.

Several one-off interest rate hedges were also set up during the year for money-market securities with short maturities.

None of these transactions qualified for hedge accounting under IFRS as they were mainly currency transactions and partial market hedges.

7.2 – Financial instruments recognised at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorises 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 77% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organised markets, as well as units in dedicated 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 Units in 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.).

Securities classified as level 2 represent 17% of the Group's portfolio. 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 techniques based on unobservable inputs such as projections or internal data.

Securities classified as level 3 represent 6% of the Group's portfolio.

This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds (UCITS), as well as investment property.

Breakdown of financial instrument fair value measurements in 2014 by level in the fair value hierarchy:

2014.12

in thousands of euros	Carrying amount	Fair value	**Level 1** Fair value determined based on quoted prices in active markets	**Level 2** Fair value determined based on valuation techniques that use observable inputs	**Level 3** Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	**2,324,682**	**2,324,682**	**2,015,225**	**153,987**	**155,470**
Equities and other variable-income securities	309,710	309,710	177,611	6,630	125,469
Bonds and government securities	1,984,971	1,984,971	1,837,614	147,357	0
Shares in non-trading property companies	30,001	30,001	0	0	30,001
HTM securities					
Bonds and government securities	6,872	7,703	7,703	0	0
Fair value through income – trading securities					
Money-market UCITS	30,864	30,864	30,864	0	0
Derivatives (positive fair value)	2,834	2,834	0	2,834	0
Loans and receivables	311,556	311,556	0	311,556	0
Investment property	923	923	0	0	923
Total	**2,677,731**	**2,678,562**	**2,053,792**	**468,377**	**156,393**

Movements in Level 3 securities in 2014:

	Level 3	**Gains and losses recognised in the period**		**Transactions for the period**		**Reclassi-fication for the period**			Changes in scope of consolidation	Exchange rate effects	**Level 3**
	January 1	In income	Directly in equity	Purchases / Issues	Sales/ Redemp-tions	Outside level 3	Into level 3	Other move-ments			December 31
AFS securities	**107,825**	**15**	**11,290**	**36,268**	**0**	**0**	**0**	**0**	**0**	**71**	**155,470**
Equities and other variable-income revenue	107,824	15	11,290	6,268	0	0	0	0	0	71	125,469
Shares in non-trading property companies	1	0	0	30,000	0	0	0	0	0	0	30,001
Investment property	**1,271**	**-348**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**923**
TOTAL	**109,096**	**-333**	**11,290**	**36,268**	**0**	**0**	**0**	**0**	**0**	**71**	**156,393**

Breakdown of financial instrument fair value measurements in 2013 by level in the fair value hierarchy:

2013.12

	Carrying amount	Fair value	Level 1 Fair value determined based on quoted prices in active markets	Level 2 Fair value determined based on valuation techniques that use observable inputs	Level 3 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	0
Shares in non-trading property companies	1	1	0	0	1
HTM securities					
Bonds	9,403	10,170	10,170	0	0
Fair value through income – trading securities	52,271	52,271	52,271	0	0
Derivatives	1,386	1,386	0	1,386	0
Investment property	1,271	1,271	0	0	1,271
Loans and receivables	253,098	253,098	0	253,098	0
TOTAL	**2,208,633**	**2,209,400**	**1,699,462**	**400,842**	**109,096**

Movements in Level 3 securities in 2013:

	Level 3	Gains and losses recognised in the period		Transactions for the period		Reclassi-fication for the period			Changes in scope of consolidation	Exchange rate effects	Level 3
	January 1	In income	Directly in equity	Purchases / Issues	Sales/ Redemp-tions	Outside level 3	Into level 3	Other move-ments			December 31
AFS securities	**117,991**	**5,341**	**13,679**	**5,299**	**-30,734**	**0**	**371**	**0**	**-3,872**	**-250**	**107,825**
Equities	117,984	5,341	13,679	5,299	-30,728	0	371	0	-3,872	-250	107,824
Shares in non-trading property companies	7	0	0	0	-6	0	0	0	0	0	1
Investment property	**1,456**	**0**	**0**	**0**	**-185**	**0**	**0**	**0**	**0**	**0**	**1,271**
TOTAL	**119,447**	**5,341**	**13,679**	**5,299**	**-30,919**	**0**	**371**	**0**	**-3,872**	**-250**	**109,096**

Note 8. Receivables arising from banking and other activities

Breakdown by nature

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Receivables arising from banking and other activities	2,181,560	2,094,074
Non-performing receivables arising from banking and other activities	79,840	46,163
Allowances for receivables arising from banking and other activities	-17,138	-19,721
Total receivables arising from banking and other activities	**2,244,262**	**2,120,516**

Breakdown by maturity

Receivables arising from banking and other activities represent receivables acquired within the scope of factoring agreements.
They are recognised 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 recognises 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 reserves. Claims reserves recorded to hedge receivables arising from factoring operations amounted to €36,358 thousand at December 31, 2014.

(in thousands of euros)	Dec. 31, 2014					
		Due				Total
	Not due	- 3 months	6 to 1 year	1 to 5 years	+ 5 years	
Receivables arising from banking and other activities	1,770,696	410,864	0	0	0	**2,181,560**
Non-performing receivables arising from banking and other activities	0	0	78,952	888	0	**79,840**
Allowances for receivables arising from banking and other activities	0	0	-16,250	-888	0	**-17,138**
Total receivables arising from banking and other activities	**1,770,696**	**410,864**	**62,702**	**0**	**0**	**2,244,262**
Claims reserves as hedge for factoring receivables	0	0	-36,358	0	0	**-36,358**
Total Receivables arising from banking and other activities after claims reserves	**1,770,696**	**410,864**	**26,344**	**0**	**0**	**2,207,904**

Note 9. Investments in associates

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Investments in associates at January 1	17,621	16,812
Dividends paid	-756	-684
Share in net income of associates	2,136	1,493
Total investments in associates	**19,001**	**17,621**

The entity in equity method is Cofacrédit.

Note 10. Receivables arising from insurance and reinsurance operations

Breakdown by nature

in thousands of euros

	Dec. 31, 2014			Dec. 31, 2013		
	Gross	**Provision**	**Net**	**Gross**	**Provision**	**Net**
Receivables from policyholders and agents	303,437	-29,191	274,246	290,110	-27,684	262,426
Pipeline premiums	125,178	0	125,178	117,445	0	117,445
Receivables arising from reinsurance operations, net	54,273	-282	53,991	40,968	-282	40,686
Total Insurance Receivables	**482,888**	**-29,473**	**453,415**	**448,523**	**-27,966**	**420,557**

Breakdown by maturity

in thousands of euros	Dec. 31, 2014					
	Not due	Due				Total
		- 3 months	3 months to 1 year	1 to 5 years	+ 5 years	
Total receivables arising from insurance and reinsurance operations	289,462	81,695	57,647	24,610	0	**453,415**

The insurance business works with a reverse production cycle: premiums are paid before payment of claims. Coface invoices its customers on a monthly or quarterly basis, which enables it to book receivables with a short term maturity, equal to or less than three months.
Consequently, the liquidity risk related to insurance receivables is estimated as marginal.

Note 11. Other assets

in thousands of euros

	Dec. 31, 2014	Dec. 31, 2013
Deferred acquisition costs	43,171	39,547
Trade receivables arising from other activities	17,762	20,292
Current tax receivables	43,238	52,073
Other receivables	147,049	95,346
Total	**251,220**	**207,258**

Note 12. Cash and cash equivalents

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Cash at bank and in hand	248,656	260,866
Cash equivalents	29,968	13,054
Total	**278,624**	**273,920**

Note 13. Share capital

Ordinary shares	Number of shares	Par value	Share capital (in €)
Value on January 1	156,841,307	5	784,206,535
Capital increase	406,925	5	2,034,625
Value on December 31	**157,248,232**	**5**	**786,241,160**
Treasury shares	-80,819	5	-404,095
Value on December 31 (excluding treasury shares)	**157,167,413**	**5**	**785,837,065**

Shareholders	Number of shares at January 1	% on January 1	Number of shares at December 31	% at December 31
Natixis	156,841,307	100%	64,853,869	41.26%
Public	0	0%	92,313,544	58.74%
Total (excluding treasury shares)	**156,841,307**	**100%**	**157,167,413**	**100.00%**

Natixis holds 41.24% of Coface corresponding to securities and treasury shares.

Note 14. Share-based payments

Ongoing free share plans

In connection with its stock market listing, the Coface Group awarded free shares to certain beneficiaries (employees of Coface S.A. subsidiaries):

Plan	Grant date	Number of shares granted	Vesting period	Vesting date	Availability date	Fair value of the share on the grant date	Net charge for the year (in thousands of euros)
Chief Executive Officer	12/06/2014	43,269	2 years	12/06/2016	12/06/2016	10.4	108
Long-term incentive	26/06/2014	78,842	3 years	26/06/2017	26/06/2019	10.4	124

The settlement of the Chief Executive Officer plan is contingent on a presence requirement.
The vesting of free shares under the Long-Term Incentive Plan is contingent on a presence requirement and achieving of annual objectives based on financial indicators.

Measurement of free shares

In accordance with IFRS 2 relating to "Share-based payments", the award of free shares to employees results in the recognition of an expense corresponding to the fair value of shares granted on the award date adjusted for unpaid dividends during the rights vesting period and transfer restrictions during the holding period, as well as the probability of the materialisation of the performance conditions.

The plans were measured on the assumptions below:

- discount rate corresponding to a risk-free rate on the plans' duration,
- income distribution rate set at 60%,
- non-transferability value calculated by considering a risk-free interest rate and a two-year borrowing rate.

Based on these assumptions, a total of €232 thousand was expense under the implemented plans at December 31, 2014.

Capital increase for employees only

On June 12, the Group gave its employees the opportunity of subscribing to a reserved capital increase at a preferential price of €8.32, 20% less than the Company's share price under the stock market listing and the international offering. 255,347 shares were subscribed, corresponding to a capital increase of €2,124 thousand.
The employee shareholders are bound by a mandatory holding period of five years, barring early release circumstances defined by law. Employees are not required to stay in the company once they become shareholders.

The IFRS 2 expense measuring the benefit granted to employees is measured at fair value taking into account the cost of non-transferability, as recommended by the ANC (the French accounting standards-setter). The cost of non-transferability is measured through a two-stage strategy entailing the future sale of the non-transferable shares after five years, and using a loan to finance the acquisition of the same number of shares in cash (shares that can be transferred at any time), This strategy represents the cost incurred for release from the risk incurred during the inaccessible term.
Coface Group decided not to recognise the IFRS expense under the discount given that based on the measurement assumptions, the cost of non-transferability exceeds the discount expense.

Features of the plan	**As a %**	**Value**
Maturity (in years)		5
Reference price (in euros)		10.4
Subscription price (in euros)		8.32
Face-value discount	20%	
Amount subscribed by employees (in euros)		2,124,491
Total number of shares subscribed		255,347
Valuation assumptions		
Five-year risk-free interest rate	0.84%	
Securities annual borrowing rate (repo)	0.16%	
Market participant borrowing rate (bullet maturity)	5.47%	
(a) Discount value (value in euros)	20%	531,123
(b) Non-transferability value (value in euros)	21.30%	565,589
Overall cost for Coface (in euros) (a) - (b)		**0**
Sensitivity		
Decrease of 0.5% of the market participant borrowing rate		
Theoretical overall cost for Coface (in euros)		*18,443*

The Group made matching contributions to the amounts subscribed by employees or beneficiaries (foreign employee) in accordance with the conditions determined at the Board Meeting of June 12, 2014 (France Employee Savings Plan and International Employee Savings Plan). The costs of the Group’s matching contributions (€1,298 thousand) were recognised in “other operating expenses”.

Note 15. Revaluation reserves

(in thousands of euros)

	Investment instruments	Reserves – Gains and losses not reclassifiable to income (IAS 19R)	Income tax	Revaluation reserves attributable to owners of the parent	Non-controlling interests	Revaluation reserves
At January 1, 2014	**79,148**	**-22,421**	**3,991**	**60,719**	**4,852**	**65,571**
Fair value adjustments on available-for-sale financial assets reclassified to income	-7,834	0	2,485	-5,349	0	-5,349
Fair value adjustments on available-for-sale financial assets recognised in equity	49,015	0	-12,517	36,498	-928	35,570
Change in reserves – gains and losses not reclassifiable to income (IAS 19R)	0	-8,763	2,631	-6,132	0	-6,132
At December 31, 2014	**120,329**	**-31,184**	**-3,409**	**85,736**	**3,924**	**89,660**

(in thousands of euros)

	Investment instruments	Reserves – Gains and losses not reclassifiable to income (IAS 19R)	Income tax	Revaluation reserves attributable to owners of the parent	Non-controlling interests	Revaluation reserves
At January 1, 2013	**101,116**	**-23,965**	**-6,114**	**71,037**	**4,448**	**75,485**
Fair value adjustments on available-for-sale financial assets reclassified to income	-27,722	0	7,929	-19,793	-60	-19,852
Fair value adjustments on available-for-sale financial assets recognised in equity	5,754	0	2,644	8,398	460	8,858
Change in reserves – gains and losses not reclassifiable to income (IAS 19R)	0	1,544	-468	1,076	4	1,080
At December 31, 2013	**79,148**	**-22,421**	**3,991**	**60,719**	**4,852**	**65,571**

Note 16. Liabilities relating to insurance contracts

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Provisions for unearned premiums	286,336	267,023
Claims reserves	1,091,668	1,120,922
Provisions for premium refunds	94,176	62,554
Liabilities relating to insurance contracts	**1,472,180**	**1,450,499**
Provisions for unearned premiums	-57,403	-41,674
Claims reserves	-249,010	-289,294
Provisions for premium refunds	-22,750	-16,254
Reinsurers' share of technical insurance liabilities	**-329,163**	**-347,221**
Net technical provisions	**1,143,017**	**1,103,278**

Through its activities, Coface is exposed to a "technical" (underwriting) risk, which is the risk of losses arising from its portfolio of credit insurance policies. Tools aimed at managing this risk have been put in place to ensure that it remains within reasonable limits.

The insurance technical provisions period is less than three years. All these provisions are covered by liquid assets.
Consequently, the liquidity risk related to insurance technical provisions is estimated as marginal.

Note 17. Provisions for liabilities and charges

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Provisions for disputes	7,624	7,056
Provisions for pension and other post-employment benefit obligations	93,752	86,130
Other provisions for liabilities and charges	16,416	18,870
TOTAL	**117,792**	**112,056**

in thousands of euros	Dec. 31, 2013	Additions	Reversals (utilised)	Reversals (surplus)	Reclassifications	Changes in OCI	Mergers and partial asset transfers	Exchange rate effects	Dec. 31, 2014
Provisions for disputes	**7,056**	**2,002**	**-897**	**-599**	**0**	**0**	**0**	**62**	**7,624**
Provisions for technical disputes	0	0	0	0	0	0	0	0	0
Provisions for tax disputes	349	3	0	0	0	0	0	8	361
Provisions for employee disputes	4,246	2,444	-897	-570	0	0	0	2	5,225
Provisions for other disputes	2,461	-445	0	-29	0	0	0	52	2,038
Provisions for pension and other post-employment benefit obligations	**86,130**	**5,278**	**-6,077**	**-359**	**16**	**8,762**	**0**	**2**	**93,752**
Other provisions for liabilities and charges	**18,870**	**2,562**	**-880**	**-3,766**	**0**	**0**	**0**	**-370**	**16,416**
Provisions for liabilities relating to subsidiaries	14,347	2,028	-647	-1,634	0	0	0	-370	13,724
Provisions for restructuring costs	2,760	529	-233	-1,793	0	0	0	0	1,263
Other provisions for liabilities	1,763	5	0	-339	0	0	0	0	1,429
TOTAL	**112,056**	**9,842**	**-7,854**	**-4,724**	**16**	**8,762**	**0**	**-306**	**117,792**

in thousands of euros	Dec. 31, 2012	Additions	Reversals (utilised)	Reversals (surplus)	Reclassifications	Changes in OCI	Mergers and partial asset transfers	Exchange rate effects	Dec. 31, 2013
Provisions for disputes	**4,934**	**4,444**	**-910**	**-52**	**-1,111**	**0**	**0**	**-248**	**7,056**
Provisions for technical disputes	841	0	0	0	-841	0	0	0	0
Provisions for tax disputes	288	103	0	0	0	0	0	-42	349
Provisions for employee disputes	3,085	1,969	-770	0	0	0	0	-37	4,246
Provisions for other disputes	720	2,372	-140	-52	-270	0	0	-169	2,461
Provisions for pension and other post-employment benefit obligations	**85,342**	**7,798**	**-4,931**	**-127**	**17**	**-1,568**	**0**	**-402**	**86,130**
Other provisions for liabilities and charges	**26,960**	**4,194**	**-3,050**	**-7,069**	**-2,462**	**0**	**340**	**-43**	**18,870**
Provisions for liabilities relating to subsidiaries	21,528	3,152	0	-6,792	-3,839	0	340	-42	14,347
Provision for taxes (excluding IT)	0	0	0	0	0	0	0	0	0
Provisions for restructuring costs	3,096	1,002	-1,101	-186	-50	0	0	-1	2,760
Other provisions for liabilities	**2,375**	40	-1,949	-91	1,427	0	0	0	**1,763**
TOTAL	**117,236**	**16,436**	**-8,891**	**-7,248**	**-3,556**	**-1,568**	**340**	**-693**	**112,056**

Note 18. Employee benefits

€ thousand	Dec. 31, 2014	Dec. 31, 2013
Present value of benefit obligation at January 1	**87,765**	**86,892**
Acquisitions/mergers/deconsolidations	0	0
Current service cost	-501	4,087
Interest cost	2,474	2,450
Actuarial (gains)/losses	12,464	110
Benefits paid	-6,706	-5,417
Other	-49	-356
Present value of benefit obligation at December 31	**95,449**	**87,765**
Change in plan assets		
Fair value of plan assets at January 1	**1,635**	**1,551**
Revaluation adjustments – Return on plan assets	71	93
Acquisitions/mergers/deconsolidations	0	0
Employee contributions	0	0
Employer contributions	111	405
Benefits paid	-124	-412
Other	4	0
Fair value of plan assets at December 31	***1,696***	***1,635***
Reconciliation		
Present value of benefit obligation at December 31	***95,449***	***87,765***
Fair value of plan assets	1,696	1,635
(Liability)/Asset recognised in the balance sheet at December	***-93,752***	***-86,130***
Income statement		
Current service cost	4,907	4,019
Past service cost	-5,407	68
Benefits paid including amounts paid in respect of settlements	-333	-341
Interest cost	2,474	2,450
Interest income	-54	-52
Revaluation adjustments on other long-term benefits	3,687	1,654
Other	6	6
Expense/(income) recorded in the income statement	***5,279***	***7,803***
Changes recognised directly in equity not reclassifiable to income		
Revaluation adjustments arising in the year	8,762	-1,548
Revaluation adjustments recognised in equity not reclassifiable to income	***8,762***	***-1,548***

Actuarial assumptions

The discount rate applied to the Group's employee benefit obligations is based on the Bloomberg Corporate AA curve for French entities and on a basket of international AA-rated corporate bonds for foreign entities.

Actuarial assumptions Dec. 31, 2014	France	Germany	Austria	Italy
Inflation rate	1.80%	1.80%	1.80%	1.80%
Discount rate				
Supplementary retirement and other plans	0.50%	1.80%	1.80%	1.80%
Statutory retirement benefits	1.20%	N/A	1.80%	1.80%
Long-service awards	0.80%	1.80%	1.80%	-
Other benefits	1.80%	1.80%	N/A	1.80%
Rate of salary increases (including inflation)	2.10%	2.30%	3.00%	3.00%
Rate of increase in medical costs (including inflation)	4.30%	N/A	N/A	4.50%
Average remaining working life until retirement				
Supplementary retirement and other plans	0.00	4.61	9.49	6.88
Statutory retirement benefits	15.55	N/A	10.81	13.68
Long-service awards	15.52	22.39	14.71	N/A
Other benefits	15.55	2.21	N/A	20.15
Term (years)				
Supplementary retirement and other plans	29.26	12.51	12.25	25.05
Statutory retirement benefits	10.59	N/A	9.67	10.48
Long-service awards	7.92	12.40	6.79	N/A
Other benefits	0.00	1.97	N/A	22.33

Actuarial assumptions Dec. 31, 2013	France	Germany	Austria	Italy
Inflation rate	1.90%	1.90%	1.90%	1.90%
Discount rate				
Supplementary retirement and other plans	1.40%	3.15%	3.15%	3.15%
Statutory retirement benefits	2.60%	N/A	3.15%	3.15%
Long-service awards	2.10%	3.15%	3.15%	-
Other benefits	3.00%	3.15%	N/A	3.15%
Rate of salary increases (including inflation)	2.30%	2.50%	3.00%	3.00%
Rate of increase in medical costs (including inflation)	4.40%	N/A	N/A	4.50%
Average remaining working life until retirement				
Supplementary retirement and other plans	1.00	7.79	10.15	13.68
Statutory retirement benefits	17.78	N/A	11.53	13.68
Long-service awards	17.78	23.25	14.93	N/A
Other benefits	17.78	3.85	N/A	20.15
Term (years)				
Supplementary retirement and other plans	26.08	12.66	12.15	24.98
Statutory retirement benefits	11.61	N/A	10.15	10.72
Long-service awards	7.85	12.13	6.79	N/A
Other benefits	0.00	1.19	N/A	20.72

Dec. 31, 2014 in thousands of euros	France	Germany	Austria	Italy	Other	TOTAL
Present value of benefit obligation at January 1	**43,680**	**19,588**	**17,205**	**5,379**	**1,914**	**87,765**
Acquisitions/mergers/deconsolidations	*0*	*0*	*0*	*0*	*0*	*0*
Current service cost	*-3,737*	*1,694*	*274*	*854*	*414*	*-501*
Interest cost	*1,193*	*592*	*523*	*167*	*0*	*2,474*
Actuarial (gains)/losses	*2,562*	*5,199*	*3,012*	*1,690*	*0*	*12,464*
Benefits paid	*-2,046*	*-1,631*	*-1,106*	*-1,729*	*-194*	*-6,706*
Other	*0*	*0*	*6*	*0*	*-54*	*-49*
Present value of benefit obligation at December 31	**41,652**	**25,442**	**19,913**	**6,361**	**2,080**	**95,449**
Change in plan assets						
Fair value of plan assets at January 1	**0**	**837**	**978**	**0**	**-181**	**1,635**
Revaluation adjustments – Return on plan assets	*0*	*30*	*41*	*0*	*0*	*71*
Acquisitions/mergers/deconsolidations	*0*	*0*	*0*	*0*	*0*	*0*
Employee contributions	*0*	*0*	*0*	*0*	*0*	*0*
Employer contributions	*0*	*11*	*100*	*0*	*0*	*111*
Benefits paid	*0*	*-21*	*-103*	*0*	*0*	*-124*
Other	*0*	*4*	*0*	*0*	*0*	*4*
Fair value of plan assets at December 31	***0***	***861***	***1,016***	***0***	***-181***	***1,696***
Reconciliation						
Present value of benefit obligation at December 31	***41,652***	***25,442***	***19,913***	***6,361***	***2,080***	***95,449***
Fair value of plan assets	*0*	*861*	*1,016*	*0*	*-181*	*1,696*
(Liability)/Asset recognised in the balance sheet at December	***-41,652***	***-24,581***	***-18,897***	***-6,361***	***-2,261***	***-93,752***
Income statement						
Current service cost	*1,670*	*1,694*	*274*	*854*	*414*	*4,907*
Past service cost	*-5,407*	*0*	*0*	*0*	*0*	*-5,407*
Benefits paid including amounts paid in respect of	*0*	*0*	*0*	*-333*	*0*	*-333*
Interest cost	*1,193*	*592*	*523*	*167*	*0*	*2,474*
Interest income	*0*	*-25*	*-29*	*0*	*0*	*-54*
Revaluation adjustments on other long-term benefits	*-267*	*2,668*	*15*	*1,272*	*0*	*3,687*
Other	*0*	*0*	*6*	*0*	*0*	*6*
Expense/(income) recorded in the income statement	**-2,812**	**4,929**	**788**	**1,959**	**414**	**5,279**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	2,830	2,527	2,987	419	0	8,762
Revaluation adjustments recognised in equity not reclassifiable to income	**2,830**	**2,527**	**2,987**	**419**	**0**	**8,762**

Dec. 31, 2013 in thousands of euros	France	Germany	Austria	Italy	Other	TOTAL
Present value of benefit obligation at January 1	**43,243**	**18,839**	**18,272**	**4,446**	**2,093**	**86,892**
Acquisitions/mergers/deconsolidations	*0*	*0*	*0*	*0*	*0*	*0*
Current service cost	*1,700*	*1,215*	*455*	*284*	*432*	*4,087*
Interest cost	*1,195*	*565*	*554*	*136*	*0*	*2,450*
Actuarial (gains)/losses	*-902*	*918*	*-419*	*512*	*0*	*110*
Benefits paid	*-1,556*	*-1,950*	*-1,663*	*0*	*-250*	*-5,417*
Other	*0*	*0*	*6*	*0*	*-362*	*-356*
Present value of benefit obligation at December 31	**43,680**	**19,588**	**17,205**	**5,379**	**1,914**	**87,765**
Change in plan assets						
Fair value of plan assets at January 1	**0**	**811**	**918**	**0**	**-179**	**1,551**
Revaluation adjustments – Return on plan assets	*0*	*29*	*64*	*0*	*0*	*93*
Acquisitions/mergers/deconsolidations	*0*	*0*	*0*	*0*	*0*	*0*
Employee contributions	*0*	*0*	*0*	*0*	*0*	*0*
Employer contributions	*-139*	*372*	*242*	*-70*	*0*	*405*
Benefits paid	*139*	*-374*	*-247*	*70*	*0*	*-412*
Other	*0*	*0*	*0*	*0*	*0*	*0*
Fair value of plan assets at December 31	***0***	***837***	***977***	***0***	***-179***	***1,635***
Reconciliation						
Present value of benefit obligation at December 31	***43,680***	***19,588***	***17,205***	***5,379***	***1,914***	***87,765***
Fair value of plan assets	*0*	*837*	*977*	*0*	*-179*	*1,635*
(Liability)/Asset recognised in the balance sheet at December	***-43,680***	***-18,750***	***-16,228***	***-5,379***	***-2,093***	***-86,130***
Income statement						
Current service cost	*1,700*	*1,070*	*533*	*284*	*432*	*4,019*
Past service cost	*0*	*145*	*-78*	*0*	*0*	*68*
Benefits paid including amounts paid in respect of	*0*	*-284*	*-57*	*0*	*0*	*-341*
Interest cost	*1,195*	*565*	*554*	*136*	*0*	*2,450*
Interest income	*0*	*-25*	*-27*	*0*	*0*	*-52*
Revaluation adjustments on other long-term benefits	*12*	*1,117*	*-6*	*531*	*0*	*1,654*
Other	*0*	*0*	*6*	*0*	*0*	*6*
Expense/(income) recorded in the income	**2,907**	**2,588**	**925**	**951**	**432**	**7,803**
Changes recognised directly in equity not reclassifiable to income						
Revaluation adjustments arising in the year	-916	-202	-450	20	0	-1,548
Revaluation adjustments recognised in equity not reclassifiable to income	**-916**	**-202**	**-450**	**20**	**0**	**-1,548**

Sensitivity tests on the defined benefit obligation

	Dec. 31, 2014			
	Post-employment defined benefit obligations		Other long-term benefits	
	Supplementary retirement and other plans	Statutory retirement benefits	Long-service awards	Other benefits
1% increase in the discount rate	-16.93%	-9.43%	-9.16%	-12.52%
-1% increase in the discount rate	22.85%	11.09%	10.63%	16.13%
1% increase in the inflation rate	18.78%	8.64%	0.00%	2.00%
-1% increase in the inflation rate	-13.76%	-7.45%	0.00%	-1.93%
1% increase in rate of increase in medical costs	34.08%	0.00%	0.00%	0.00%
-1% increase in rate of increase in medical costs	-24.17%	0.00%	0.00%	0.00%
1% decrease in rate of salary increase (including inflation)	2.26%	10.83%	8.29%	15.12%
-1% decrease in rate of salary increase (including inflation)	-2.08%	-9.35%	-7.40%	-11.90%

	Dec. 31, 2013			
	Post-employment defined benefit obligations		Other long-term benefits	
	Supplementary retirement and other plans	Statutory retirement benefits	Long-service awards	Other benefits
1% increase in the discount rate	-16.47%	-9.46%	-8.51%	-14.44%
-1% increase in the discount rate	21.35%	11.16%	9.93%	18.70%
1% increase in the inflation rate	16.99%	10.36%	0.00%	0.00%
-1% increase in the inflation rate	-13.21%	-8.98%	0.00%	0.00%
1% increase in rate of increase in medical costs	14.63%	0.00%	0.00%	0.00%
-1% increase in rate of increase in medical costs	-11.18%	0.00%	0.00%	0.00%
1% decrease in rate of salary increase (including inflation)	0.92%	12.67%	0.59%	18.58%
-1% decrease in rate of salary increase (including inflation)	-0.83%	-10.98%	-0.54%	-14.53%

Note 19. Deferred taxes

in thousands of euros

	Dec. 31, 2014	Dec. 31, 2013
Deferred tax assets	34,125	81,122
Deferred tax liabilities	128,463	138,091
Net deferred tax liability(1)	**94,338**	**56,968**
Deferred tax assets:		
Temporary differences	13,394	9,165
Provisions for pension and other employment benefit obligations	20,731	20,262
Tax loss carryforwards(2)	0	51,695
Total deferred tax assets	**34,125**	**81,122**
Deferred tax liabilities:		
Temporary differences(3)	22,551	-26,459
Cancellation of the claims equalisation provision	105,912	164,550
Total deferred tax liabilities	**128,463**	**138,091**

(1) Deferred tax assets for the French entities have been calculated at the rate of 34.43% for expected recovery dates after 2014. The rate used for branches is the local tax rate.

(2) Deferred tax assets in 2013 concerning the carryforward of unused tax losses related to Compagnie française d'assurance pour le commerce extérieur. They corresponded to a receivable owed to Natixis when Compagnie française d'assurance pour le commerce extérieur was a member of the Natixis tax group. This receivable was repaid during the financial year 2014.

(3) In accordance with IAS 12, an entity must offset its deferred tax assets and liabilities if, and only if, it has a legally enforceable right to offset current tax assets against current tax liabilities.
This requirement was met by the Group, which explains why it is possible for negative amounts to be recorded under temporary differences for deferred tax assets or liabilities.

Changes in deferred tax balances by region

in thousands of euros	Dec. 31, 2012	Change through income	Revaluation adjustment on AFS investments	Change in currency impact	Other move-ments	Dec. 31, 2013	Change through income	Revaluation adjustment on AFS investments	Change in currency impact	Other move-ments	Dec. 31, 2014
Northern Europe	**112,236**	11,257	-336	-75	914	**123,996**	-8,826	-755	-620	-788	**113,008**
Western Europe	**-50,785**	3,218	-7,584	-78	314	**-54,916**	47,123	10,707	72	-984	**2,003**
Central Europe	**3,090**	-935	-1,429	5	104	**835**	-579	109	30	-756	**-361**
Mediterranean & Africa	**-4,375**	702	-1,183	-30	-658	**-5,544**	-3,292	0	-4	-114	**-8,954**
North America	**116**	-94	191	6	0	**218**	29	-66	44	0	**225**
Latin America	**-5,112**	-616	-288	876	23	**-5,116**	-1,288	34	25	-333	**-6,679**
Asia-Pacific	**-2,486**	-741	28	693	0	**-2,505**	-2,433	4	30	0	**-4,905**
Total Deferred tax by region	**52,684**	**12,791**	**-10,601**	**1,397**	**697**	**56,968**	**30,734**	**10,033**	**-422**	**-2,976**	**94,338**

Positive figures correspond to deferred tax liabilities, while negative figures correspond to deferred tax assets.

Note 20. Financing liabilities

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Subordinated debt	386,850	-
Obligations under finance leases	7,955	10,565
Bank overdrafts and other borrowings	318	4,568
TOTAL	**395,123**	**15,133**

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Due within one year:		
- Obligations under finance leases	2,754	2,609
- Bank overdrafts and other borrowings	318	4,568
Total	**3,072**	**7,177**
Due between one and five years:		
- Obligations under finance leases	5,201	7,956
Total	**5,201**	**7,956**
Due beyond five years:		
- Subordinated debt	386,850	0
Total	**386,850**	**0**
Total	**395,123**	**15,133**

Note 21. Payables arising from banking sector activities

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Amounts due to banking sector companies	300,706	368,821
Amounts due to customers of banking sector companies	379,016	391,689
Debt securities	1,538,060	1,348,787
TOTAL	**2,217,782**	**2,109,297**

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

Borrowings comprised:

- €1,186 million in senior units issued by the FCT Vega fund as part of the securitisation programme set up for Coface Finanz's factoring receivables,
- €352 million in commercial paper issued by COFACE SA to finance Coface Finanz's operations, with an average maturity of around 2.5 months at December 31, 2014.

Amounts due to banking sector companies corresponded to drawdowns on the bilateral credit lines set up with various banking partners of Coface Finanz and Coface Factoring Poland (including Natixis).

Note 22. Receivables arising from insurance and reinsurance operations

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Guarantee deposits received from policyholders and other	3,034	2,257
Amounts due to policyholders and agents	98,798	67,226
Payables arising from insurance and inward reinsurance operations	**101,832**	**69,482**
Amounts due to reinsurers	64,157	49,590
Deposits received from reinsurers	10,640	6,475
Payables arising from ceded reinsurance operations	**74,797**	**56,065**
Total payables arising from insurance and reinsurance operations	**176,628**	**125,547**

Note 23. Other liabilities

in thousands of euros

	Dec. 31, 2014	Dec. 31, 2013
Current tax payables	**97,614**	**51,470**
Derivatives and related liabilities	**16,037**	**2,527**
Accrued personnel costs	58,015	28,129
Sundry payables	163,291	150,510
Deferred income	7,190	7,194
Other accruals	12,938	9,240
Other payables	**241,434**	**195,073**
TOTAL OTHER LIABILITIES	**355,084**	**249,070**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 24. Consolidated revenue

in thousands of euros

a) By business line	Dec. 31, 2014	Dec. 31, 2013
Premiums – direct business	1,179,321	1,145,144
Premiums – inward reinsurance	63,355	61,546
Premium refunds	-98,309	-75,564
Provisions for unearned premiums	-11,640	-2,583
Earned premiums net of cancellations	**1,132,727**	**1,128,543**
Fee and commission income	**124,755**	**123,410**
Net income from banking activities	**70,623**	**69,210**
Other insurance-related services	9,259	9,710
Remuneration of public procedures	62,541	65,577
Business information and other services	25,264	25,194
Receivables management	15,367	18,685
Revenue or income from other activities	**112,431**	**119,167**
Consolidated revenue	**1,440,536**	**1,440,330**

in thousands of euros

b) By country of invoicing	Dec. 31, 2014	Dec. 31, 2013
Northern Europe	352,007	366,782
Western Europe	461,729	469,245
Central Europe	113,276	109,977
Mediterranean & Africa	226,539	216,651
North America	113,750	101,687
Latin America	76,149	81,209
Asia-Pacific	97,086	94,780
Consolidated revenue	**1,440,536**	**1,440,330**

Geographic segmentation by billing location does not necessarily match the debtor's location.

in thousands of euros

c) Insurance revenue by type of insurance	Dec. 31, 2014	Dec. 31, 2013
Credit insurance		
Export	456,228	458,141
Domestic	587,177	574,982
Other	3,294	5,365
Total credit	**1,046,699**	**1,038,488**
Guarantees	54,415	57,883
Single risk	31,613	32,172
Total guarantees and other	**86,028**	**90,055**
Total insurance revenue	**1,132,727**	**1,128,543**

in thousands of euros

d) Net income from banking activities	Dec. 31, 2014	Dec. 31, 2013
Financing fees	34,832	34,249
Factoring fees	35,029	39,508
Other	762	-4,547
Total net income from banking activities	**70,623**	**69,210**

Note 25. Claims expenses

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Paid claims, net of recoveries	-558,953	-544,701
Claims handling expenses	-25,738	-29,787
Change in claims reserves	45,970	-1,774
Total	**-538,721**	**-576,263**

Claims expense by attaching period

in thousands of euros	Dec. 31, 2014			Dec. 31, 2013		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	-787,116	164,324	-622,792	-812,490	203,162	-609,328
Claims expenses – prior years	248,395	-60,765	187,630	236,227	-61,511	174,716
Claims expenses	**-538,721**	**103,559**	**-435,162**	**-576,263**	**141,651**	**-434,612**

Note 26. Expenses from banking activities

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Charges to allowances for receivables	-744	-1,895
Reversal of allowances for receivables	3,198	1,980
Losses on receivables not covered by allowances	-1,347	-877
Losses on receivables covered by allowances	-3,153	-1,741
Cost of risk	**-2,046**	**-2,533**
Operating expenses	**-11,066**	**-11,884**
Total expenses from banking activities	**-13,112**	**-14,417**

"Cost of risk" corresponds to the risk-related expense on credit insurance operations conducted by factoring companies, which includes net additions to provisions, receivables written off during the year, and recoveries of amortised receivables.

Note 27. General expenses by function

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Commissions	-141,887	-134,939
Other acquisition costs	-120,967	-121,928
Total acquisition costs	**-262,854**	**-256,867**
Administrative costs	**-269,106**	**-263,891**
Other current operating expenses	**-74,455**	**-83,112**
Investment management expenses	**-2,039**	**-5,025**
o/w insurance investment management expenses	*-2,039*	*-2,848*
Claims handling expenses	**-25,738**	**-29,787**
o/w insurance claims handling expenses	*-25,738*	*-29,787*
TOTAL	**-634,191**	**-638,683**
of which employee profit-sharing	*-7,497*	*-5,819*

Coface Group's total general expenses including general insurance expenses (by function), expenses from other activities and expenses from banking activities amounted to a total of €692,595 thousand in 2014 versus €702,451 thousand in 2013.

At December 31, 2013, total general expenses included €8,345 thousand related to the relocation of Coface's head office.

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 28. Reinsurance result

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Ceded premiums	-260,233	-314,762
Change in unearned premiums provisions	-6,440	-1,093
Expenses from ceded reinsurance	**-266,673**	**-315,855**
Ceded claims	143,055	143,067
Change in claims provisions net of recoveries	-40,558	-1,415
Commissions paid by reinsurers	95,515	108,001
Income from ceded reinsurance	**198,013**	**249,652**
Reinsurance result	**-68,660**	**-66,202**

Note 29. Investment income by category

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Investment income (exclunding net gains/(losses) on assets and liabilities held for trading)	40,695	37,553
Fair value adjustments on financial instruments recognised at fair value through income	-42,949	-797
*of which amount hedged by exchange rate derivatives on Fonds Colombes**	*-42,941*	*-709*
Net gains/(losses) on disposals	7,372	35,400
*of which amount hedged by exchange rate derivatives on Fonds Colombes**	*-1,181*	*4,202*
Change in provisions:	-1,435	4,970
AFS equities	-1,623	-302
Other loans and receivables	-76	2,906
AFS investments in non-consolidated companies	0	-1,274
Liabilities and charges on AFS investments in non- consolidated companies	264	3,640
Net foreign exchange gains/(losses)	43,714	-2,583
*of which amount hedged by exchange rate derivatives on Fonds Colombes**	*44,695*	*-2,994*
Investment management expenses	-4,628	-7,027
Total investment income, net of management expenses (excluding finance costs)	**42,769**	**67,516**

At December 31, 2014, the significant variation of the euro - dollar engendered significant impacts in the accounts, almost fully covered by foreign exchange derivatives. The residual impact is €765 thousand.

The €44,695 thousand of foreign exchange income from Fonds Colombes includes €39,879 thousand of unrealised foreign exchange income (cf. Statement of cash flows) and €4,816 thousand of realised foreign exchange income.

At December 31, 2013, within the framework of centralisation of investments, a large part of them were sold to be reinvested in Fonds Colombes, generating a gain of €27 million.

Note 30. Investment income by class of investment

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Property	1	257
Equities	10,041	-778
Fixed income	34,487	68,802
Derivatives	-44,393	317
Sub-total	**136**	**68,598**
Management expenses	-4,628	-7,027
Net foreign exchange gains/(losses)	43,714	-2,583
Dividends	2,933	1,389
Additions to provisions for investments in non-consolidated companies	264	2,366
Net gains/(losses) on investments in non-consolidated companies	349	4,772
Total financial income by category	**42,769**	**67,516**

Note 31. Other operating income and expenses

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Other operating expenses	-11,809	-2,590
Other operating income	1,872	4,311
Net	**-9,937**	**1,721**

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
IPO costs	-7,962	0
Charges linked to IPO	*-6,664*	0
Matching contribution paid to employees who purchased shares	*-1,298*	0
Restructuring costs	-1,957	0
Set-up costs	-1,777	0
Provisions for Greek securities	0	0
Other operating expenses	-113	-2,590
Total other operating expenses	**-11,809**	-2,590
Income linked to restructuring	1,534	0
Other operating income	338	4,311
Total other operating income	**1,872**	1,721
Net	**-9,937**	**1,721**

Note 32. Income tax expense

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Current taxes	-29,715	-54,589
Deferred taxes	-30,652	-12,792
Total	**-60,367**	**-67,380**

Tax proof

in thousands of euros	Dec. 31, 2014		Dec. 31, 2013	
Net income for the year	**125,092**		**127,439**	
Non-controlling interests	825		569	
Income tax expense for the year	-60,367		-67,380	
Share of net income of associates	2,136		1,493	
Pre-tax income for the year and share in net income of associates	**184,147**		**193,895**	
Tax rate		34.43%		34.43%
Theoretical tax	-63,402		-66,758	
Tax expense presented in the consolidated income statement	-60,367	32.78%	-67,380	34.75%
Difference	**-3,035**	**1.65%**	**622**	**-0.32%**
Impact of differences between Group tax rates and local tax rates	12,584	6.83%	13,623	-7.03%
o/w United Kingdom – 21%	*1,513*	*0.82%*	*3,547*	*-1.83%*
o/w Italy – 27.5%	*2,685*	*1.46%*		
o/w Poland – 19%	*1,455*	*0.79%*	*1,637*	*-0.84%*
o/w Germany – 31.23%	*1,460*	*0.79%*	*1,939*	*-1.00%*
o/w Austria – 25%	*690*	*0.37%*	*972*	*-0.50%*
o/w Netherlands – 25%	*856*	*0.47%*	*1,105*	*-0.57%*
o/w Hong Kong – 16.5%	*669*	*0.36%*		
o/w Singapore – 10%	*-57*	*-0.03%*	*1,710*	*-0.88%*
o/w Russia – 20%	*846*	*0.46%*		
o/w other Group subsidiaries	*2,467*	*1.34%*	*2,713*	*-1.40%*
Specific local taxes	-5,654	-3.07%	-4,095	2.11%
o/w French Corporate value added tax (CVAE)	-2,145	-1.16%	-4,095	2.11%
Tax reassessments	-78	-0.04%	-11,306	5.83%
Tax losses for which no deferred tax assets have been recognised	-2,632	-1.43%	-6,164	3.18%
Conservatively-limited deferred tax other	-1,312	-0.71%		
Utilisation of previously unrecognised tax loss carryforwards – United Kingdom branch	1,008	0.55%	7,155	-3.69%
Utilisation of previously unrecognised tax loss carryforwards – Australia branch			2,086	-1.08%
Utilisation of previously unrecognised tax loss carryforwards – Other subsidiaries and branches	2,282	1.24%	1,364	-0.70%
Dividends paid in France non-deductible for tax purposes (5%)	-460	-0.25%	-1,502	0.77%
Provisions for investments in non-consolidated companies	-24	-0.01%		
Non-deductible interests	-299	-0.16%		
Provisions for trade receivables	-1,000	-0.54%		
Impact of derecognition of German funds			-2,674	1.38%
Impact of first-time consolidation of Russia			552	-0.28%
Other differences	-1,378	-0.75%	339	-0.17%

As of December 31, 2014, unrecognised tax carryforwards amounted to €40,567 thousand. These entities are mainly situated in Spain, Belgium, Sweden, Hungary and Austria. The expiration of these tax carryforwards varies among the different countries. In a conservative approach, Coface has not recognised deferred tax assets with respect to the existing tax carryforwards.

Note 33. Share in net income of associates

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Cofacrédit	2,136	1,493
Total	**2,136**	**1,493**

ADDITIONAL INFORMATION

Note 34. Analysis of net income by 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.
Geographic segmentation by billing location does not necessarily match the debtor's location.
Reinsurance income, which is calculated and recognised for the whole Group at the level of Compagnie française d'assurance pour le commerce extérieur, has been reallocated at the level of each region.
Income taxes by segment have been calculated based on this monitoring framework.

Analysis of 2014 income by segment

in thousands of euros	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	South America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**345,519**	**468,142**	**118,317**	**228,445**	**113,135**	**76,164**	**97,027**	**312,178**	**27,711**	**0**	**-346,102**	**1,440,536**
o/w revenue from Insurance	*235,951*	*354,673*	*84,753*	*191,079*	*100,617*	*70,525*	*95,175*	*312,178*	*0*	*0*	*-312,223*	***1,132,727***
o/w revenue from Factoring	*61,535*	*0*	*9,088*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	***70,623***
o/w revenue from Other services and related services	*48,033*	*113,469*	*24,476*	*37,366*	*12,519*	*5,639*	*1,853*	*0*	*27,711*	*0*	*-33,879*	***237,186***
Claims expense (o/w management costs)	**-123,244**	**-123,487**	**-57,425**	**-114,221**	**-24,295**	**-42,268**	**-48,899**	**-187,699**	**0**	**-3,645**	**186,463**	**-538,721**
Cost of risk	**-1,661**	**0**	**-430**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**46**	**-2,046**
Commissions	**-21,544**	**-43,979**	**-4,149**	**-22,537**	**-25,737**	**-8,953**	**-19,865**	**-77,378**	**0**	**0**	**82,256**	**-141,886**
Other internal general expenses	**-136,832**	**-167,948**	**-38,063**	**-73,018**	**-25,372**	**-24,152**	**-28,735**	**0**	**-27,412**	**-32,301**	**30,901**	**-522,932**
UNDERWRITING INCOME/(LOSS) BEFORE REINSURANCE*	**62,237**	**132,728**	**18,250**	**18,669**	**37,731**	**791**	**-471**	**47,101**	**299**	**-35,946**	**-46,437**	**234,951**
Income/(loss) on ceded reinsurance	**-11,035**	**-44,702**	**423**	**-1,996**	**-7,362**	**-2,257**	**-4,020**	**-44,812**	**0**	**0**	**47,101**	**-68,661**
Other operating income and expenses	**-1,350**	**-1,835**	**-184**	**1,274**	**-62**	**-1,079**	**-29**	**0**	**0**	**-6,664**	**-8**	**-9,937**
Net financial income/(loss) excluding finance costs	**12,464**	**18,642**	**4,262**	**3,135**	**-1,399**	**7,344**	**838**	**0**	**-463**	**-722**	**-1,332**	**42,769**
Finance costs	**-1,234**	**-833**	**-14**	**-364**	**-794**	**-144**	**-24**	**0**	**-169**	**-12,075**	**675**	**-14,975**
OPERATING INCOME/(LOSS) including finance costs	**61,082**	**103,999**	**22,736**	**20,718**	**28,114**	**4,655**	**-3,706**	**2,289**	**-333**	**-55,407**	**-0**	**184,147**
Share in net income of associates	**0**	**2,136**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,136**
NET INCOME BEFORE TAX	**61,082**	**106,135**	**22,736**	**20,718**	**28,114**	**4,655**	**-3,706**	**2,289**	**-333**	**-55,407**	**-0**	**186,283**
Income tax expense	**-18,600**	**-38,345**	**-4,477**	**-12,146**	**-8,891**	**-143**	**39**	**-788**	**85**	**19,077**	**3,823**	**-60,367**
CONSOLIDATED NET INCOME/(LOSS) BEFORE NON- CONTROLLING INTERESTS	**42,482**	**67,791**	**18,259**	**8,572**	**19,223**	**4,512**	**-3,667**	**1,501**	**-248**	**-36,330**	**3,823**	**125,916**
Non-controlling interests	**-2**	**-1**	**-767**	**-1**	**-1**	**-52**	**-0**	**0**	**0**	**0**	**0**	**-825**
NET INCOME/(LOSS) FOR THE YEAR (in €k)	**42,480**	**67,789**	**17,492**	**8,571**	**19,222**	**4,460**	**-3,667**	**1,501**	**-248**	**-36,330**	**3,823**	**125,092**

* Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse 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 2013 income by segment

	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	South America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**360,899**	**474,535**	**115,854**	**219,784**	**101,667**	**81,132**	**94,780**	**129,675**	**28,315**	**0**	**-166,310**	**1,440,330**
o/w revenue from Insurance	*251,028*	*358,679*	*82,348*	*181,139*	*89,594*	*72,401*	*93,277*	*129,675*	*0*	*0*	*-129,597*	***1,128,543***
o/w revenue from Factoring	*61,522*	*221*	*9,378*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*-1,911*	***69,210***
o/w revenue from Other services and related services	*48,350*	*115,635*	*24,127*	*38,645*	*12,073*	*8,731*	*1,503*	*0*	*28,315*	*0*	*-34,802*	***242,577***
Claims expense (o/w management costs)	-124,303	-150,792	-54,791	-127,169	-17,336	-76,164	-24,208	-65,007	0	0	63,508	-576,263
Cost of risk	-2,728	0	194	0	0	0	0	0	0	0	0	-2,534
Commissions	-21,102	-45,097	-3,987	-18,577	-23,500	-8,569	-19,073	-26,756	0	0	31,720	-134,939
Internal general expenses	-140,557	-171,451	-38,227	-71,250	-25,014	-27,416	-26,168	0	-27,821	-39,213	34,416	-532,700
UNDERWRITING INCOME/(LOSS) BEFORE REINSURANCE	**72,209**	**107,196**	**19,044**	**2,789**	**35,818**	**-31,017**	**25,331**	**37,912**	**494**	**-39,213**	**-36,667**	**193,895**
Income/(loss) on ceded reinsurance	-16,756	-31,314	1,816	2,539	-13,281	1,615	-13,828	-34,905	0	0	37,913	-66,202
Other operating income and expenses	2,810	-628	-166	-42	0	-1	0	0	0	0	-253	1,721
Net financial income/(loss) excluding finance costs	13,454	23,250	11,909	12,262	1,640	7,241	2,321	0	-67	0	-4,493	67,516
Finance costs	-668	-3,551	-148	-1,033	-814	-76	-14	0	-231	0	3,501	-3,035
OPERATING INCOME/(LOSS) including finance costs	**71,049**	**94,953**	**32,455**	**16,514**	**23,363**	**-22,238**	**13,810**	**3,007**	**196**	**-39,213**	**0**	**193,895**
Share in net income of associates	0	1,493	0	0	0	0	0	0	0	0	0	1,493
NET INCOME BEFORE TAX	**71,049**	**96,446**	**32,455**	**16,514**	**23,363**	**-22,238**	**13,810**	**3,007**	**196**	**-39,213**	**0**	**195,388**
Income tax expense	-36,216	-24,560	-6,708	-10,805	-8,346	-94	-966	-1,035	-26	13,501	7,876	-67,380
CONSOLIDATED NET INCOME/(LOSS) BEFORE NON- CONTROLLING INTERESTS	**34,833**	**71,886**	**25,747**	**5,709**	**15,016**	**-22,331**	**12,843**	**1,971**	**170**	**-25,712**	**7,876**	**128,008**
Non-controlling interests	-83	-141	-469	19	-29	187	-53	0	-1	0	0	-569
NET INCOME/(LOSS) FOR THE YEAR (in €k)	**34,750**	**71,745**	**25,278**	**5,729**	**14,987**	**-22,145**	**12,791**	**1,971**	**169**	**-25,712**	**7,876**	**127,439**

Note 35. Earnings per share

2014 reporting period				
		Average number of shares	Net income for the period (in €k)	Earnings per share (in euros)
Consolidated scope	Basic earnings per share	157,004,360	125,092	0.80
	Dilutive instruments	0		
	Diluted earnings per share	**157,004,360**	**125,092**	**0.80**

2013 reporting period				
		Average number of shares	Net income for the period (in €k)	Earnings per share (in euros)
Consolidated scope	Basic earnings per share	156,841,307	127,439	0.81
	Dilutive instruments	0		
	Diluted earnings per share	**156,841,307**	**127,439**	**0.81**

Note 36. Number of employees

	Dec. 31, 2014	Dec. 31, 2013
Northern Europe	747	790
Western Europe	1,373	1,375
Central Europe	458	448
Mediterranean & Africa	392	395
North America	120	119
Latin America	216	256
Asia-Pacific	117	106
Total	**3,424**	**3,489**

At December 31, 2014, the number of employees of fully consolidated companies was 3,424 full-time equivalents versus 3,489 at December 31, 2013, down -1.9% (-65 FTEs) year-on-year, mainly in Northern Europe (down -43 FTEs) and in Brazil due to shutdown of public procedure (down -40 FTEs).

Note 37. Off-balance sheet commitments

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Commitments given	**419,655**	**38,600**
Endorsements and letters of credit	410,100	29,000
Property guarantees	7,500	7,500
Financial commitments in respect of equity interests	282	210
Obligations under finance leases	1,773	1,890
Commitments received	**1,086,961**	**626,780**
Endorsements and letters of credit	115,737	116,828
Guarantees	134,724	0
Credit lines related to commercial paper issues	500,000	500,000
Credit lines related to Factoring business	334,000	
Financial commitments in respect of equity interests	2,500	9,952
Guarantees received	**305,323**	**349,488**
Securities lodged as collateral by reinsurers	305,323	349,488
Financial market transactions	**36,829**	**237,133**

Credit lines correspond mainly to liquidity lines related to commercial paper issues for €500,000 thousand. The other line represents unused bilateral credit lines with Natixis related to the Factoring business.

Financial market transactions in the amount of €418,829 thousand relate to equity options for Coface Europe in the amount of €382,000 thousand and the issuance of derivatives in the “Colombes” funds for €36,829 thousand.

Note 38. Operations carried out on behalf of the French government

Some Coface operations are covered by a government guarantee pursuant to Article L.432-2 of the French Insurance Code (Code des assurances).
This essentially concerns the following activities, which are aimed at supporting and developing French export trade:

- credit insurance, providing coverage for an exporter or its bank against the risk of non-repayment of an export loan,
- foreign investment insurance, protecting against political risk, ownership risk and inability to collect the income generated by investments abroad;
- foreign exchange insurance, against the risk of depreciation in export billing currencies;
- prospection insurance, which protects SMEs against the risk of their prospecting activities in foreign markets failing to produce results;
- exporter risk insurance, which protects banks against the insolvency of an exporter for which they have issued guarantees (such as for the reimbursement of advance payments) or to which they have granted a prefinancing loan.

The risks associated with these operations are fully and irrevocably covered by the French government. Consequently:

- These operations do not have to be recognised in Coface's balance sheet or income statement: only the related management fees received are recognised in the income statement based on the volume of business and the quality of the services provided to both policyholders and the French government;

- Coface keeps separate accounting records for these operations, as provided for in Article 37 of the 1997 Amended French Finance Act. An agreement between Coface and the French government sets out the terms and conditions applicable for keeping these accounting records and for their audit and certification by one or more statutory auditors;

- without prejudice to the rights of holders of receivables arising from government-guaranteed operations, no creditor of Coface other than the French government can claim any rights whatsoever over the assets and entitlements included in these specific accounting records, even under (i) Act 85-98 of January 25, 1985 relating to the court-ordered receivership and liquidation of companies, (ii) Act 84-148 of March 1, 1984 relating to the prevention and out-of-court settlement of companies' financial difficulties, or (iii) Articles L.310-25 and L.326-2 to L.327-6 of the French Insurance Code.

Note 39. Related parties

Natixis holds 41.26% of Coface Group's shares including 41.24% of treasury shares.

	Number of shares	%
Natixis	64,853,869	41.26%
Public	92,313,544	58.74%
Total	**157,167,413**	**100.00%**

RELATIONS WITH THE GROUP'S 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;
- income 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:

Transactions	**Dec. 31, 2014**					
in thousands of euros	Natixis Group (excluding discontinued entities)	NATIXIS FACTOR (ex Factorem)	Ellisphere (formerly Coface Services)	Kompass International	Midt Factoring (formerly Coface A/S Finans Danmark)	Altus GTS Inc. (formerly Coface Collections North)
Total revenue and income from ordinary activities	**-4,081**	**0**	**-223**	**-1**	**17**	**6**
Revenue (net banking income, after cost of risk)	-4,219	0	0	0	0	0
Revenue or income from other activities	0	0	-204	0	17	6
Earned premiums	0	0	-16	0	0	0
Fee and commission income	0	0	0	0	0	0
Investment income, net of management expenses	138	0	-3	-1	0	0
Total current income and expenses	**-499**	**0**	**-522**	**-124**	**-1**	**-97**
Claims expenses	-32	0	-21	-8	0	-166
Expenses from other activities	0	0	-123	0	0	-26
Policy acquisition costs	-274	0	-170	-68	0	0
Administrative costs	-118	0	-162	-29	-1	95
Other current operating income and expenses	-75	0	-46	-19	0	0
Current operating income	**-4,580**	**0**	**-745**	**-125**	**16**	**-91**

Receivables and payables	Dec. 31, 2014						
in thousands of euros	BPCE Group	Natixis Group (excluding discontinued entities)	Natixis Factor (formerly Factorem)	Ellisphere (formerly Coface Services)	Kompass International	Altus GTS Inc. (Ex Coface Collections North America, Inc.)	Altus GTS Inc (formerly Coface Collections North)
Financial investments	**15,006**	**10,443**	**0**	**0**	**0**	**0**	**0**
Other assets			**91**	**138**	**175**	**0**	**63**
Receivables arising from insurance and reinsurance operations	0		2				
Current tax receivables	0						
Deferred tax assets	0	0	0	0	0	0	0
Other receivables	0		89	138	175	0	63
Cash and cash equivalents	**0**	**4,685**					
Financing liabilities due to banking sector companies							
Amounts to customers of banking sector companies	0						
Liabilities relating to insurance contracts	**0**					**0**	**76**
Payables arising from banking sector activities	**0**	**164,835**					
Amounts due to banking sector companies	0	164,835					
Amounts due to customers of banking sector companies	0						
Amounts to customers of banking sector companies	0						
Other liabilities	**0**	**1,993**	**6**	**385**			
Current taxes	0	1,880					
Other debts	0	113	6	385			

The €164,835 thousand in amounts due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business (cf. Note 21).

Transactions	31/12/13								
in thousands of euros	Natixis Group (excl. discontinued operations)	Natixis Factor (formerly Factorem)	Ellisphere (formerly Coface Services)	Coface Finans Danmark	Kompass International	Coface Services Belgium	Kompass Belgique	Ignios	Coface Collections North America
Total income from ordinary activities	**-6,649**	**7**	**67**	**0**	**27**	**126**	**0**	**7**	**10**
Revenue (net banking income, after cost of risk)	-7,077	0	0	0	0	0	0	0	0
Revenue or income from other activities	0	0	107	0	0	126	0	5	10
Gross earned premiums	0	0	26	0	0	0	0	0	0
Fee and commission income	0	6	5	0	0	0	0	0	0
Investment income, net of management expenses	428	1	-71	0	27	0	0	2	0
Total current income and expenses	**-1,307**	**-42**	**-6,077**	**7**	**1,387**	**-51**	**0**	**-264**	**-41**
Claims expenses	-96	4	-1,339	0	102	1	0	7	-108
Expenses from other activities	0	0	-243	0	0	0	0	-94	-33
Policy acquisition costs	-650	24	-1,799	0	691	6	0	49	-6
Administrative costs	-347	-78	-2,102	7	366	-61	0	20	108
Other current operating income and expenses	-214	8	-594	0	228	3	0	-246	-2
Current operating income	**-7,956**	**-35**	**-6,010**	**7**	**1,414**	**75**	**0**	**-257**	**-31**

Receivables and payables	31/12/13									
in thousands of euros	BPCE Group	Natixis Group (excl. discontinued operations)	Natixis Factor (formerly Factorem)	Ellisphere (formerly Coface Services)	Coface Finans Danmark	Kompass International	Coface Services Belgium	Kompass Belgique	Ignios	Coface Collections North America
Financial investments	**23,317**	**214,207**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other assets	**0**	**55,643**	**87**	**1,236**	**0**	**1,657**	**101**	**0**	**52**	**24**
Receivables arising from insurance and reinsurance operations	0	0	2	16	0	0	0	0	0	0
Current tax receivables	0	4,710	0	0	0	0	0	0	0	0
Deferred tax assets	0	50,933	0	0	0	0	0	0	0	0
Other receivables	0	0	85	1,220	0	1,657	101	0	52	24
Cash and cash equivalents	**0**	**-11,859**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financing liabilities due to banking sector companies	**0**	**27,555**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities relating to insurance contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**67**
Payables arising from banking sector activities	**0**	**261,304**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Amounts due to banking sector companies	0	261,304	0	0	0	0	0	0	0	0
Amounts due to customers of banking sector companies	0	0	0	0	0	0	0	0	0	0
Other liabilities	**0**	**2,314**	**45**	**2,282**	**0**	**0**	**14**	**0**	**0**	**0**
Current tax payables	0	2,211	0	0	0	0	0	0	0	0
Other payables	0	103	45	2,282	0	0	14	0	0	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.

Off-balance sheet commitments	**Dec. 31, 2014**	**Dec. 31, 2013**
	Natixis Group (excluding discontinued entities)	Natixis Group (excluding discontinued entities)
Commitments given	**0**	**300**
Endorsements and letters of credit	0	300
Commitments received	**349,585**	**143,537**
Endorsements and letters of credit	49,585	43,537
Credit lines	300,000	100,000

Key management compensation:

in thousands of euros	**Dec. 31, 2014**	**Dec. 31, 2013**
Short-term benefits	1,431	1,646
(gross salaries and wages, incentives, benefits in kind and annual bon	-	-
Post-employment benefits	-	-
Other long-term benefits	320	-
Statutory termination benefits	-	-
Share-based payment	-	-
Total	**1,751**	**1,646**

In 2014, the introduction of long-term benefits was seen in the form of free share allocations, distributed as part of the Company's stock market listing.
The development of short-term employee benefits corresponds to a change in scope of the Group Management Committee, which grew from seven members at December 31, 2013 to eight members at December 31, 2014.

A total of €215.5 thousand was paid out in directors' fees to the members of the Board of Directors in 2014.

Note 40. Events after the reporting period

No significant events that are likely to affect the financial statements occurred between the year-end and the date on which the statements were prepared.

Note 41. Fees paid by Coface to the Statutory Auditors and members of their networks

	KPMG S.A.				Deloitte & Associés			TOTAL			
in thousands of euro	**2013**	**%**	**2014**	**%**	**2013**	**%**	**%**	**2013**	**%**	**2014**	**%**
Auditor services											
- *Coface SA*	150	11%	159	8%	150	10%	7%	300	11%	318	7%
- *Subsidiaries*	1,064	77%	905	46%	1,264	86%	58%	2,328	82%	2,295	53%
Services directly related to the Statutory Auditors' assignment											
- *Coface SA*	3	0%	764	39%	3	0%	32%	6	0%	1,527	35%
- *Subsidiaries*	0	0%	8	0%	35	2%	0%	35	1%	19	0%
Total Audit fees	**1,217**	**88%**	**1,837**	**94%**	**1,452**	**99%**	**97%**	**2,669**	**94%**	**4,159**	**96%**
Tax advice											
- *Coface SA*	0	0%	0	0%	0	0%	0%	0	0%	0	0%
- *Subsidiaries*	132	10%	54	3%	21	1%	3%	153	5%	119	3%
Other services											
- *Coface SA*	0	0%	0	0%	0	0%	0%	0	0%	0	0%
- *Subsidiaries*	30	2%	69	4%	0	0%	0%	30	1%	69	2%
Total Other services & Tax advice	**162**	**12%**	**123**	**6%**	**21**	**1%**	**3%**	**183**	**6%**	**188**	**4%**
TOTAL Fees	**1,379**	**100%**	**1,960**	**100%**	**1,473**	**100%**	**100%**	**2,852**	**100%**	**4,347**	**100%**
- *Coface SA*	153	11%	923	47%	153	10%	39%	306	11%	1,845	42%
- *Subsidiaries*	1,226	89%	1,037	53%	1,320	90%	61%	2,546	89%	2,502	58%

The increase in the Other assignments and procedures item is linked to the fees cost for the stock market listing.

Note 42. Risk management

Quantitative notes linked to risk factors, risk management policy and insurance

The Coface Group has developed a risk control organisation designed to ensure the smooth operation of all internal processes, compliance with laws and regulations in all countries where it operates, verification of compliance by all operational entities of stipulated Group rules for the purpose of managing the risks linked to operations and optimizing efficiency.

1. Organisation of risk monitoring

1.1 Governance

The Board of Directors reviews and approves the annual report relating to internal control and ensures compliance with the rules on insurance regulation and internal risk control rules and procedures.

The Audit Committee verifies the quality of the implemented risk management and control system.

The Group Risk Committee is chaired by the Chief Executive Officer and meets every quarter with all the members of General Management Committee, strategic and operational steering body of the Coface Group, the Group Risk Director and the Group Legal and Compliance Officer and as applicable, the representatives of the Operational or Functional Departments concerned who are also invited depending on the agenda. The duties of the Group Risk Committee include:

- defining risk policies,
- monitoring the company's risk exposure,
- measuring the effectiveness of risk control systems,
- validating and defining control plans and the audit plan,

- verifying the company's capacity to cope with crisis situations (business continuity plan, solvency), and
- verifying compliance of the processes and organisation.

1.2 General risk control system

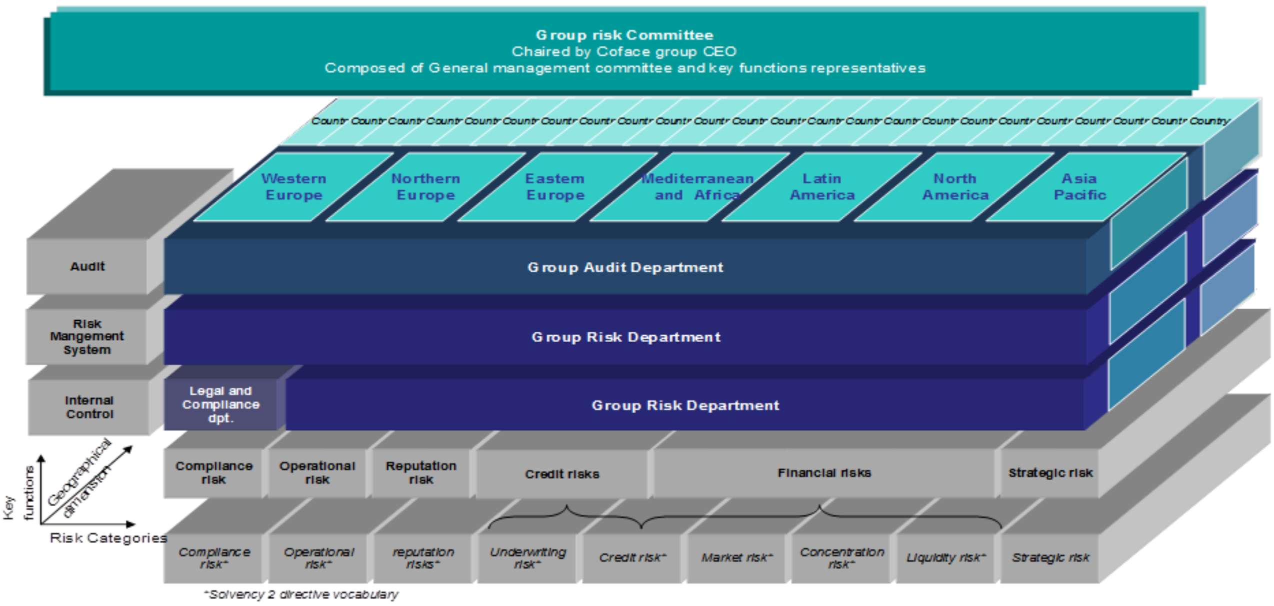
Coface Group implemented a risk control system compliant with the terms of the Solvency II Directive and regulation no. 97-02 of (CRBF), the Banking and Financial Regulation Committee.

The Coface Group defines the internal control system as a set of systems designed to ensure control of its development, profitability, risks and the operation of the company. These systems are generally designed to ensure that:

- all types of risks are identified, assessed and contained;
- operations and actions are carried out in accordance with the decisions taken by executive management and comply with the laws, regulations, values and internal rules of Coface Group; with respect in particular to financial reporting and management, they seek to ensure financial reporting accurately reflects the Coface Group's position and activity;
- these operations are carried out with a concern for effectiveness and efficient use of resources.

Consequently, the Coface Group has developed a general risk control system structured around the organisation below:

Risk management system and internal control system :
Organizational structure and responsibilities



1.3 Risk typology

The risks faced by the Coface Group can be classified into four major categories: credit risks, financial risks, operational risks and other risks. Only credit risks and financial risks are reviewed in these consolidated financial statements.

- **Credit Risk**

Since the primary business of the Coface Group entails protecting the trade receivables of its policyholders, namely helping its policyholders to manage their debtor risks, it needs to keep its own risks under control to be able to properly manage those of its policyholders.

Credit risks include all risks linked to the underwriting of insurance policies as well as risks inherent in the factoring business.

As such, credit risk includes:

- the underwriting risk inherent in the insurance business (namely short-term credit insurance, special risks such as single risk and surety bonds) as defined in the Solvency II Directive, namely, the risk of loss or decline in the value of insurance guarantees, due to inappropriate assumptions on pricing and insufficient provisions; and

- the credit risk linked to the factoring business as defined by the CRBF regulation no. 97-02, namely the risk incurred in the event of default of a counterparty or counterparties considered as the same beneficiary under Article 3 of CRBF regulation no. 93-05.

- **Financial risks**

Financial risks include risks linked to balance sheet management (specifically exchange rate, technical provisions, credit risk unrelated to the factoring business), management of investments (such as measurement, exposure, etc.), liquidity risks and concentration but also reinsurance (default, treaties) and other risk mitigation techniques.

1.4 Risk management system

The risk control system implemented in the Coface Group is built on three control levels as required by the Solvency II Directive:

- level 1 operational controls carried out by the businesses, and based on operational application procedures,

- level 2 controls assigned to the Group Risk Department and the Group Legal and Compliance Department (the “LCD”),

- level 3 periodic controls carried out by the Group Audit Department.

The risk management system relies on the key functions below:

- internal audit function (i),

- risk management function (ii),

- actuarial function (iii), and

- internal control and compliance function (iv).

(i) Internal audit function

The priority goals of the internal audit function, under the responsibility of the Group Audit Department is to assess and report for each audited unit:

- on the quality of the financial position,

- level of actual risks faced,

- quality of the organisation and management,

- coherence, suitability and smooth operation of the risk assessment and control systems,
- reliability and integrity of accounting information and management information,
- compliance with the laws, rules and regulations of Coface Group,
- effective implementation of the recommendations of prior missions and regulators.

This control is implemented through periodic missions that allow coverage of the entire Coface Group scope over a limited number of accounting periods. It results in an issued report and drafted recommendations.

Under the Solvency II Directive, the internal audit function is required to assess the suitability and effectiveness of the internal control system and the other components of the governance system.

(ii) Risk management function

The risk management function entails defining the risk policy and monitoring the application, assessing the relevance and the effectiveness of the internal control system, monitoring the business continuity plan, collecting incidents and losses and updating the risk mapping.

This function is the responsibility of the Group Risk Department.

The Group Risk Department was created with a view to adapting Coface SA's risk management system to the new Solvency II regulations. It is responsible for rolling out and coordinating Solvency II at the Group level.

The Group Risk Department reports on its activity to the Group Risk Committee, which meets quarterly. It decides or approves action plans, oversees their implementation and deals with any risk management issues referred to it.

The Group Risk Department coordinates a network of seven correspondents with responsibility for each region. The seven correspondents are responsible for overseeing a network of "control and compliance" correspondents in the countries that fall within their geographic scope.

These correspondents are tasked with performing at local level the level 2 controls defined at Group level, verifying compliance with Group rules and overseeing the progress of the action plans decided upon.

The organizing principles are outlined in a risk function charter that defines the role, the responsibilities as well as the skills required to carry out these functions.

(iii) Actuarial function

The Actuarial Division of the Group Risk Department is in charge of the actuarial function. It manages risk modelling, reviews Debtor Risk Assessments (DRA), provision recognition methods, guidance on capital needs, price setting model as well as own risk assessment and solvency.

(iv) Internal control and compliance function

The internal control and compliance function entails checking the compliance of operations with rules and ensuring control over operational activities. The internal control function is the responsibility of the Group Risk Department and the Compliance function by the LCD.

They perform their respective missions through level 2 controls and reporting.

a. Internal control function

Internal control is organised in line with Coface's new matrix organisation based on geographic sectors and group functions. The Group Risk Department relies on seven regional risk managers with responsibility for coordinating a network of correspondents in the countries.

In addition to the existing controls at levels 1 (businesses) and 3 (audit), level 2 control programmes applicable to all countries have been designed.

The Group Risk Department establishes a Group minimum control programme. This annual programme is communicated to the correspondents (regional and local) and to the region managers. This programme can be supplemented at the regional or country level depending on local regulatory needs (mandatory additional controls), local priorities or other factors. The frequency of the controls depends on the type (from monthly to annual). The correspondents have responsibility for performing at local level the level 2 control programs defined at Group level, verifying compliance with Group rules and overseeing the progress of the action plans decided upon.

Implementation of these controls is based on procedures that define the persons responsible for the controls, the periodicity of the controls, the methodology (preparation of samples, documents used, terminology, control points) as well as the methods for reporting any anomalies identified and the monitoring of subsequent action plans. After the controls, action plans are defined to resolve any problems identified. Any corrective actions decided upon immediately at the local level are implemented in cooperation with the staff in charge of operations under the authority of the country and regional managers.

Quarterly reporting allows the different levels (group, region, country) to track achievements: results of control plans, progress with remediation plans. A briefing on the results of controls is forwarded quarterly by every correspondent to the Group Risk Department, which then reports to the Group Risk Committee.

b. *Compliance function*

In accordance with the principles of Solvency II, the compliance function is responsible for overseeing risks of non-compliance by designing rules applicable in all the Group's entities, for training projects aimed at promoting the proper understanding and the correct implementation of those rules and for putting in place a relevant and effective non-compliance risk control system.

The risk of non-compliance is defined as the risk of incurring legal, administrative or disciplinary penalties, or of sustaining significant financial loss or damaged reputation resulting from the failure to comply with the provisions applicable to banking and financial activities of a legislative or regulatory nature or from the failure to comply with professional and ethical standards or instructions from the executive body.

Non-compliance risk is managed by the LCD, within which the compliance function is specifically in charge of:

- rolling out the Group's rules on compliance to the various Coface Group entities;
- implementation of level 2 controls to ensure the correct application of local and group standards;
- reporting to the Group Risk Committee on the results of level 2 controls and incidents of non-compliance recorded during these controls or outside them.

To carry out its mission, the LCD is backed in the regions by regional risk managers and in the countries by local compliance control officers depending on the functional matrix put in place within the Group.

The LCD reports frequently to the Coface Group's executive bodies on the status of non-compliance risk; quarterly, through the Group Risk Committee and, occasionally, directly to the Coface Group Executive Management in cases of major incidents.

2. Credit risk management

Directly in conjunction with the economic environment, debtor credit risk, which is the risk of losses generated by the credit insurance policy portfolio, can determine to a significant degree any change in the business line and in the income of the Coface Group.

A distinction is generally made between frequency risk and catastrophe risk:

- Frequency risk is the risk of a sudden and significant increase in non-payment by a large number of debtors.
- Catastrophe risk is the risk of unusually high losses in respect of a single debtor or group of debtors, or a substantial accumulation of losses sustained in a single country.

The Coface Group manages credit risk through numerous procedures described below, covering the validation of the policy terms relating to products, pricing, credit risk coverage follow-up and portfolio diversification.

2.1 Product control and tracking

- *Approval of new products*: The Coface Group relies on a Group Products Committee to ensure that the products distributed are consistent with the company's strategy. It validates the introduction of new products in the product range and tracks the ranges distributed in each region. Marketing, sales, organisation, compliance, risk functions and any other function may join the committee as needed for specific projects.
- *Validation of product upgrades*: Any product upgrade whether regarding the policy, the pricing method, retail method, target (policyholder, country), must be forwarded to the Group Marketing Department and to the LCD.
- *Commercial limits*: The Coface Group applies a system of limits with eight responsibility levels to secure the profitability of policies and the contractual terms of the policy with the highest impact on the policy's performance or on risk management.
- *Pricing*: The Coface Group uses a common pricing tool (PEPS) that allows users to create pricing projects based on simulation tools and put together pricing proposals consistent with Coface Group's profitability objectives.

2.2 Centralised credit risk management

Frequency risk and catastrophe risk are monitored locally and regionally and are also centralised and analysed by head office.

Frequency risk is covered by technical provisions calculated using a statistical claims model that simulates loss ratios based on observed and current claims patterns. This risk is measured for each region and country by monitoring the instant loss ratio[2] and the monthly indicator that measures trends in domestic/export credit by debtor risk assessment (DRA) and business line sector, by acceptance rate in the DRA scale and by product line (bonding, "Single Risk"). Defaults are analysed on a weekly basis by the Group Executive Committee and on a monthly basis by the Group Underwriting Committee. The loss ratios of the various underwriting regions are also monitored in the consolidated accounts of the Coface Group;

The reinsurance strategy of Compagnie française d'assurance pour le commerce extérieur seeks to cover catastrophe risk (see paragraph 2.6 "Intercompany risk sharing and reinsurance" below). As well as the weekly and monthly controls carried out at the level of each country and region, the Group has put in place a central system based on:

[2] The instant loss ratio is a weekly indicator used to recreate the development of the loss ratio. It is tracked for each region and each country and reported weekly inside Coface Group, allowing in particular underwriters to track the change in the portfolio and detect any deterioration in order to implement curative actions at an early stage.

- centralizing potential claims in excess of a certain ceiling (currently €0.5 million for all Coface underwriting centres); which are subsequently analysed *post mortem* to improve the efficiency of the information, underwriting and collection activity;
- for risk underwriting, monitoring which is set and approved by the Group Underwriting Department for exposures in excess of amounts established based on debtor risk assessment;
- a debtor risk assessment system covering all debtors.

2.3 Diversification of credit risks portfolio

Coface Group maintains a diversified insurance portfolio so as to minimise the risk that default by a given debtor, a downturn in any particular industry or an adverse event in any particular country might have a disproportionate impact on Coface Group's overall loss ratio. In addition, the insurance policies contain clauses enabling credit limits to be reduced during the term of the contract.

- Exposure to debtor risk

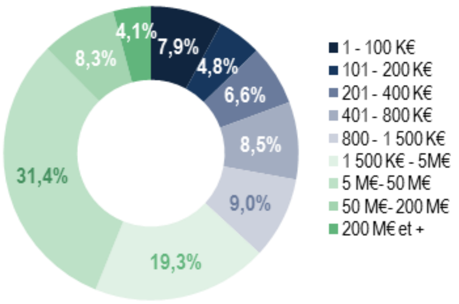
The Coface Group insurance policies cover the risk of non-payment by close to 2.54 million debtors worldwide. As of December 31, 2014, the average risk per debtor was €200 thousand. 78.1% of debtors covered by Coface credit insurance policies are located in OECD countries, mainly in Europe and more particularly Germany, France, Italy, the United Kingdom and the United States.

The vast majority of debtors taken individually do not represent a material risk with respect to the total portfolio of the Coface Group since no individual debtor represents more than 1% of the Coface Group's outstanding.

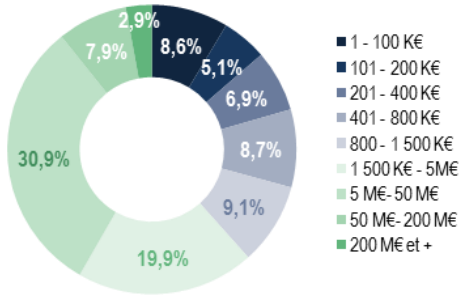
The total outstanding covered by the Coface Group was €508.0 billion, up from €55.51 billion compared to December 31, 2013. This progression included a negative foreign exchange impact of €9 billion.

The following graphs show the debtors breakdown at December 31, 2013 and 2014, based on Group Coface's total credit risk exposure in each case. Analysis of the number of debtors by brackets of debtor total outstanding shows a low risk concentration profile.

Debtor exposure band
as of December 31, 2014



Debtor exposure band
as of December 31, 2013



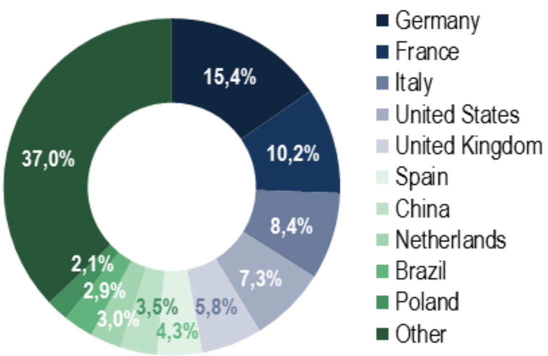
Nota Bene

- The outstanding amounts presented above are stated before reinsurance (direct business and inward reinsurance) and correspond to the maximum covered amounts granted by Coface Group to its policyholders. They do not correspond to the effective use made by the policyholders of these amounts.
- The debtors mentioned above are customers of Coface Group's policyholders.

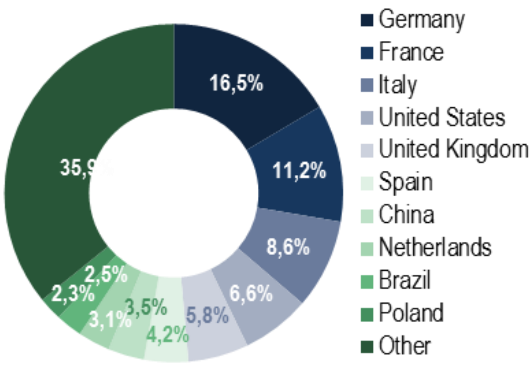
- Geographical breakdown of risks

The debtors covered by Coface Group's credit insurance policies are mainly located in western Europe. At December 31, 2013 and 2014, the top ten countries accounted for 64.1%, and 63% of Coface Group's overall exposure resulting from its credit insurance business line.

Outstanding by Country
as of December 31, 2014

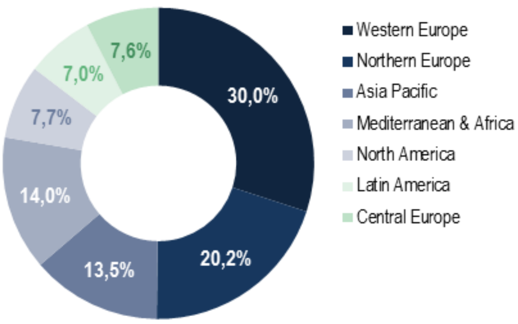


Outstandings by Country
as of December 31, 2013

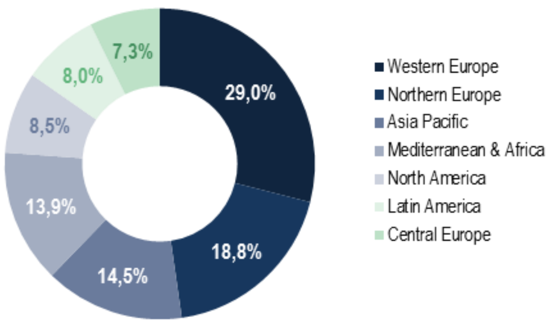


The charts below present the breakdown at December 31, 2013 and 2014 of the Coface Group’s debtor outstanding classified by geographical region:

December 31, 2014

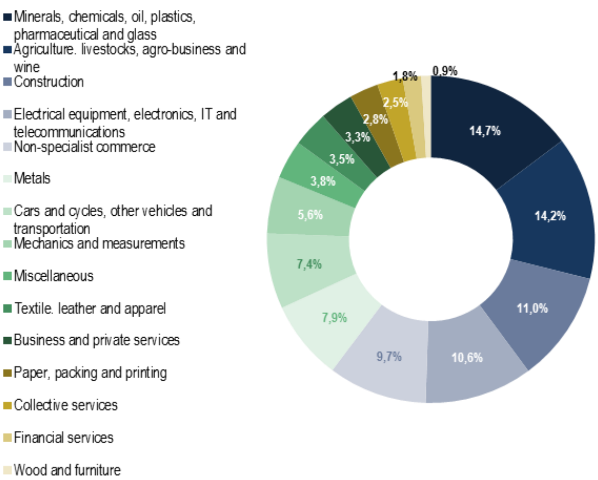


December 31, 2013

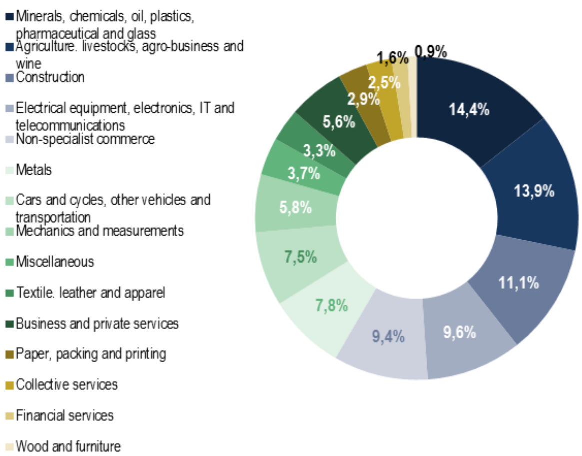


- Exposure by debtor’s business sector

- December 31, 2014



December 31, 2013



2.4 Duration of risks

95% of Coface’s credit insurance portfolio consists of short-term risks. The maximum duration of credit in the policies of Coface Group rarely exceeds 180 days.

Level 2 controls are performed to check compliance with the Group’s credit risk rules.

2.5 Valuation of provisions

Coface Group maintains claims reserves against possible losses arising on its credit insurance portfolio. Specific provisions are made in respect of claims that have been reported at year-end but not settled. In addition, Coface Group records provisions to reflect estimates of future claims it will have to settle on the basis of events that have occurred up to the year end.

The claims reserves recorded at a given moment comprise:

- provisions for reported losses, which are based on a case by case analysis carried out according to the characteristics of the policy and the loss under consideration. These provisions are based on the amount of reported defaults addressed in a request for cover,

- incurred but not reported (IBNR) provisions, which cover both the vagaries of provisions estimates for reported claims and unreported claims (in other words losses that occurred but were not reported at year end), and

- estimates of upcoming recovery on compensations paid.

Credit insurance technical provisions are not discounted to present value.

Estimates for IBNR provisions are based on an ultimate loss amount, determined from the periodic actuarial analyses made by the entities and controlled by the Actuarial Division of the Group Risk Department.

The role of the Actuarial Division to ensure that Coface Group recognises sufficient provisions to cover future indemnifications, establish and verify the correct implementation of the actuarial principles that must be applied to the estimated reserves.

So far, Coface Group entities mainly apply actuarial methods based on the claims triangle (Chain Ladder, Bootstrapping method, etc.) or other methods (Bornhuetter-Fergusson, etc.). These methods seek to define a reasonable estimate range in which the Group Risk Department recommends the choice of a final loss ratio.

Based on this range calculated by actuaries, their recommendations and other actuarial analyses or not, management decides at a committee (*Loss Reserving Committee*) on the level of reserves to adopt for each quarter end. The committee is held in each entity then at Coface Group level. It meets at least every quarter, but can be convened in case of a major event requiring substantial review of the level of reserves (in particular in case of a significant claim). Estimates are also improved based on the economic, underwriting and receivables collection information evaluated at a quarterly “economic outlook” committee.

Loss Ratio

The Coface Group measures its loss history mainly by reference to its loss ratio (sum of claims ratio to gross earned premiums. The loss ratio calculated on the basis of consolidated accounting data, was 47.6% in 2014. The table below presents the change in the average loss ratio observed in a given year between 2009 and 2014.

Year	2009	2010	2011	2012	2013	2014
Loss Ratio	102.5%	53.6%	51.7%	51.5%	51.1%	47.6%

Loss ratios were directly affected by the higher number of business defaults linked to the economic and financial crisis of the 2008-2010 period. In a still difficult economic context over the 2011-2014 period, the Coface Group strengthened its risk anticipation and prevention policy. As a result of its ability to reduce or cancel at any time its credit insurance cover, the Coface Group managed efficiently its risk management policy by implementing corrective measures required to reduce its exposure in certain countries in response to a deterioration in the economic climate (particularly in Italy).

At December 31, 2014, the change by +/- one percentage point of the accounting gross loss ratio would have had an impact of +/- €11 million on the claims expense, of +/-€9 million on the claims expense after reinsurance, of +/- €6 million on net income and +/- €6 million on equity. The Coface Group considers that a one percentage point change in accounting gross loss ratio is reasonable compared to the loss ratio observed in previous years.

- Claims expense recorded in the Coface Group's consolidated accounts.

In the table below, gross transactions represent the claims expense recorded in the financial statements of the Coface Group for direct business and inward reinsurance. Outward reinsurance and retrocessions represent the portion ceded as external reinsurance.

in thousands of euros	Dec. 31, 2014			Dec. 31, 2013		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	-787,116	164,324	-622,792	-812,490	203,162	-609,328
Claims expenses – prior years	248,395	-60,765	187,630	236,227	-61,511	174,716
Claims expenses	**-538,721**	**103,559**	**-435,162**	**-576,263**	**141,651**	**-434,612**

- Statement of technical provisions recognised in the Coface Group's consolidated accounts.

In the table below, provisions for unearned premiums correspond to the fraction of written premiums relating to the period between the year-end and the next premium payment date. They are calculated on an accrual basis for each insurance policy. Provisions for premium refunds correspond to an estimate of the premium refunds not settled at year end. Premium refunds correspond to a contractual stipulation which consists in returning to the policyholder after a defined period, a portion of the profit potentially generated by the economics of the policy.

in thousands of euros	Dec. 31, 2014	Dec. 31, 2013
Provisions for unearned premiums	286,336	267,023
Claims reserves	1,091,668	1,120,922
Provisions for premium refunds	94,176	62,554
Liabilities relating to insurance contracts	**1,472,180**	**1,450,499**
Provisions for unearned premiums	-57,403	-41,674
Claims reserves	-249,010	-289,294
Provisions for premium refunds	-22,750	-16,254
Reinsurers' share of technical insurance liabilities	**-329,163**	**-347,221**
Net technical provisions	**1,143,017**	**1,103,278**

- Development of claims provisions

The evolution of claims provisions indicates the change in claims provisions from 2005 to 2014, determined on the basis of accounting standards previously applied in agreement with IFRS 4.

The first triangle, entitled “Ultimate loss ratios development triangle”, details, for a given line N, the view at each subsequent year end (N+1, N+2, etc.). The estimate of the final loss ratio varies according to the growing reliability of information on open claims.

The difference between the initial loss ratio and the final loss ratio corresponds to the surplus or insufficiency of initially recognised provisions.

Ultimate loss ratios development triangle (before reinsurance and excluding claims handling expenses).

Occurrence year/ development year	1	2	3	4	5	6	7	8	9	10
2005	54%	48%	46%	45%	44%	44%	43%	42%	42%	42%
2006	58%	48%	49%	47%	46%	47%	46%	46%	46%	
2007	62%	61%	66%	66%	66%	63%	64%	63%		
2008	93%	114%	115%	114%	109%	106%	105%			
2009	75%	64%	58%	60%	56%	54%				
2010	58%	44%	37%	35%	35%					
2011	74%	61%	55%	54%						
2012	77%	68%	61%							
2013	73%	57%								
2014	73%									

The claims provision estimation model used by the Coface Group is based on historical series, including among others the attaching year 2008, which had been characterised by a lack of claims provisions of about 11 points (93% estimated in 2008, compared to the revalued assessment of 105% in 2014). As a result this provisions model historically led the Coface Group to follow a prudential approach by estimating loss ratios at a higher level than the loss ratio actually recorded. This ensured a good control over the claim expenses of the Coface Group, which has steadily recorded *boni* since 2009 (claims provisions exceeding the actual loss ratio at the end of the first development year of each attaching year).

The table below shows the evolution of these *boni* over the period 2011-2014

Period	Ultimate loss ratio before reinsurance and excluding claims handling expenses of each year determined at the end of the 1st development year	Loss ratio before reinsurance and excluding claims handling expenses	Boni
Year 2011	73.8 %	49.4 %	(24.4 %)
Year 2012	77.4 %	49.2 %	(28.2 %)
Year 2013	72.6 %	48.4 %	(24.1 %)
Year 2014	72.5%	45.3%	(27.2%)

The second triangle, entitled “Development triangle of aggregate paid claims, net of recoveries (before reinsurance)” details, for each occurrence period, the aggregate amount of the settlements for the occurrence periods N and prior periods since December 31, N. The claims report process, their coverage and any recovery usually last several years, and consequently requires claims tracking by attaching year.

Development triangle of aggregate paid claims, net of recoveries (before reinsurance)

Occurrence year/ development year	1	2	3	4	5	6	7	8	9	10
(in thousands of euros)										
2005	72,845	269,446	321,324	331,841	338,473	339,591	339,545	340,341	339,227	338,841
2006	68,633	311,988	372,473	394,417	395,738	398,681	400,081	405,711	406,561	
2007	74,349	378,298	510,005	546,410	555,623	578,160	584,840	587,882		
2008	120,012	808,070	981,958	1,021,627	1,043,322	1,044,043	1,048,230			
2009	144,768	431,681	495,231	511,573	516,576	523,213				
2010	55,685	270,061	341,437	354,800	361,687					
2011	67,010	457,788	565,561	596,897						
2012	118,039	446,323	562,577							
2013	82,845	399,808								
2014	73,464									

2.6 Intercompany risk sharing and reinsurance

To optimise its cover against abnormal deviation of the loss ratio, the Coface Group has developed a central reinsurance purchasing system based on a sophisticated risk sharing mechanism. In 2014, the Compagnie française d’assurance pour le commerce extérieur centralised this purchasing function and negotiated on behalf of the Group’s insurance entities cover against frequency and catastrophe risks best suited to their operational needs.

The external reinsurance programme for the 2014 underwriting periods break down as follows:

– a share treaty whose cession rate has been reduced from 25% to 20%, and

– two excess-of-loss treaties, one by risk and the other by country (on the Single Risk only) protecting the Coface Group after a share transfer.

For 2014, Compagnie française d’assurance pour le commerce extérieur positions itself as reinsurer for the Coface Group’s entities, as well as for members of the Coface Partner network and transmits to them, through the programmes described below, the cover purchased externally:

- Centralised coverage of entities by implementing:

- proportional protection on gross subscriptions in the form of a share treaty and designed to absorb frequency losses,
- protection for the retention of the Group’s entities against catastrophe risks, in the form of an excess-of-loss fully backed by the Group’s non-proportional programmes.

- Specific coverage for some entities:

To respond to the special purpose regulatory needs of certain subsidiaries and branches of the Coface Group, Compagnie française d’assurance pour le commerce extérieur also underwrites “stop-loss” treaties by financial period. These covers seek to protect these entities against a perceived abnormal increase in their claims expense by transferring to the reinsurer any additional loss experience above a threshold defined in the treaty.

- Inward reinsurance of the Coface Partner network

Inward reinsurance patterns exist exclusively in the countries where the Coface Group manages its activities through fronters, namely in countries where it has no licence to operate its credit insurance business line. In this framework, the risk underwriting and management rules are the same as those applied to policies underwritten directly and provisions are recognised according to the same methods as directly-underwritten policies.

3. Internal control of investment management

Since May 2013, Coface has centralised the management of its investments and delegates the bulk of its management to various agents under the guidance of a single investment services provider, management company Amundi.

An administrative management platform centralises all the investments of the different insurance entities of the Group with the usual services:

- advice on strategic asset allocation and tactics,
- reports (economic, risks, (Solvency II) and accounting reports), and
- back office and middle office functions.

With this platform, the Coface Group's overall portfolio can be managed based on a target breakdown of the different asset classes calculated by incorporating (i) risk constraints and liquidity, (ii) regulatory and insurance constraints, (iii) capital expenses and matching investments in terms of risk and duration with the Coface Group's liabilities.

Governance and control of investment policy within the organisation are described below:

- the Board of Directors checks compliance with insurance regulations: representation of regulated guarantees, dispersion of assets, congruency, and solvency.
- at least once a year the Coface Group Chief Executive Officer defines the Coface Group's strategic allocation based on the elements presented in the Investment Strategy Committee by the manager. The general investment policy that defines all the rules pertaining to the Group's investments and specific limits is also approved at that time.
- Twice a year, the Investment Strategy Committee reviews the Coface Group's strategic allocation proposed by the manager in collaboration with the Coface Group's Investment, Finance and Cash Management Department. That committee defines and reviews the general guidelines desirable in terms of investment policy and exposure to the different asset classes, dictated by the market situation, by changes in the Coface Group's collections and liabilities, by optimised returns and by changes in enforceable regulatory constraints.

In addition to these three bodies that govern Coface Group's general organisation in terms of investment policy, other specialised committees make it possible to monitor investment management and outcomes on an on-going basis:

- The Monthly Investment Committee: monitors trends in the financial markets and thoroughly reviews Coface Group's investments. Macro-economic scenarios and underlying risk factors are presented by the manager as well as an analysis of investment strategies and any tactical recommendations.
- The half-yearly risk committee: is responsible for controlling hedging and managing the risks associated with the services rendered by the manager. Thus it covers investment risks (market risk, spread risk (including counterparties and derivatives), liquidity risks and operational risks. These risks are understood within the meaning given to them by the Solvency II directive.

4. Financial risk management

The Coface Group has instituted an investment policy that takes into account the management of financial risks through the definition of its strategic allocation, the regulations applicable to insurance companies and the investment constraints resulting from the management of its liabilities. The investment strategy implemented must allow Coface Group to honour its commitments to its policyholders while optimizing the return on investments and improving performance in a framework of defined risk.

The Coface Group's investment policy, which is reviewed twice a year, covers strategic asset allocation, the assets and product classes eligible for investment, the target maturity of the portfolio, the management of any hedges and the Coface Group's income management policy. Every year the allocation defined is backed by an analysis of liabilities, simulations and stress on yield/risk behaviours of the different asset classes of the portfolio and compliance with the parameters defined that are related to the Coface Group's activity and its commitments: sensitivity, target, use of equity (market SCR), maximum loss depending on the behaviour of the financial markets, and on the quality and liquidity of the investment portfolio.

Hence managing financial risk is based on a strict system of standards and controls that is reviewed constantly.

4.1. Management of asset allocation risk

- Investment assets

As an insurance business, Coface Group's investment allocation is heavily weighted towards fixed-income products which offer it more recurring and stable revenues.

Investment portfolio (fair value) [1]	2014		2013	
	in €m	% (reported)	in €m	% (reported)
Equities	189	7.4%	100	4.7%
Bonds	1,788	69.9%	1,343	63.8%
Loans, receivables and other financial investments	550	21.5%	662	31.4%
Investment property	31	1.2%	1	0.1%
Total	**2,558**	**100%**	**2,109**	**100%**

[1] Excluding unconsolidated subsidiaries.

At December 31, 2014, bonds accounted for 69.9% of the total investment portfolio.

During the first half of 2014, the Coface Group, as part of its defined strategic allocation policy, raised its exposure to the sovereign debt of major issuers on financial markets and maintained its exposure to the equities asset class. In the second half of 2014, the Coface Group launched an indirect exposure to European unlisted property assets by purchasing units in collective undertakings in this universe.

Breakdown by type of bond portfolio debt	2014		2013	
	in €m	% (reported)	in €m	% (reported)
Sovereign and equivalent	763	42.7%	420	31.3%
Non -sovereign	1,025	57.3%	923	68.7%
Total	**1,788**	**100%**	**1,343**	**100%**

All these investments were made within a strictly-defined risk framework; the quality of issuers, sensitivity of issues, dispersal of issuer positions and geographic areas are governed by strict rules defined in the different management mandates granted to the Coface Group's dedicated managers.

Specific limits applied to the entire investment portfolio are also defined in terms of portfolio rating and limits per counterparty and country. The liquidity of the credit portfolio, changes in spreads and total exposure of the group to the main asset/liability exposures are monitored regularly. Lastly, hedges are used if necessary: they are used systematically on foreign exchange risk and on a discretionary basis for interest rate and spread risk.

The chart below shows the main characteristics of the bond portfolio on that same date:

Breakdown by geographical area of the Bond portfolio	2014		2013	
	in €m	% (reported)	in €m	% (reported)
Asia	73	4.1%	37	2.8%
Emerging countries [1]	135	7.6%	60	4.5%
Euro zone	1,036	57.9%	894	66.5%
Europe exluding eurozone [2]	151	8.4%	112	8.4%
North America	393	22.0%	240	17.9%
Total	**1,788**	**100%**	**1,343**	**100%**

[1] Countries in which Coface Group is present, mainly Brazil, Mexico, Poland and Chile.
[2] Primarily the United Kingdom, Switzerland, Norway and Sweden.

The investment portfolio is primarily exposed to developed countries zones in the Eurozone and in North America. Risk linked to Eurozone sovereign issuers in particular was significant in 2013 and started falling in 2014 thanks to the various initiatives taken by the European Central Bank. Furthermore, the improved economic situations in Spain, Ireland and Italy allowed the Group to raise its investments in the sovereign debts of these countries. However, exposures to the sovereign debts of Portugal and Greece are still non-existent.

Essentially the bond portfolio is still invested in companies and countries with an investment grade rating[3].

Breakdown by rating [1] of bonds in the bond portfolio (fair value)	2014		2013	
	in €m	% (reported)	in €m	% (reported)
AAA	227	12.7%	109	8.1%
AA - A	636	35.6%	722	53.7%
BBB	576	32.2%	330	24.6%
BB - B	347	19.4%	181	13.5%
< CCC	2	0.1%	0	0.0%
Total	**1,788**	**100%**	**1,343**	**100%**

[1] Median rating between Fitch, Moody's and Standard & Poor's.

Additionally, investments in corporate bonds account for 57.3% of the total portfolio, and more than 68% are concentrated on companies of investment grade quality. High yield securities are invested exclusively in European and US companies with a rating of BB and B with average sensitivity strictly below 2.5 years. In 2014, the Coface Group continued its strategy to diversify its investment portfolio in a historically extremely low rate context. The very low default environment and the search for high yields drove the Group to increase the proportion of short-term high yield securities in its portfolio. These investments were made under a strictly-defined risk policy and special attention was placed on the quality of issuers, the sensitivity of issues, the dispersion of issuer positions and geographic zones in the different management mandates given to the Coface Group's dedicated managers.

The interest rate risk borne by Coface Group on its financial portfolio is limited as the maximum sensitivity authorised on bond asset classes is deliberately capped at 4. As of December 31, 2014, the sensitivity of the bond portfolio stood at 3.0.

The Risk Committee meets every six months and systematically reviews spread risks and the overall liquidity of the portfolio.

- Hedging policy

Aside from the foreign exchange hedges described above, the Coface Group's Investment Department may allow the use of forward financial instruments (swaps, futures and options) traded on regulated markets or over-the-counter transactions entered into with counterparties rated A- or higher, to hedge the risk of a rise in interest rates.

These operations are carried out exclusively for hedging purposes with the regulations applicable to insurance companies strictly applied. The nominal amount of the hedge is limited to the amount of the underlying assets held in the portfolio (equities or fixed-income products) so as to hedge the assets actually held in the portfolio.

At December 31, 2014, only Compagnie française d'assurance pour le commerce extérieur held put options with long maturity outside the currency and the equities of the Eurozone. This strategy is applied to the equity exposure of the investment portfolio; its level and management are defined and reviewed based on market circumstances and the management of unrealised capital gains and losses during the monthly

[3] According to the scale of rating agency Standard & Poor's, investment grade bonds are those bonds rated at least BBB- and as high yield bonds rated BB+ or less.

Investment Committee meetings between the Coface Group management and the manager of the investment platform, Amundi.

4.2. Foreign exchange risk

As of December 31, 2014, 32.1% of the Coface Group's revenues were earned outside the Eurozone and as such were subject to foreign exchange risk.

Subsidiaries or branches whose accounts are prepared in euros and which write insurance in other currencies must abide by the same principles of congruency (matching between assets and liabilities denominated in a currency other than the currency used as the reference currency with the issuance of the financial statements). On an exceptional basis, positions opened in other currencies may be hedged. No currency investments are made by the Coface Group for speculative purposes.

The large majority of the Coface Group's investment instruments are denominated in euro. The exposure of the investment portfolio to foreign exchange risk is limited: at December 31, 2014, 70% of investments were denominated in euros.

Breakdown by financial portfolio currency	2014		2013	
	in €m	% (reported)	in €m	% (reported)
EUR	1,791	70.0%	1,580	75.0%
USD	504	19.7%	294	14.0%
Other 1	263	10.3%	232	11.0%
Total	**2,558**	100.0%	**2,106**	100.0%

[1]Primarily the Singapore dollar, Canadian dollar and the Brazilian real.

Moreover, for most of the securities in the portfolio, which groups together all of the Coface Group's European entities, the foreign exchange risk is hedged systematically for investments in currencies that waive the congruency principle. Thus, as of December 31, 2014, investments in bonds denominated in USD, GBP, CAD and AUD in this portfolio were systematically hedged against the euro by the managers in charge of the portfolios concerned.

- Sensitivity of the net income of entities in foreign currencies to exchange rate

	Average exchange rate (December 2014)	Net income - Group share in euros (December 2014)	Net income Group share in local currency at December 2014	Assumption - 10% change in foreign exchange rate	Net income for the year in Euros after exchange rate variation	Rate spread between actual rate and exchange rate range by +10%
Brazilian real	0.320	4,179	13,044	0.352	4,597	418
Canadian dollar	0.682	4,546	6,666	0.750	5,001	455
Swiss franc	0.823	-4,308	-5,232	0.906	-4,739	-431
Pound sterling	1.241	8,289	6,682	1.365	9,118	829
Hong Kong Dollar	0.097	3,143	32,383	0.107	3,458	314
Mexican Peso	0.057	-2,458	-43,395	0.062	-2,704	-246
Romanian leu	0.225	2,531	11,245	0.248	2,784	253
Russian rouble	0.020	4,585	233,620	0.022	5,044	459
Singaporean dollar	0.594	-1,412	-2,375	0.654	-1,553	-141
US Dollar	0.753	18,474	24,543	0.828	20,321	1,847
Other		4,070			4,477	
Euro		83,452			83,452	
Total		**125,092**			**129,255**	**4,164**

4.3. Equities risk

The equity markets are prone to volatility, which causes a significant risk for an insurer that is also subject to specific rules in terms of supply (provisions for long-term impairment) and the use of equity (Solvency II directive).

In this context Coface Group reviewed its equity exposure in 2014 when reviewing its strategic allocation. Its potential exposure in equities is strictly limited to less than 10% of its portfolio. It is concentrated on the Eurozone, which is associated with its core business. The Coface Group has no specific concentration for its equities risk on one or several economic sectors in particular. Management tracks the MSCI EMU benchmark index. Discretionary hedging is sometimes implemented for these investments to mitigate any extreme shocks. The hedging strategy is dynamic: its level, scope and extent are defined by the Investment Department in collaboration with the person in charge of the management platform.

As of December 31, 2014, equities accounted for 7.4% of the investment portfolio, including 6.9% of equities listed on a market of the Eurozone. These investments are hedged over 50% of the invested portfolio through the purchase of Eurostoxx index options maturing in March 2015 and December 2015 and at a strike price of around 20% out of the money. These hedges can be adjusted to suit the investments and the amount of the unrealised capital gain or loss on the shares held.

4.4. Risk of concentration / default by a counterparty

The Coface Group has introduced an investment policy that defines a general framework for counterparty risk. This approach involves defining limits for bond investments and consolidating all exposures through all financial instruments in order to curb the total potential loss to the Coface Group following a default or a bankruptcy by the counterparty concerned.

The maximum exposure limit to the same counterparty has been set as a percentage of the investment portfolio. The limit is set at 5% of funds outstanding with possible dispensation on an exceptional and temporary basis only on exposures associated with short-term investments.

At December 31, 2014, the top ten sovereign and non-sovereign exposures of the bond portfolio were €554 million, i.e. 30.4% of the fair value of the bond portfolio.

More generally, the Coface Group has implemented within its investment portfolio for all asset classes, management rules requiring geographical and sectoral diversification in order to ward off or lessen the impact of any defaults.

4.5 Sensitivity test

Additionally, monthly simulations are conducted on the invested portfolio and presented during Investment Committee meetings. The simulations cover different periods of maximum loss foreseeable in terms of economic performance asset class by asset class with special attention to the risk of spread in particular.

These sensitivity tests cover all asset classes in which the Coface Group is invested, making it possible every month to assess the overall risk to which the portfolio is exposed in the case of an adverse scenario and to take measures to reduce the risk if possible (reducing exposure to certain risk factors, implementing hedging strategies, protecting financial income over a given period, etc.).

The results are supposed to be representative of the different risks linked to investments made, but present, like any quantitative analyses, limits linked to the data and models used.

- Risk on portfolio equities and bonds at December 31, 2013 and 2014.

The tables below show that the portfolio was, at December 31, 2014 more sensitive to the combined effects of a 100 base point increase and a 10% drop of the stock market than it was at December 31, 2013. This can be explained by the increase in the sensitivity of the bond portfolio as well as by the new investments made on European equities markets.

Portfolio sensitivity to fluctuations on equities and bond markets at December 31, 2014

(in millions of euros)	**Market value at Dec. 31, 2014**	**Impact rates up by 100 base points***	**Impact equities market down by 10%****	**Impact equities market down by 20%****
Bonds	1,788	-54.4	-	-
Equities	189	-	-18.9	-37.8
Total	1,977	-54.4	-18.9	-37.8

* Average sensitivity of bond portfolio at year end 2014: 3.0
** Excluding any hedge effect

Portfolio sensitivity to fluctuations on equities and bond markets at December 31, 2013

(in millions of euros)	**Market value at Dec. 31, 2013**	**Impact rates up by 100 base points***	**Impact equities market down by 10%****	**Impact equities market down by 20%****
Bonds	1,343	-28.2	-	-
Equities	100	-	-10	-20
Total	1,443	-28.2	-10	-20

* Average sensitivity of bond portfolio at year end 2013: 2.1
** Excluding any hedge effect

To the extent where the equities and bonds are recognised as available-for-sale, sensitivity will have an effect on the "Consolidated statement of comprehensive income" to which equity is sensitive. Unrealised profits or losses on these financial securities have no impact on the net income. In the event of sale, the profit or loss will have an impact on the operating income in the income statement.

4.6 Real estate risks

In the allocation strategy of the Coface Group, real estate accounts for a limited portion of the Coface Group's assets, less than 5%, given that it is not a very liquid asset class. The Coface Group's current portfolio is comprised of buildings used in the business in addition to funds with underlying real estate assets.

The real estate risk occurs when the market value is seen to fall, thus affecting the unrealised capital gains recorded on those properties or even requiring the recognition of unrealised capital losses.

At December 31, 2014, Coface Group is exposed to real estate for a fair value of €92 million, broken down into €61 million of properties used in the business and €31 million of unlisted properties.

5. Risk management in the factoring business

Inherent risks in the factoring business include credit risk, as defined by the banking standard or counterparty risk as defined by Solvency II, given the "pre-financing" aspect of invoices to customers.

The risk can materialise in several ways:

- invoice quality: risk of invoice dilution (resulting in particular from disputes or fake invoices). This risk is composed by all causes which could bring the invoices values technically to zero, with no regards to the debtor's solvency: disputes, compensation, anticipated invoices, double disposal, or, in the most critical cases, fake invoices. These cases generate a ceding risk, the outstanding amounts having to be recovered from the customer himself;

- customer insolvency (ceding risk): the non-solvent customer cannot refund the cash advance made on past due invoices (in the case of a contract with recourse, i.e., not covered by credit insurance);

- buyer solvency risk, in particular in the case of factoring contracts without recourse (i.e., covered by credit insurance).

- Credit risk is taken into account in the determination of the financing rate. The financing rate is determined by two factors: the assessment of the potential technical risk of non-payment of the invoices by the debtors, for other reasons than the debtors' insolvency, and the assessment of the ceding risk: potential expected loss in case of collective insolvency proceedings towards the customer, aiming at covering any amount due to the factor, even in case of an underestimation of the above mentioned technical risk, and/or in case of invoices financed without a credit insurance covering debtors default. The financing rate is determined by deducting from the 100% basis the retention rates linked to those assessments.

The risks are covered by guarantee funds or reserves, which corresponds to above mentioned retention rate. An extraordinary reserve rate can be added to this contractual permanent retention rate, aiming at taking into account a temporary dilution, such as discounts or refunds negotiated by the customer with its debtors at year-end.

Ceding party risk management is based on assessing for each customer the probability of the realisation of the risk and the amount of the potential loss. Different procedures are implemented to manage this risk:

- analysis of the customer’s financial position, specifically through internal rating tools;
- in-place audit to verify the receivable data reliability during the new customer acquisition phase or existing customer monitoring phase;
- regular checks to ensure the existence of the acquired receivables;
- specific procedures in the debt collection phase.

At the negotiation of the contract, the credit risk taken by the Coface Group depends on the product type, the analysis of the customer’s and/or buyer’s solvency and the terms and pricing applied.

During the contract’s life, the acceptance of invoices through analysis of the buyers’ solvency is equivalent to underwriting in credit insurance. Financing the receivables materialises the credit risk and sets the Coface Group’s risk exposure. In the case of factoring contract without recourse, Coface Group takes an underwriting risk on the buyers of the ceding party.

Like all the sensitive activities of the Coface Group, the factoring activity is regulated by specific Group rules.

Only two Coface Group companies are certified to distribute and manage factoring products: Coface Finanz in Germany and Coface Factoring Poland in Poland.

Only a specific number of products are authorised for marketing by the two entities above:

- in house factoring with or without recourse;
- full factoring;
- maturity factoring and reverse factoring.

The limits on buyers for factoring activities are granted and managed by the underwriting departments according to the same rules and delegations applied to credit insurance activities. These procedures allow management of the Coface Group’s full exposure under its factoring activities and ensure an identical level of expertise.

The factoring business is run by a single tool (Magellan), already up and running in Germany and being rolled out in Poland. It centralises all the data on the life of contracts; data on customers, buyers, invoices, contracts. Factoring outstandings are recorded in Atlas, which allows the Coface Group a consolidated overview of its exposure to a buyer or a group of buyers.

The factoring business line is covered by the Coface Group reinsurance treaty (buyer risks by the credit insurance section and ceding party risk by a dedicated factoring section).

6. Liquidity and capital risk

- Management of liquidity risk linked to the credit insurance business line

The insurance business operates on a reverse production cycle: premiums are earned before claims are paid out. Furthermore, the time for liquidating a provision is less than three years, and all provisions are covered by liquid assets. Consequently, the liquidity risk linked to the insurance activity is considered as marginal.

Liquidity risk is monitored through analysis by the Coface Group's Accounting Department of available funds and cash flow projections from the different companies in the Group. These data are analysed constantly so liquidities can be managed for monetary or financial investment purposes in the event of recurring excess liquidity.

Most of the other fixed-income instruments and all the equities in the Coface Group's portfolio are listed on OECD markets and have a liquidity risk that so far is deemed low.

The liquidity of the OECD credit bond portfolio and of sovereign bonds from emerging countries are overseen regularly via market indicators (flows trends, spreads, buying and selling ranges), and the manager conducts regular analyses on the deadlines and liquidation costs of the lines in the portfolios (duration of partial liquidation, total, instant liquidity cost and under conditions of market stress, etc.).

The Coface Group's bond portfolio has a short maturity, in sync with its liabilities. The chart below shows a breakdown of bond maturities:

breakdown by maturity of the Bond portfolio	2014		2012	
	in €m	% (reported)	in €m	% (reported)
< 1 y	418	23.4%	502	37.4%
1 y < >3 y	646	36.1%	385	28.7%
3 y < >5 y	356	19.9%	255	19.0%
5 y < >10 y	344	19.2%	190	14.2%
>10 y	24	1.3%	10	0.8%
Total	**1,788**	**100%**	**1,343**	**100%**

At December 31, 2014, more than 59% of the securities in its bond portfolio have a maturity of less than three years.

The standard measurement of an insurance company's liquidity is based on its ability to fulfil its financial commitments.

- Management of liquidity risk in the factoring business

The average duration of factoring receivables is very short (less than six months), which reduces the liquidity risk of the factoring business line.

To ensure the refinancing of its factoring business line, the Coface Group has implemented several financing programmes: a securitisation programme for its factoring trade receivables, for a maximum amount of €1,195 million, bilateral credit lines with various partners for a maximum amount of €884 million in addition to a commercial paper issuance programme for €500 million.

- Management of interest rate risk in the factoring business line

Through its factoring business line, Coface Group buys and finances the trade receivables of its customers. They mainly concern short-term commercial credit risk (less than six months). The interest rate risk linked to factoring receivables is limited.

To ensure the refinancing of this activity, Coface Group has implemented several programs: a securitisation programme for its factoring trade receivables, a commercial paper issuance programme and bilateral credit lines with various partners, as described above.

The cost of financing sources depends on the trend of short-term rates, in particular on Euribor 1 month, except for negotiable debt securities which are between one and three months. This cost is essentially comprised of Euribor 1 month increased by a fixed margin. On the asset side, the Coface Group receives a two-part compensation from its factoring customers: on one hand, a factoring commission based on the outstanding receivables during the term of the contract and on the other hand, a financing cost indexed on Euribor 3 months. Furthermore, it must be noted that as for the other Coface Group activities, there is a principle of congruency between financing needs and sources.

- Solvency margin

Pursuant to Solvency I, the solvency margin corresponds to the required level of equity, taking into account activity levels as measured by the premium income weighted by the average loss ratio. The Coface Group is required to maintain a solvency margin at a level above or equal to the level required by the regulation. The Coface Group has calculated its solvency margin in accordance with French regulation, issue of decree no. 2002-360 of March 14, 2002 relating to the supplementary monitoring of insurance companies. At December 31, 2014, the Coface Group's solvency margin represents seven times the required minimum (after estimate of the dividend payment).