Interim financial report, First-half **2016**

This document is a free translation of the Coface Group's Financial Report ("Rapport Financier, Premier semestre 2015"). The financial report, in its original French version, is publicly available at www.coface.com. This free translation is provided for the convenience of English-speaking readers only.

NOTE

COFACE SA (hereinafter, the "Company") is a *société anonyme* (joint-stock corporation), with a Board of Directors (*conseil d'administration*) incorporated under the laws of France, and is governed by the provisions of Volume II of the French Commercial Code (*Code de Commerce*). The Company is registered with the Nanterre Trade and Companies Register (Registre du Commerce et des Sociétés) under number 432 413 599. The Company's head office is at 1 Place Costes et Bellonte, 92270 Bois Colombes, France. Unless otherwise stated, references in this document to the "Group" or the "Coface Group" are references to the Company and its subsidiaries, branches and holdings.

At the date of June 30, 2016, the Company's share capital amounts to €786,241,160, divided into 157,248,232 shares, all of the same class, and all of which are fully paid up and subscribed.

Presentation of financial and other information

This report includes free English language translations of the audited consolidated financial statements of COFACE SA as of and for the year ended December 31, 2015 and of the audited interim condensed consolidated financial statements of COFACE SA as of and for the six months ended June 30, 2015 and 2016. The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The audited interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34, the IFRS standard as adopted by the European Union applicable to interim financial statements. COFACE SA publishes its consolidated financial statements in euros. Sum of aggregates and totals may not match due to rounding.

COFACE SA presents certain figures on both an actual historical basis and, in some instances, on a "constant scope of consolidation" or "constant exchange rate" basis. In this report, where figures are presented at a constant scope of consolidation, the previous year's figures (N-1) are adjusted to reflect the entities that enter or leave the scope of consolidation during the most recent year (N). COFACE SA believes providing figures on a constant exchange rate and constant scope of consolidation basis is helpful in permitting investors to analyse and understand the effect of exchange rate fluctuations and changes in the scope of consolidation on its financial results. However, figures provided on this basis are not measurements of performance under IFRS and should not be considered in isolation from or as a substitute for the IFRS figures.

Forward-Looking Statements

This report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or other comparable terminology. These forward-looking statements relate to all matters that are not historical facts and should not be interpreted as a guarantee of future performance. They appear in a number of places throughout this report and include statements regarding COFACE SA's intentions, beliefs or current expectations concerning, among other things, COFACE SA's results of operations, financial position, liquidity, prospects, growth, strategies and the industries in which the Coface Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, even if COFACE SA's financial position, results of operations and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to the risks described in paragraph 2.4 "Report from the Chairman of the Board of Directors on corporate governance, internal control and risk management procedures" and in chapter 5 of the registration document filed by the French Financial Markets Authority (Autorité des Marchés Financiers) on April 13, 2016 under the number R.16-020.

Risk Factors

You are strongly encouraged to carefully consider the Risk Factors described in the registration document filed by the French Financial Markets Authority (Autorité des Marchés Financiers) on April 13, 2016 under the number R.16-020.

The Risk Factors of the said documents describe all risks which are likely to have a material adverse effect on the business, financial position and/or operating results of the Coface Group. Additional risks that are not known at the date of this report, or that the Coface Group currently considers immaterial based on the information available to it, may have a material adverse effect on the Coface Group, its business, financial position, operating results or growth prospects as well as on the market price of COFACE SA's shares listed on Euronext Paris (**ISIN: FR0010667147**).

All this information is available on the websites of the Company (www.coface.com/Investors) and the AMF (www.amf-france.org)

This page has been intentionally left blank

I. Half-year business review

I. Half-year activity report

a) Economic environment in the first half-year[1]

As in each quarter, the Coface Group economic research team adjusted in June its global growth forecasts for 2016; it also presented its first growth forecasts for 2017. Coface confirms the continuing recovery in the eurozone (and in Europe in general), albeit at a modest level (stable growth rate at 1.7%). Despite expectation of a slight rebound this year, activity should continue slowing down in the major emerging countries.
According to Coface Group forecasts, global growth should reach 2.5% in 2016, versus 2.6% in 2015. Several factors can explain this persistently sluggish growth: the US and the UK have reached the turnaround point, growth in Japan is likely to remain weak (downgraded to A2), China will continue to slow down and, more generally, all areas worldwide (except the eurozone and North Africa – Middle East) will report shrinking growth.
The major countries in the eurozone will report better performances than the previous year, except for Spain. As such, Coface has upgraded France and Italy (to A2 and A3 respectively). Household consumption and private equity will continue to be the leading growth engines. Low oil prices (positive effect on company margins), budgetary loosening (Spain, France) and the ECB's ultra-accommodating policy will fuel purchasing power and boost household and investor confidence. Moreover, the ECB may decide to further extend its asset buying programme as a result of the Brexit decision. The uncertainty around the UK's decision to leave the EU might however have a negative impact on investor confidence, as shown by the historically low levels reached on the bond market. The UK's growth outlook has therefore been lowered to 1.2% in 2016 (versus 1.8% before Brexit).
In the US, the activity slowdown (1.8% in 2016 versus 2.4% in 2015) has already led to the deterioration of the financial situation of companies (downgraded to A2). The number of defaults rose in the first quarter of 2016 (+0.3%) and profits declined significantly (-6% in one year). There were fewer job creations than usual while the employment rate continued to fall.
With respect to emerging countries, activity is expected to be less dynamic due to the difficulties encountered by most BRICS. The recession is likely to persist in Brazil and Russia this year (-3.4% and -1.5% expected in 2016 respectively –Brazil has been downgraded to C-), South Africa will hit a trough since 2009 (0.6% this year) while South-East Asia is likely to be affected by the Chinese downturn (as shown by Coface's downgrading of China, South Korea, Hong Kong, Singapore and Taiwan). Only India seems capable of maintaining a sustained pace of growth (7.5% in 2016). For other emerging countries, low commodities prices, especially oil prices, will continue to affect a large number of them such as Nigeria, Angola, Algeria, Ecuador and Azerbaijan. Against this background, Coface has downgraded several countries adversely impacted by the persistently low oil price: Canada, Saudi Arabia, United Arab Emirates, Qatar, Algeria and Angola.

b) Significant events in the period

Changes in governance

Coface's Board of Directors held a meeting on January 15, 2016, under the chairmanship of Laurent Mignon, and appointed Xavier Durand as the new Chief Executive Officer (CEO). This appointment became effective at the end of the Board of Directors' meeting of February 9, 2016 which approved the 2015 financial statements. Mr. Jean-Marc Pillu acted as the Chief Executive Officer (CEO) of Coface until that date.

The severance payment of Mr. Jean-Marc Pillu, granted by the Board of Directors' meeting of January 15, 2016, amounts to €1,979 thousand and will be recorded in the income statement of the year-end 2016.

[1] Group's estimations updated on July 11th 2016.

New regional organisation

The Coface Group Executive Committee decided to review the organisation in Europe in order to rebalance the regions and make them more coherent from a geographical viewpoint.

The regional organisation of the Coface Group has changed as follows:
- Spain and Portugal, formerly part of Western Europe, are now managed by the Mediterranean & Africa region;
- Russia, previously included in the Northern Europe region, is managed by Central Europe region.

Contingent Capital

On February 9, 2016 Coface established with BNP Paribas Arbitrage a contingent capital line of €100 million, for a period of three years (that may be reduced to two years at the discretion of COFACE), available in one tranche and that may be exercised in the event of certain extreme events.
The contingent capital line supplements the existing capital management and solvency tools by offering an effective and competitive solution in terms of costs (annual commission of 0.50%). It is part of a conservative capital management strategy in connection with pillar 2 of Solvency II and allows the Group to reinforce its financial strength to protect its business against extreme risks.

Management of State export credit guarantees

The French State informed Coface that the transfer of State export credit guarantees can only be completed after the adoption of the 2016 amending Finance Act.
Coface recalls that the French State and the Group have agreed on a pre-tax amount of €89.7 million payable to Coface for the transfer of this activity. The non-recurring gain after deducting immediate impairment provisions (estimated at €16.3 million before tax at December 31, 2015) may be recognised for financial years 2016 or 2017, depending on the effective date of the transfer.

Financial strength affirmed by rating agencies

On June 10 and May 23, 2016, rating agencies Fitch and Moody’s reconfirmed the Group’s Insurer Financial Strength (IFS) Ratings at AA- and A2 (stable outlook), respectively.

Appointment of directors

In the context of its new strategy deployment, Coface has decided to strengthen its teams within the first half of this year.

Three newly positions have been created:

- Thibaut Surer as Strategy & Business Development Director in charge of strategy, development, marketing and innovation. He is now a member of the management committee and executive committee.
- Valérie Brami as Chief Operating Officer in charge of information systems, organisation and process improvement. She joins the management committee and the executive committee in this capacity.
- Pierre-Emmanuel Albert as Group Head of Business Processes Transformation

As well as:
Bhupesh Gupta Chief Executive Officer of the Asia Pacific region. He joins the Group executive committee.

Thierry Croiset, Risk Director, Thomas Croiset will join Coface on September 2016 as Investors Relations and rating agencies Director. They will both report directly to Carine Pichon, Chief Financial & Risk Officer.

Referendum of June 23rd 2016: Brexit :

The vote that took place on June 23rd 2016, in favour of the United Kingdom's exit from the European Union , had as immediate consequence the drop of the pound, the increase of uncertainties and the volatility of the financial markets.

In the short term, the Group anticipates that this increase of risk will weaken specific sectors and has taken measures to adjust its exposures (debtors engaged in Commodities / Commodity Trading, Contractors in the Construction Sector & related, Recruitment Policies, Importers).

The Group has also taken adjustment measures on its exposure to financial risks.

In the medium-term, Coface believes that the consequences of the referendum, especially the trade agreement negotiation between the United Kingdom and the European Union, will play a decisive role in the future risks' evolution and it is adjusting its monitoring of risks accordingly.

c) Events after June 30, 2016

There has been no significant change to the Group's financial or commercial position since June 30, 2016.

The Board of Directors' meeting of July 27, 2016 decided to reduce the par value of the share from €5 to €2. The purpose of this operation is to redefine the value of the share and bring it to a level comparable to that of most peer companies.

Accordingly, the share capital is reduced by €471,744,696 and has dropped from €786,241,160 to €314,496,464. This decision does not change the number of shares comprising the share capital, namely 157,248,232 shares.

d) Comments on the results at June 30, 2016

i. Revenue

The Group's consolidated revenue fell 5.7%, from €760.3 million as of June 30, 2015 to €716.7 million as of June 30, 2016. It was down 3.4% on a constant group structure and exchange rate basis.

The negative foreign exchange impact of -2.3 percentage points is mainly linked to devaluations of the Argentinean peso, Brazilian real and the pound sterling.

The table below shows the changes in the Group's consolidated revenue by activity as of June 30, 2015 and 2016:

Consolidated revenue by business line (in millions of euros)	**At June 30**		**Change**		
	2016	**2015**	**in €m**	**%**	**% (Like-for-like)**
Insurance	681.9	724.7	-42.8	-5.9%	-3.5%
Gross earned premiums	*565.7*	*603.0*	*-37.3*	*-6.2%*	*-3.4%*
*Services**	*116.1*	*121.6*	*-5.5*	*-4.5%*	*-3.9%*
Factoring	*34.9*	*35.6*	-0.8	-2.2%	-1.5%
Consolidated revenue	**716.7**	**760.3**	**-43.6**	**-5.7%**	**-3.4%**

*Sum of revenue from services related to credit insurance ("Fees and commission income" and "Compensation for public procedures management services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information ("Information and other services") and debt collection services ("Receivables management")).

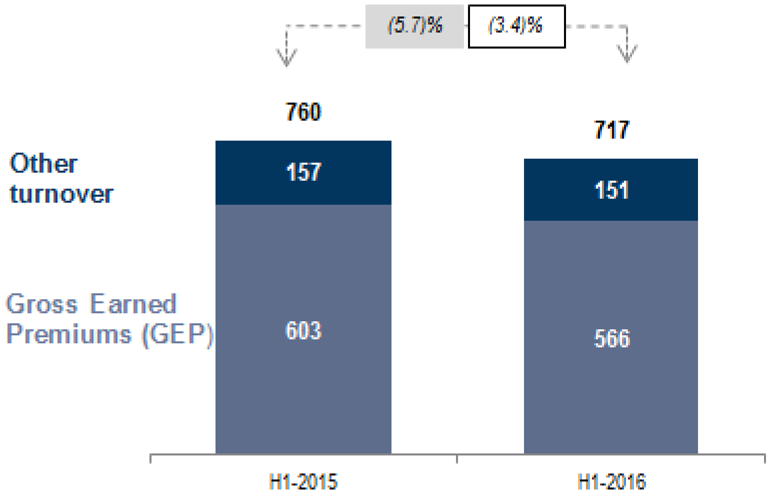
Insurance

Revenue from the insurance business (including surety bond and Single Risk) dropped 5.9% (-3.5% on a constant group structure and exchange basis), from €724.7 million as of June 30, 2015 to €681.9 million as of June 30, 2016.

Gross earned premiums dropped by 6.2% (-3.4% on a constant group structure and exchange rate basis), from €603.0 million as of June 30, 2015 to €565.7 million as of June 30, 2016. The decline of gross earned premiums can be explained by the sluggish sales activity in the most mature regions (Western Europe and Northern Europe). In Asia, the commercial portfolio was reviewed to improve loss ratio management.

The production of new contracts, totalling €81 million (in annual value) in the first half of 2016, was down 5% compared to the half-year ended June 30, 2015 (€84.8 million). This decline is linked to the weak commercial performance in Asia and the United States, and the decline in the production of new CGS (Coface Global Solutions) contracts. The retention rate of contracts (ratio between the annual value of renewed policies during the half-year and the annual value of policies to be renewed during the same half-year) remained high at 90.2% as of June 30, 2016 versus 88.0% as of June 30 2015 during which the Coface Group faced fierce competition with pressure on prices. The "client business volume" component contributed to the growth of our portfolio but to a lesser extent (-82% compared to the first half of 2015). The price effect recorded on credit-insurance contracts was -1.8% as of June 30, 2016, versus -2.7% as of June 30, 2015.

Revenue from the services business dropped by €5.5 million, from €121.6 million as of June 30, 2015 to €116.1 million as of June 30, 2016, i.e. -4.5% (-3.9% on a constant group structure and exchange rate basis) primarily linked to the drop in debt collection income in Central Europe.



Factoring

Revenue from the factoring business (in Germany and Poland only) dropped 2.2% (-1.5% on a constant group structure and exchange rate basis), from €35.6 million as of June 30, 2015 to €34.9 million as of June 30, 2016.

Germany recorded a 3.2% drop in business, as a result of the decline in purchased receivables combined with a negative price effect on the interest margin and a drop in factoring fees. The portfolio's contraction can be explained by cancellations and the business slowdown for our customers.

Factoring in Poland dropped 5.5% (+11.5% on a constant group structure and exchange rate basis) owing to the commercial deployment of the activity in the first half which fuelled the growth of the receivables portfolio and an increase in interest income.

Changes in revenue by region*

The following table shows the changes in consolidated revenue (net of intra-group flows) within the Group's seven geographic regions as of June 30, 2015 and 2016:

Change in consolidated revenue by region of invoicing (in millions of euros)	**At June 30**		**Change**			
	2015	**2014**	**in €m**	**%**	**% (constant exchange rate basis)**	**% (like-for-like)**
Western Europe	167.0	187.5	-20.5	-11%	-10%	-10%
Northern Europe	158.2	165.9	-7.8	-4.7%	-4.7%	-4.7%
Mediterranean & Africa	166.3	178.8	-12.6	-7.0%	-5.2%	-5.2%
North America	68.9	66.3	2.6	3.9%	5.2%	5.2%
Central Europe	61.3	62.2	-0.9	-1.4%	2.0%	2.0%
Asia-Pacific	55.5	56.7	-1.1	-2.0%	-1.5%	-1.5%
Latin America	39.5	42.9	-3.3	-7.8%	14%	14%
Consolidated revenue	716.7	760.3	-43.6	-5.7%	-3.4%	-3.4%

*The composition of the regions was modified on April 11, 2016 and led to certain adjustments. Portugal and Spain, which were initially included in Western European, were transferred to the Mediterranean and Africa.Russia, initially included in Northern Europe, was transferred to Central Europe.

All regions reported a drop in revenue, with the exception of North America (+5.2% on a constant group structure and exchange rate basis), Latin America (+14% on a constant group structure and exchange rate basis) and Central Europe (2.0% on constant group structure and exchange rate basis).

In Western Europe, revenue was down 11% (-10% on a constant group structure and exchange rate basis) due to a slowdown in commercial activity and strong pressure on prices. In particular, the revenue generated by Single Risk[2] dropped sharply in Western Europe (-42% half-year on half-year). Remuneration for Public Guarantees dropped €2.7 million.

In Northern Europe, revenue declined by 4.7% (-4.7% on a constant group structure and exchange rate basis). The commercial reorganisation launched in 2015 within the region's prime contributor, Germany, has not yet borne fruit. Factoring revenue was down 3.2% in Germany.

However, the services business rose by 5.3%.

Central Europe reported a 1.4% drop (+2.0% on a constant group structure and exchange rate basis): premiums were slightly up 0.6% (+4.0% on a constant group structure and exchange rate basis), especially in Romania and Poland due to buoyant commercial activity. Meanwhile, related services dropped by 13.4% (-13% on a constant group structure and exchange rate basis). Debt collection was down (-22.6% on a constant group structure and exchange rate basis) as a result of the activity slowdown, especially in Romania. The information selling business (-7.3% on a constant group structure and exchange rate basis) was impacted by strong pricing pressure. Revenue from the factoring business was up 11.5% on a constant group structure and exchange rate basis. The strong commercial development in the first half of 2016 boosted the growth of the receivables portfolio and generated additional income.

Revenue for the Mediterranean & Africa region dropped 7.0% (-5.2% on a constant group structure and exchange rate basis) especially in Italy (-6.5% of earned premiums), Spain (-22% of earned premiums) and South Africa (-7% of earned premiums). This drop is primarily due to the recording of non-recurring income in the first half of 2015 in Italy.

Services were down 7.9% (-8.8% on a constant group structure and exchange rate basis).

In Northern America, revenue was up 3.9% (+5.2% on a constant group structure and exchange rate basis).

In Latin America, we noticed a 14% increase in revenue on a constant group structure and exchange rate basis. This growth was primarily fuelled by the high inflation observed in the region. Apart from this effect, the trend was stable. Foreign exchange had a huge impact on the region's revenue considering the fluctuations of the Argentinean peso and the Brazilian real.

Asia-Pacific reported a 2.0% drop in revenue (-1.5% on a constant group structure and exchange rate basis). This drop can be explained by two effects: a drop in revenue from the Single Risk offer (-45% on a constant group structure and exchange rate basis), and poor commercial performance in Japan and China.

ii. Underwriting income

Underwriting income before reinsurance

Underwriting income before reinsurance dropped €74.9 million like-for-like, from €103.3 million as of June 30, 2015 to €28.3 million as of June 30, 2016. This change can be explained by two effects: a drop in revenue (-€43.6 million) combined with an increase in loss experience (€40.9 million).

The combined ratio before reinsurance amounted to 94.2%, up by 12.5 percentage points, the loss ratio rose 10.6 percentage points together with the cost ratio (+1.9 percentage points), primarily due to a significant drop in revenue, especially in earned premiums (-€37.3 million).

[2] The Single Risk offer is for financial companies and institutions exposed to commercial and political risks through one-off, complex transactions, for a high amount (exceeding €5 million).

Loss experience

Loss experience ratio before reinsurance dropped by 10.6 points, falling from 51.3% as of June 30, 2015 to 61.9% as of June 30, 2016. This deterioration can be explained by the much higher than expected increase in risks on emerging countries. The deterioration led to the development of losses in emerging countries at a much higher level than anticipated, equally affecting the loss experience of exporting companies located in mature countries. We also recorded a higher average cost of loss, combined with longer recovery times in these emerging regions. The five sectors most affected by this increase in loss experience were the metallurgical and chemical industries, raw materials, textiles and agriculture.

Loss experience	**At June 30**		**Change**	
(in millions of euros and %)	**2016**	**2015**	**in €m**	**%**
Claims expenses incl. claims handling costs	350.1	309.1	40.9	13.2%
Loss ratio before reinsurance	61.9%	51.3%	0.1	10.6 ppts
Earned premiums	565.7	603.0		

In Western Europe, the loss ratio was up 4.9 percentage points: from 34.4% as of June 30, 2015 to 39.3% as of June 30, 2016). Major losses were recorded in France and in Switzerland especially in the second quarter of 2016.

In Northern Europe, the loss ratio deteriorated to 58.4% (+25.1 points): losses were reported in the first half, in Germany in particular and in the Netherlands in the industrial sector. In Germany, late losses were reported in the last half of 2015, the loss ratio began to increase from the third quarter of 2015.

The loss ratio for the Mediterranean & Africa region rose by 5.2 percentage points to 52.5%. Spain was impacted by a major loss in the second quarter of 2016. The loss ratio of Turkey was up given the unstable economic and political environment.

In North America, the loss ratio rose sharply to 86.2% (+30.2 percentage points), due to the recording of major losses in the United States, in the industrial and services sector and the late reporting of losses that occurred in 2014.

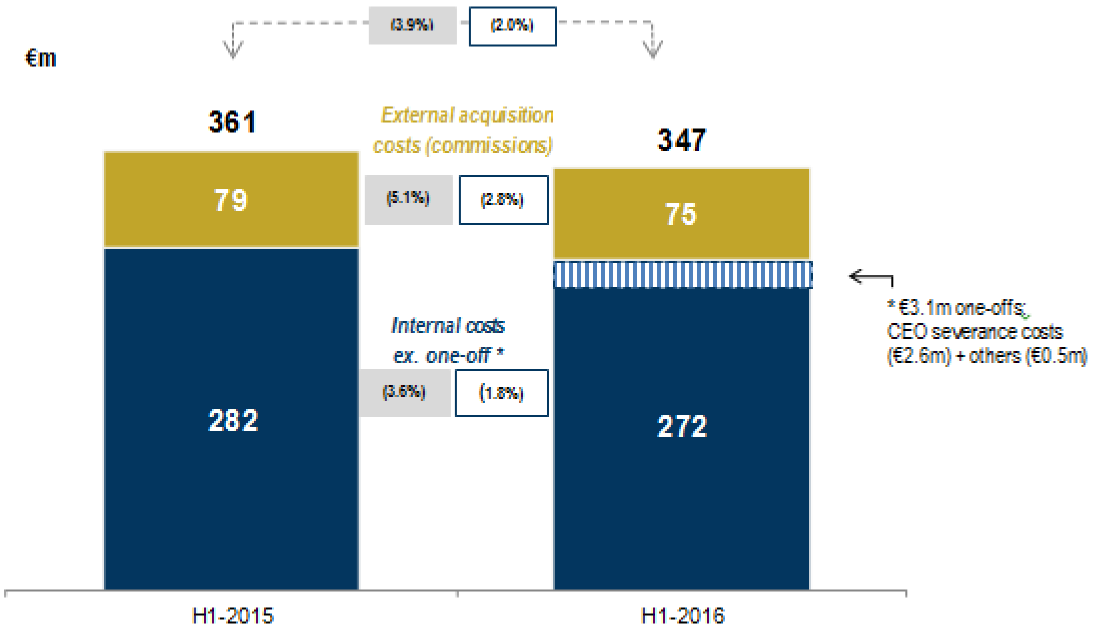
Central Europe presented a loss ratio down to 46.5%, a significant improvement over June 2015 (-54.4 percentage points). The action plans implemented in early 2015 in Russia bore fruit and helped to improve the loss ratio.

In Latin America, the loss ratio stood at 60%, up by 10 percentage points compared to the half-year ended June 30, 2015 (70.7%), constant improvement on all countries in the area especially in Argentina and Columbia. However, the situation continues to give cause for concern in Brazil (political instability and recession).

Asia Pacific recorded a loss ratio of 127.1% and significant losses have been recorded in Australia, Singapore and in Hong-Kong since the fourth quarter of 2015. Provisions were recognised in particular for losses linked to the "Single Risk" product in the first half of 2016.

Change in loss by region of invoicing (in %)	**At June 30**		**Change (% points)**
	2016	**2015**	
Western Europe	39.3%	34.4%	5pts
Northern Europe	58.4%	33.3%	25.1pts
Mediterranean & Africa	52.5%	47.2%	5.2pts
North America	86.2%	56.0%	30.3pt
Central Europe	46.5%	100.9%	-54.4pts
Asia-Pacific	127.1%	72.2%	54.8pts
Latin America	60.0%	70.7%	-10.7pts
Loss ratio before reinsurance	**61.9%**	**51.3%**	**10.6pts**

Overheads



(in thousands of euros)	At June 30, 2016	At June 30, 2015
Internal overheads	274,725	281,698
Of which claims handling expenses	12,807	13,854
Of which internal investment management expenses	990	1,102
Commissions	75,188	79,221
Total Overheads	349,913	360,919

Total overheads including claims handling expenses and internal investment management expenses dropped by 3.0% (-1.1% on a constant group structure and exchange rate basis) from €360.9 million as of June 30, 2015 to €349.9 million as of June 30, 2016.

Policy acquisition costs were down 5.1% (-2.8% on a constant group structure and exchange rate basis) from €79.2 million as of June 30, 2015 to €75.2 million as of June 30, 2016. This change can be partly explained by the premiums earned between June 30, 2015 and June 30, 2016. It is also primarily driven by reinsurance fees, down in North America in particular.

Internal overheads including claims handling expenses and internal investment management expenses dropped by 2.5% (-0.6% on a constant group structure and exchange rate basis) from €281.7 million as of June 30, 2015 to €274.7 million as of June 30, 2016.

Payroll expenses rose by 1.4% from €153.5 million in the half-year ended June 30, 2015 to €155.6 million on June 30, 2016 (+3.3% on a constant group structure and exchange rate basis).

IT costs decreased over the period to €25.8 million, down -7.7% on a constant group structure and exchange rate basis. Other expenses (taxes, information purchases and rents) dropped 6.8% from €100.1 million as of June 30, 2015 to €93.3 million as of June 30, 2016. In particular, savings were made on information purchases, travelling and costs of agents. The action plans initiated in the regions continued to yield positive results (overheads kept under control).

The cost ratio before reinsurance dropped 1.9 percentage points, from 30.4% in the first half of 2015 to 32.3% in the first half of 2016. This change was primarily due to the drop in revenue, especially in earned premiums (6.2 percentage points).

In Western Europe, overheads were down 8.3% (-7.4% on a constant group structure and exchange rate basis). The decline primarily concerned internal overheads (drop in tax expense, savings on travel, IT costs as well as information costs).

In Northern Europe, they rose by 2.5% (2.5% on a constant group structure and exchange rate basis), an increase observed on policy acquisition fees. Internal overheads dropped 6.5%.

In the Mediterranean and Africa, overheads dropped 7.8% (-6.1% on a constant group structure and exchange rate basis), in particular costs linked to debt collection.

In Central Europe, overheads rose by 5.3% (+8.6% on a constant group structure and exchange rate basis), an increase fuelled by policy acquisition fees, especially in Poland. Internal overheads were down (-0.7% on a constant group structure and exchange rate basis).

In North America, overheads dropped 1% (+0.3% on a constant group structure and exchange rate basis). Fees were up 8.4% (on a constant group structure and exchange rate basis) and internal overheads were up 7.8%.

In Latin America, overheads dropped 11.2% (+11.3% on a constant group structure and exchange rate basis).

Foreign exchange (mainly the Argentinean peso and Brazilian real) had an adverse impact of €6.9 million.

In Asia-Pacific, overheads were contained at +0.3% (+0.6% on a constant group structure and exchange rate basis).

Underwriting income after reinsurance

Underwriting income after reinsurance dropped €48.6 million, from €77.6 million as of June 30, 2015 to €28,9 million as of June 30, 2016, a trend similar to that of underwriting income before reinsurance (-€74,9 million).

Reinsurance income rose significantly, from -€25.7 million as of June, 30 2015 to +€0.6 million as of June 30, 2016. This change can be explained in particular by the increase in the loss ratio which had a positive impact on the Group's reinsurance cost and by a non-recurring gain of €13.8 million (exceptional debt collection in Northern Europe).

	AT JUNE 30		CHANGE	
(in thousands of euros and %)	**2016**	**2015**	**(in thousands of euros)**	**(in %)**
Revenue	716,728	760,317	-43,589	-5.7%
Claims expenses	-350,067	-309,149	-40,919	13.2%
Policy acquisition costs	-126,326	-139,083	12,757	-9.2%
Administrative costs	-140,175	-135,292	-4,883	3.6%
Other current operating expenses	-41,200	-41,059	-141	0.3%
Expenses from banking activities, excluding cost of risk	-6,978	-6,734	-244	3.6%
Cost of risk	-2,163	-1,902	-260	13.7%
Underwriting Income before reinsurance	**28,334**	**103,290**	**-74,957**	**-72.6%**
Income and expenses from ceded reinsurance	601	-25,734	26,334	-102.3%
Underwriting Income after Reinsurance	**28,934**	**77,557**	**-48,622**	**-62.7%**
Combined ratio after reinsurance	92.2%	81.9%	-	-

iii. Investment income, net of management expenses (excluding finance costs)

Financial markets

The first six months of the year were riddled with uncertainty. First of all, there were fears of a global recession due to concerns about the Chinese economy, the sharp drop in oil prices and the emergence of doubts about the efficiency of the solutions proposed by central banks. However, the sharp rally of oil prices, reassuring Chinese statistics, stronger signs of the recovery in the eurozone and new monetary policy announcements (such as the extension of the ECB's asset buying programme) helped to allay these fears in February. June was marked by a wait-and-see attitude then, more importantly, by the UK referendum which led to a decision to leave the European Union, which retriggered another episode of uncertainty. The outcome of the UK vote also pushed back anticipations of an increase in US key interest rates, which had been high during the half-year.

In this highly volatile context, the bonds of major developed countries served as a safe haven. Bond yields therefore dropped significantly, falling to historically low levels. In the United States, the yield on the government 10-year bond dropped from around 2.25% at the end of December to around 1.50% at the end of June, its lowest level since 2012. In the eurozone, this phenomenon was strengthened by the continuation of the ECB's asset buying programme. German 10-year rates dropped from around 0.60% to around -0.15%, while French bonds lost 60 basis points by dropping from around 1% to nearly 0.20%. The 10-year yield rates fell less sharply in Italy and Spain, dropping from around 1.6% to 1.3% and from around 1.7% to around 1.11% respectively.

These uncertainties strongly affected equity markets, especially at European level. First, European stock markets plunged, then recovered before plunging again after the result of the UK referendum. The EuroStoxx 50 thus lost -12.3% in the first six months of the year.

Chinese economic statistics and the oil price rebound gave a boost to emerging countries and especially to oil exporters after a rather complicated start to the year.

Financial income

In this global economic context, the Coface Group, as part of the defined strategic allocation, wished to gradually reduce its exposure to the equity market and to the sovereign rates of the eurozone in favour of investment grade credit bonds.

All these investments are made within a strictly-defined risk framework; the qualities 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.

The overall value of the portfolio has fallen by €88 million from since the start of the year, due in particular to the dividend payment at the end of May.

The following table shows the financial portfolio by main asset class:

Market value (in millions of euros)	**June 30, 2016**	**Dec. 31, 2015**
Listed shares	156	207
Unlisted shares	12	12
Bonds	1,657	1,685
Loans, deposits and UCITS money-market funds	483	512
Total investment portfolio	**2,309**	**2,415**
Investment property	126	112
Associated and non-consolidated companies	127	122
Total	**2,561**	**2,649**

In the first half of 2016, marked by the strong volatility of equity markets and another drop in interest rates to historically low levels in absolute terms, the investment portfolio generated income of €20.2 million, i.e. a carrying yield of 0.8% at June 30, 2016, compared to an income of €32.6 million, i.e. 1.3% of the carrying yield at June 30, 2015. The favourable trend, especially, on the eurozone equity markets, allowed the externalisation of €7.9 million in capital gains for all asset classes in the first half of 2015 versus -€1.3 million in the same period in 2016.

Investment portfolio result (in millions of euros)	**As of June 30**	
	2016	**2015**
Equities	-1.3	10.8
Fixed income	19.6	21.1
Investment property	1.9	0.7
Investment portfolio total	**20.2**	**32.6**
Associated and non-consolidated companies	0.8	1.8
Currency translation profit/loss and derivatives	5.2	-4.6
Financial and investment charges	-1.7	-1.5
Total	**24.6**	**28.2**

After equity investment income, currency translation profit/loss and derivatives, financial and investment charges, financial income amounted to €24.6 million in the first half of 2016 versus €28.2 million over the same period in 2015.

The economic yield rate of financial assets for this first half-year amounted to 2.1%[3] compared to 1.0% over the same period in 2015. This increase in economic yield rate is linked to the sharp fall in European rates since the start of the year, growing stronger in June.

[3] Economic yield = (investment income year N + (revaluation reserve year N – revaluation reserve year N-1)) / (average outstanding year (N, N-1))

iv. Operating income

(in thousand of euros)	At June 30		Change		
	2016	**2015**	**In €m**	**In %**	**In % (constant group structure and exchange rate basis)**
Current operating income including finance costs Other operating income and expenses	**42.5** -1.8	**92.4** -3.2	**-49.8** 1.4	**-5.45** -4.4%	**-53%** -38%
Operating income including financial costs and excluding other operating income and expenses	**44.3**	**95.5**	**-51.2**	**-54%**	**-52%**
Realized gains	-	-			
Interests costs	-8.1	-8.1	0.0	0%	N/A
Operating income including financing costs and excluding non-recurring costs	**52.4**	**103.6**	**-51.2**	**-49%**	**-48%**

Current operating income, including finance costs and excluding non-recurring costs, dropped €51.2 million, i.e. -49% (-48% on a constant group structure and exchange rate basis, in line with forecasts) from €103.6 million at June 30, 2015 to €52.4 million as of June 30, 2016.

Net combined ratio, including non-recurring items, rose 10.4 percentage points, from 81.9% as of June 30, 2015 to €92.2% as of June 30, 2016, of which +8.8 percentage points of net loss ratio (including +3.2 percentage points of non-recurring loss ratio) and + 1.6 percentage points of cost ratio.

Other operating income and expenses totalled €1.8 million and are primarily comprised of restructuring fees.

The interest expense of the hybrid debt reached €8.1 million as of June 30, 2016, stable compared to June 30, 2015.

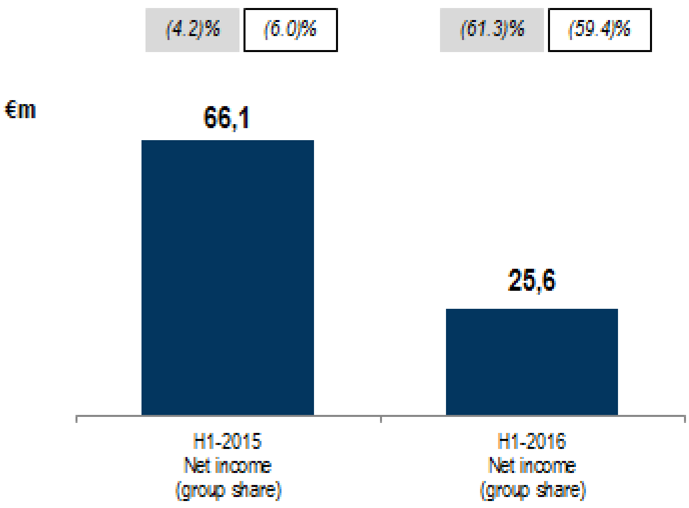
The significant drop in the Group’s operating income can be primarily explained by the fall in revenue and the deterioration of loss experience (Asia Pacific, North America and Northern Europe). All regions contributed positively to operating income, except Asia-Pacific and Latin America, which have been strongly impacted by an increase in loss experience since the last quarter of 2015

(in million of euros)	At June 30		Change	Share of half-annual total at June 30, 2016
	2016	**2015**		
Western Europe	12.8	29.3	-16.6	18%
Northern Europe	40.4	50.9	-10.5	58%
Mediterranean & Africa	39.5	47.1	-7.6	57%
Central Europe	18.1	-3.3	21.4	26%
North America	-12.4	2.3	-14.7	-18%
Latin America	2.7	4.9	-2.2	4%
Asia-Pacific	-31.5	-6.2	-25.3	-45%
Total (excluding inter-regional flows and holding cost not rebilled)	**69.5**	**124.9**	**-55.4**	**100%**

v. Net income for the year

The Group's effective tax rate increased from 29.4% as of June 30, 2015 to 41.8% as of June 30, 2016, representing an increase of 12.3 percentage points (non-activation of deferred tax on tax losses).

Net income for the year dropped 61.0%, from €66.1 million as of June 30, 2015 to €25.6 million as of June 30, 2016. Restated for non-recurring items (restructuring fees), net income for the year dropped 54% on a constant group structure and exchange rate basis, from €68.3 million as of June 30, 2015 to €30.5 million as of June 30, 2016.



e) Group cash and capital

Equity

IFRS equity attributable to owners of the parent amounted to €1,735 million at June 30, 2016, down compared to December 31, 2015, when it amounted to €1,761 million.

The -€26 million difference can be primarily explained by the distribution of €76 million to shareholders, the net income for the year of €26 million and the adjustment to revaluation reserves on available-for-sale assets (+€23 million).

Goodwill

The goodwill of €155. million remained unchanged compared to December 31, 2015 (€155.5 million).

Debt

The Group's consolidated debt, excluding current operating debts, comprised the financial debt and the operational debt linked to factoring refinancing.

Factoring financing amounted to €2,068 million at June 30, 2016, versus €1,965 million at December 31, 2015 (i.e. +€103 million), in line with the development of the factoring business.

Gross financial debt, excluding the factoring business, amounted to €383 million at June 30, 2016, versus €393 million at December 31, 2016. The difference of -€9.1 million mainly stems from the adjustment linked to the subordinated debt's accrued coupon amount (payment made on March 27, 2016). The gross financial debt rate of Coface SA Group stood at 22% of equity, the same level as at December 31, 2015.

Solvency of the Group

For the insurance activities, in compliance with the Solvency I Regulations, the Group has calculated its solvency capital requirement under the standard formula introduced by European directive No.2009/138/EC.

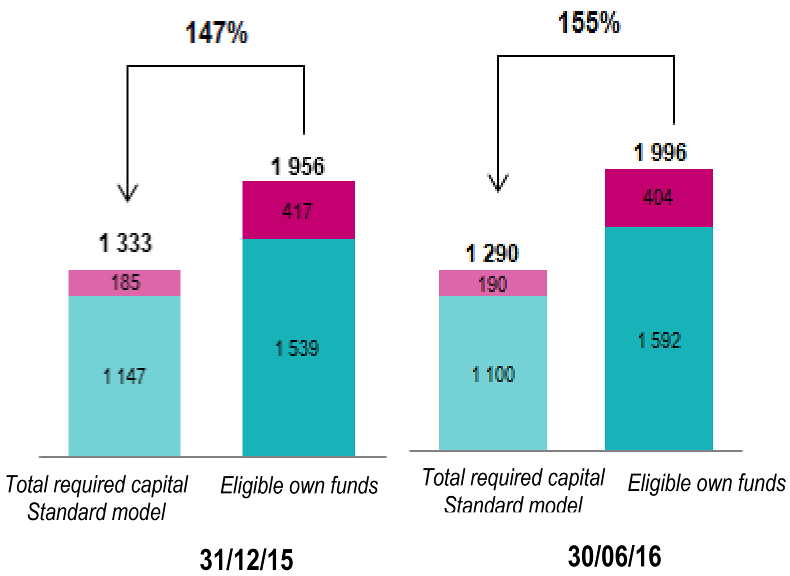
The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operating risks. It takes account of frequency risks and severity risks. This calculation is calibrated to hedge the risk of loss corresponding to 99.5% quantile at a one-year horizon.

The Group also calculates the capital requirement for the factoring business line.It is estimated by applying a 9% rate to the risk-weighted assets (or RWA). RWAs are calculated on the basis of the factoring outstandings, by applying weighting as a function of the probability of default and the expected loss in case of default, determined according to the method in line with that used by Natixis.

The amount of the capital requirement for the insurance business and the capital requirement for the factoring business is comparable with the available capital.

As of June 31, 2016, the Group proceeded to the estimation[4] of the Group's capital requirement and the hedge rate of the required capital. The amount of the Group's capital requirement calculated in June 30, 2016 amounted to €1,290 million (compared with €1 333 million in end 2015), of which €1 100 million refers to the insurance SCR (calculated according to the standard formula of Solvency II) and €190 million refers to the capital requirement for the financing companies.

As of June 31, 2016, the available capital is amounted to €1 996 million (compared to €1 956[5] million in December 31, 2015). The amount of the available capital is comparable with the amount of the capital requirement for the insurance business and the capital requirement for the factoring business. At June 31, 2016, the hedge rate of the required capital (ratio between the Group's available capital and its required capital for insurance and factoring), therefore amounted to 155% (*versus* 147% at the end of 2015).



Return on equity

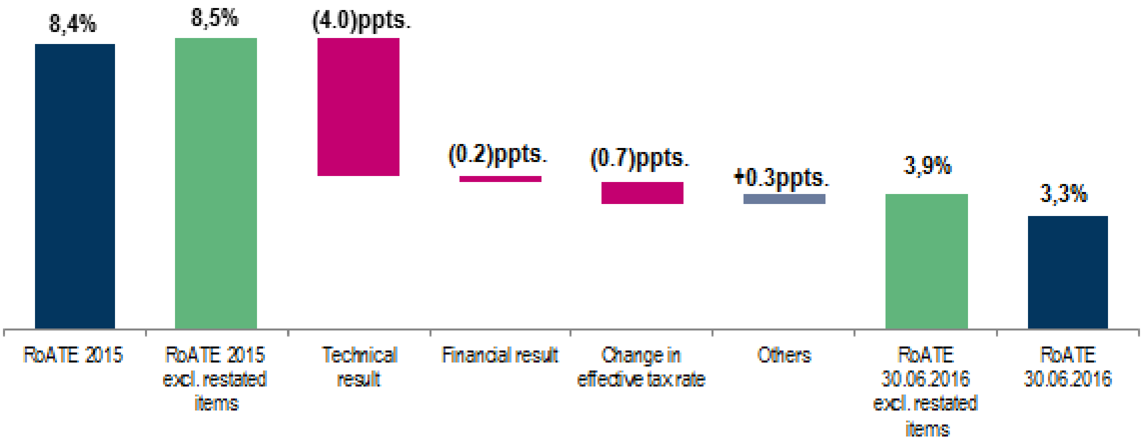
The return on equity ratio is used to measure the return on the invested capital of Coface Group. Return on average tangible equity (or "**RoATE"**) is the ratio between net attributable income and the average of attributable accounting equity excluding intangible items (intangible asset values).

[4] As the Solvency II Standard formula is interpreted by Coface, accordingly to its simplified approach on some modules and the treatment of the reinsurance which is assumed to be renewed and sliding.

[5] Final calculation adjusted compared to the preliminary calculation in the 2015 Registration Document (€1 962 million).

The table below presents the items used to calculate the Coface Group's RoATE over the December 2015 – June 2016 period:

(in millions of euros)	**As of June 30, 2016**	**As of Dec. 31, 2015**
Accounting equity (attributable to owners of the parent) – A	1,735	1,761
Intangible assets – B	221	224
Tangible equity – C (A-B) *At June 30, 2016, tangible equity was restated by including year-on-year income – C (A-B+E)*	1,540	1,537
Average tangible equity – D ($[C_n+C_{n-1}]/2$)	1,538	1,511
Net attributable income for the year – E	26	126
RoATE – E/D *Net income as of June 30, 2016, is reported year on year –* *E x 2/ D*	3.3%	8.4%



f) Risk Factors

The main risk factors and uncertainties that Coface has to deal with are described in detail in section 2.4 "Chairman's report on corporate governance, internal control and risk management procedures" and in Chapter 5 "Main risk factors and their management inside the Group" of the registration document of Coface Group, filed with the AMF on April 13, 2016 under number R.16-020.

During the first half of 2016, Coface had to cope with a much higher than expected increase in risks on emerging countries. Against this background and according to the management principles described in the aforementioned paragraphs, the Group has already taken strong steps to adjust its risk management policy on these regions and continues to strengthen its teams accordingly.

g) Future risks and uncertainties

The vote that took place on June 23rd 2016, in favour of the United Kingdom's exit from the European Union, raises the level of uncertainty among the different factors impacting Coface, including risks related to the macroeconomic environment and the global financial markets.

In that context, and according to the management principles applied by Coface and described in its 2015 Registration Document filed with the AMF on April 13th, 2016 under the number R.16-020 , the group continues to intensify its risk monitoring and adjust its underwriting policy. In addition, the Group has also taken measures for adjusting its exposure to financial risks.

h) Outlook

i. Economic environment[6]

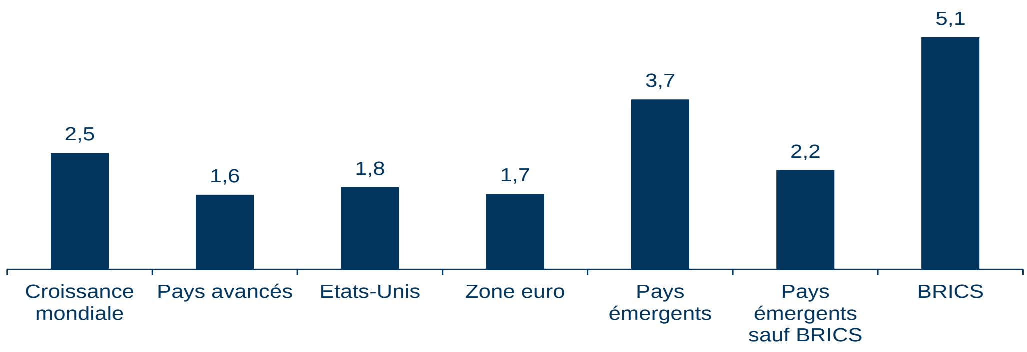
The global economy should continue to grow at a modest pace in 2016 (2.5% after 2.6%), due to the business slowdown in developed countries (especially in the United States and the UK despite a slight improvement in the eurozone). Growth will be more dynamic in emerging countries (3.7%, after 3.4% in 2015) and should remain clearly higher than that of developed countries (1.6%, after 1.9%).

In developed countries, the United States and the UK should reach a turnaround point. In the US, the business slowdown (1.8% in 2016 versus 2.4% in 2015) has already led to the deterioration of the financial situation of companies (more defaults, lower profits). In the UK, considering that the uncertainty related to the decision to leave the EU is likely to adversely impact investor and consumer confidence, we have decided to lower the growth forecast to 1.2% in 2016 (versus 1.8% before Brexit). The major eurozone countries will report better performances than the previous year, except for Spain. Household consumption and private equity will continue to be the leading growth engines. Low oil prices (positive effect on company margins), budgetary loosening (Spain and France) and the ECB's ultra-accommodating policy will fuel purchasing power and boost household and investor confidence. Moreover, the ECB may decide to further extend its asset buying programme as a result of the Brexit decision.

Emerging countries should have more buoyant growth in 2016 than in 2015, while staying below their pre-crisis levels. In China, business will continue to slow down (+6.5%), in a context of rebalancing towards private consumption and gradual financial liberalisation, but also persistent structural imbalances: high debt, existence of over capacities in many industrial sectors, etc. South Africa should experience less dynamic growth (+0.6%) than in 2015, owing to higher interest rates and the political instability affecting business, while the infrastructure deficit persists. In Brazil and Russia, the growth outlook is likely to remain very grim (-3.4% and -1.5%): primarily due to low commodities prices, high inflation and political instability in Brazil especially. India should continue to be boosted by the positive factors which drove growth in 2015. Lastly, the Middle-Eastern countries should continue to be specifically penalised by the low oil price.

[6] Group's estimations updated on July 11th 2016.

GDP GROWTH (as %): 2016 (source Coface)



ii. Group's outlooks

Coface remains cautious overall for 2016.

As announced on 4 July, the Group, faced with a greater than anticipated increase in risk in emerging countries, has taken strong measures to adjust its risk management policies in these regions and continues to strengthen its teams accordingly.

The development of claims in emerging countries at a higher level than expected, also affecting claims from exporting companies located in mature markets, combined with an increased average cost of claim and longer collection times in emerging regions, lead Coface to foresee a net loss ratio of 63% to 66% for FY 2016 (compared with 52.5% in 2015).

In mature markets, where risks are low, we expect commercial pressure to remain strong. While the positive impacts of the risk reduction measures taken last year in Latin America are beginning to materialize, we anticipate that the effects of risk actions taken end 2015 in Asia Pacific will translate progressively in our results over time.

We continue to focus on finely managing and adjusting our risk exposures as required by the current environment and on improving our operational and structural efficiency.

II. Consolidated financial statements

II. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in thousands of euros)

ASSETS	Notes	June 30, 2016	Dec. 31, 2015
Intangible assets		**220,776**	**224,307**
Goodwill	**2**	155,440	155,467
Other intangible assets	**3**	65,336	68,840
Insurance business investments	**4**	**2,560,412**	**2,648,119**
Investment property	**4**	800	800
Held-to-maturity securities	**4**	3,722	3,721
Available-for-sale securities	**4**	2,453,513	2,512,526
Trading securities	**4**	17,763	55,468
Derivatives	**4**	15,007	6,123
Loans and receivables	**4**	69,607	69,481
Receivables arising from banking and other activities	**5**	**2,426,175**	**2,370,902**
Investments in associates	**6**	**20,243**	**20,258**
Reinsurers' share of insurance liabilities	**11**	**340,424**	**327,986**
Other assets		**993,349**	**894,121**
Buildings used in the business and other property, plant and equipment		63,783	65,107
Deferred acquisition costs		48,321	44,043
Deferred tax assets		63,507	57,538
Receivables arising from insurance and reinsurance operations		605,873	518,970
Trade receivables arising from other activities		12,294	14,238
Current tax receivables		60,294	68,937
Other receivables		139,277	125,288
Cash and cash equivalents	**7**	**414,019**	**396,837**
TOTAL ASSETS		**6,975,398**	**6,882,530**

(in thousands of euros)

EQUITY AND LIABILITIES	Notes	June 30, 2016	Dec. 31, 2015
Equity attributable to owners of the parent		**1,734,494**	**1,760,954**
Share capital	**8**	786,241	786,241
Additional paid-in capital		338,676	347,371
Retained earnings		500,721	442,231
Other comprehensive income		83,260	58,872
Consolidated net income for the year		25,596	126,239
Non-controlling interests		**5,938**	**6,073**
Total equity		**1,740,432**	**1,767,027**
Provisions for liabilities and charges	**9**	**120,622**	**114,234**
Financing liabilities	**10**	**383,449**	**392,594**
Liabilities relating to insurance contracts	**11**	**1,613,668**	**1,514,862**
Payables arising from banking sector activities	**12**	**2,376,951**	**2,369,662**
Amounts due to banking sector companies	**12**	429,189	352,379
Amounts due to customers of banking sector companies	**12**	308,315	404,218
Debt securities	**12**	1,639,447	1,613,065
Other liabilities		**740,276**	**724,151**
Deferred tax liabilities		151,528	144,266
Payables arising from insurance and reinsurance operations		239,620	241,339
Current taxes payable		83,123	111,527
Derivative instruments with a negative fair value		13,575	6,752
Other payables		252,430	220,267
TOTAL EQUITY AND LIABILITIES		**6,975,398**	**6,882,530**

Consolidated income statement

(in thousands of euros)

	Notes	June 30, 2016	June 30, 2015
Revenue	**13**	**716,728**	**760,317**
Gross written premiums		648,598	675,445
Premium refunds		(46,431)	(37,292)
Net change in unearned premium provisions		(36,427)	(35,116)
Earned premiums	**13**	**565,740**	**603,037**
Fee and commission income	**13**	**69,104**	**66,602**
Net income from banking activities	**13**	**34,859**	**35,630**
Cost of risk		(2,163)	(1,902)
Revenue or income from other activities	**13**	**47,025**	**55,048**
Investment income, net of management expenses	**17**	*24,149*	*22,913*
Gains and losses on disposals of investments	**17**	*430*	*5,283*
Investment income, net of management expenses (excluding finance costs)	**17**	**24,579**	**28,196**
Total revenue and income from ordinary activities		**739,144**	**786,611**
Claims expenses	**14**	(350,067)	(309,149)
Expenses from banking activities, excluding cost of risk	**15**	(6,978)	(6,734)
Expenses from other activities	**15**	(21,486)	(23,808)
Income from ceded reinsurance	**16**	*133,535*	*107,790*
Expenses from ceded reinsurance	**16**	*(132,934)*	*(133,524)*
Income and expenses from ceded reinsurance	**16**	601	(25,734)
Policy acquisition costs	**15**	(126,326)	(139,083)
Administrative costs	**15**	(140,175)	(135,292)
Other current operating expenses	**15**	(41,200)	(41,059)
Total current income and expenses		**(685,631)**	**(680,859)**
CURRENT OPERATING INCOME		**53,513**	**105,752**
Other operating expenses	**18**	(2,307)	(3,753)
Other operating income	**18**	545	600
OPERATING INCOME		**51,751**	**102,599**
Finance costs		(9,216)	(10,226)
Share in net income of associates		993	1,256
Income tax expense		(17,762)	(27,166)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**25,766**	**66,463**
Non-controlling interests		(170)	(346)
NET INCOME FOR THE YEAR		**25,596**	**66,117**
Earnings per share (€)	**20**	0,16	0,42
Diluted earnings per share (€)	**20**	0,16	0,42

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	June 30, 2016	June 30, 2015
Net income for the period		**25,596**	**66,117**
Non-controlling interests		170	346
Other comprehensive income			
Currency translation differences reclassifiable to income		**1,674**	**17,606**
Reclassified to income		(0)	(0)
Recognised in equity		1,674	17,606
Fair value adjustments on available-for-sale financial assets	**4**	**22,885**	**(5,852)**
Reclassified to income – gross		720	(7,626)
Reclassified to income – tax effect		(484)	2,438
Recognised in equity – reclassifiable to income – gross		31,012	5,470
Recognised in equity – reclassifiable to income – tax effect		(8,363)	(6,135)
Fair value adjustments on employee benefit obligations		**19**	**0**
Recognised in equity – not reclassifi able to income – gross		15	(1)
Recognised in equity – not reclassifi able to income – tax effect		4	(0)
Other comprehensive income for the period, net of tax		**24,578**	**11,754**
Total comprehensive income for the period		**50,344**	**78,217**
- attributable to owners of the parent		49,984	77,694
- attributable to non-controlling interests		360	523

Statement of changes in equity

(in thousands of euros)	Notes	Share capital	Consolidated reserves	Treasury shares	Other comprehensive income: Foreign currency translation reserve	Other comprehensive income: Reclassifiable revaluation reserves	Other comprehensive income: Non-reclassifiable revaluation reserves	Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at December 31, 2014 restated IFRIC 21		**786,241**	**742,039**	**(709)**	**(20,681)**	**107,264**	**(21,382)**	**125,025**	**1,717,797**	**6,737**	**1,724,534**
2014 net income to be appropriated			125,025					(125,025)			
Payment of 2014 dividends in 2015			(75,460)						(75,460)	(697)	(76,157)
Total transactions with owners		**0**	**49,565**	**0**	**0**	**0**	**0**	**(125,025)**	**(75,460)**	**(697)**	**(76,157)**
December 31, 2015 net income								126,239	126,239	888	127,127
Fair value adjustments on available-for-sale financial assets recognized in equity	4					(10,164)			(10,164)	(771)	(10,935)
Fair value adjustments on available-for-sale financial assets reclassified to income	4					(2,822)			(2,822)	(144)	(2,966)
Change in actuarial gains and losses (IAS 19R)							3,978		3,978	0	3,978
Currency translation differences					2,679				2,679	(351)	2,328
Treasury shares elimination				(1,934)					(1,934)		(1,934)
Free share plans expenses			641						641		641
Transactions with shareholders										411	411
Equity at December 31, 2015		**786,241**	**792,245**	**(2,643)**	**(18,002)**	**94,278**	**(17,404)**	**126,239**	**1,760,954**	**6,073**	**1,767,027**
2015 net income to be appropriated			126,239					(126,239)			
Payment of 2015 dividends in 2016			(75,312)						(75,312)	(771)	(76,083)
Total transactions with owners		**0**	**50,927**	**0**	**0**	**0**	**0**	**(126,239)**	**(75,312)**	**(771)**	**(76,083)**
June 30, 2016 net income								25,596	25,596	170	25,766
Fair value adjustments on available-for-sale financial assets recognized in equity	4					22,641			22,641	8	22,649
Fair value adjustments on available-for-sale financial assets reclassified to income	4					236			236		236
Change in actuarial gains and losses (IAS 19R)							19		19		19
Currency translation differences					1,492				1,492	182	1,674
Treasury shares elimination				(1,448)					(1,448)		(1,448)
Free share plans expenses			316						316		316
Transactions with shareholders										276	276
Equity at June 30, 2016		**786,241**	**843,488**	**(4,091)**	**(16,510)**	**117,155**	**(17,385)**	**25,596**	**1,734,494**	**5,938**	**1,740,432**

Consolidated statement of cash flows

(in thousands of euros)	Notes	June 30, 2016	June 30, 2015
Net income for the period	**20**	**25,596**	**66,117**
Non-controlling interests		170	346
Income tax expense		17,762	27,166
+/- Share in net income of associates	7	(993)	(1,256)
Finance costs		9,216	10,226
Operating income (A)		**51,751**	**102,599**
+/- Depreciation, amortization and impairment losses	3 - 4	14,267	7,529
+/- Net additions to/reversals from technical provisions	11	89,869	77,024
+ Dividends received from associates	6	1,008	900
+/- Unrealized foreign exchange income / loss		17,562	(33,776)
+/- Non-cash items		25,138	34,082
Total non-cash items (B)		***147,844***	***85,759***
Gross cash flows from operations (C) = (A) + (B)		***199,595***	***188,358***
Change in operating receivables and payables		(74,514)	21,184
Net taxes paid		(49,646)	(20,005)
Net cash related to operating activities (D)		***(124,160)***	***1,179***
Increase (decrease) in receivables arising from factoring operations		(61,771)	(133,062)
Increase (decrease) in payables arising from factoring operations		(69,521)	(14,924)
Increase (decrease) in factoring liabilities		82,901	131,904
Net cash generated from banking and factoring operations (E)	***5 - 10***	***(48,391)***	***(16,082)***
Net cash generated from operating activities (F) = (C+D+E)		**27,044**	**173,455**
Acquisitions of investments	4	(817,231)	(1,272,905)
Disposals of investments	4	905,227	1,355,946
Net cash used in movements in investments (G)		***87,996***	***83,041***
Acquisitions of consolidated subsidiaries, net of cash acquired			
Disposals of consolidated companies, net of cash transferred			
Net cash used in changes in scope of consolidation (H)			
Disposals of property, plant and equipment and intangible assets	3	(3,796)	(5,490)
Acquisitions of property, plant and equipment and intangible assets	3	102	(198)
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)		***(3,694)***	***(5,688)***
Net cash used in investing activities (J) = (G+H+I)		**84,302**	**77,353**
Proceeds from the issue of equity instruments			
Treasury share transactions		(1,448)	70
Dividends paid to owners of the parent		(75,312)	(75,460)
Dividends paid to non-controlling interests		(771)	(697)
Cash flows related to transactions with owners		***(77,531)***	***(76,087)***
Proceeds from the issue of debt instruments		0	(0)
Cash used in the redemption of debt instruments		(1,437)	(1,385)
Interests paid		(16,825)	(15,675)
Cash flows related to the financing of Group operations		***(18,262)***	***(17,060)***
Net cash generated from (used in) financing activities (K)		**(95,793)**	**(93,147)**
Impact of changes in exchange rates on cash and cash equivalents (L)		**1 629**	**27 616**
Net increase in cash and cash equivalents (F+J+K+L)		**17,182**	**185,278**
Net cash generated from operating activities (F)		27,044	173,455
Net cash used in investing activities (J)		84,302	77,354
Net cash generated from (used in) financing activities (K)		(95,793)	(93,147)
Impact of changes in exchange rates on cash and cash equivalents (L)		1,629	27,616
Cash and cash equivalents at beginning of period	**7**	**396,837**	**278,624**
Cash and cash equivalents at end of period	**7**	**414,019**	**463,902**
Net change in cash and cash equivalents		**17,182**	**185,278**

This page has been intentionally left blank

III. Notes to the condensed interim consolidated financial statements

III. Notes to the consolidated financial statement

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at June 30, 2016 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

The interim financial statements include:

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

They are presented with comparative financial information at December 31, 2015 for balance sheet items, and for the 6 months ended June 30,2015 for income statement items.

The notes to the interim financial statements do not contain all of the disclosures required for a complete set of annual financial statements. They should be read in conjunction with the consolidated financial statements for the year ended December 31,2015.

The accounting principles and policies used for the interim financial statements as at June 30, 2016 are the same as the ones used for the year ended December 31, 2015. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union[7]. They are detailed in the note 4 "Applicable Accounting Standards" of the consolidated financial statements for the year ended December 31,2015.

The condensed consolidated financial statements were reviewed by the Coface Group's Board of Directors on July 27, 2016.

[7] 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

Governance evolution

Coface's Board of Directors held a meeting on January 15th 2016, under the chairmanship of Laurent Mignon, and appointed Xavier Durand as new Chief Executive Officer (CEO). This appointment took effect after the Board's meeting of February 9th 2016, which validates the financial statements for the year-end 2015. Mr. Jean-Marc Pillu stayed as Coface's CEO until that date.

The severance payment of Mr. Jean-Marc Pillu, granted by the Board of Directors of January 15th, 2016, amounts to €1,979 thousand and it is recorded on the financial statements of the year-end 2016.

New organization in Europe

Coface Group's Exec team decided to adjust the regional structure in Europe in order to rebalancing the regions and giving them greater geographic coherence.

The regional structure of Coface Group is adjusted as follows:

- Spain and Portugal, previously included in WER will transfer to MAR
- Russia, previously included in NER will transfer to CER

Contingent capital

Coface established with BNP Paribas Arbitrage, on February 9th, 2016, a contingent capital line of €100 million, for a period of three years (that can be reduced to two years at the discretion of COFACE), available in one tranche and that can be exercised in the event of the occurrence of certain extreme events.

This contingent capital line supplements the existing capital management and solvency tools by offering an effective and competitive solution in terms of costs (annual commission of 0.50 %). It is part of a conservative capital management strategy in connection with pillar 2 of Solvency II and allows the Group to strengthen its financial robustness to protect its business against extreme risks.

Management of State export credit guarantees

The French State informed Coface that the transfer of State export credit guarantees can only be completed after the adoption of the 2016 amending Finance Act.
Coface recalls that the French State and the Group have agreed on a pre-tax amount of €89.7 million payable to Coface for the transfer of this activity. The non-recurring gain after deducting immediate impairment provisions (estimated at €16.3 million before tax at December 31, 2015) may be recognised for financial years 2016 or 2017, depending on the effective date of the transfer.

Financial strength affirmed by rating agencies

Fitch and Moody's reaffirmed the financial strength ratings (IFS) of the Group, AA- and A2 respectively (stable outlook), on June 10 and May 23, 2016.

Appointment of directors

In the context of its new strategy deployment, Coface has decided to strengthen its teams within the first half of this year.

Three newly positions have been created:

- Thibaut Surer as Strategy & Business Development Director in charge of strategy, development, marketing and innovation. He is now a member of the management committee and executive committee.
- Valérie Brami as Chief Operating Officer in charge of information systems, organisation and process improvement. She joins the management committee and the executive committee in this capacity.
- Pierre-Emmanuel Albert as Group Head of Business Processes Transformation

As well as:
Bhupesh Gupta Chief Executive Officer of the Asia Pacific region. He joins the Group executive committee.
Thierry Croiset, Risk Director, Thomas Croiset will join Coface on September 2016 as Investors Relations and rating agencies Director. They will both report directly to Carine Pichon, Chief Financial & Risk Officer.

Referendum of June 23rd 2016: Brexit

The vote that took place on June 23rd 2016, in favour of the United Kingdom's exit from the European Union , had as immediate consequence the drop of the pound, the increase of uncertainties and the volatility of the financial markets.
In the short term, the Group anticipates that this increase of risk will weaken specific sectors and has taken measures to adjust its exposures (debtors engaged in Commodities / Commodity Trading, Contractors in the Construction Sector & related, Recruitment Policies, Importers).
The Group has also taken adjustment measures on its exposure to financial risks.
In the medium-term, Coface believes that the consequences of the referendum, especially the trade agreement negotiation between the United Kingdom and the European Union, will play a decisive role in the future risks' evolution and it is adjusting its monitoring of risks accordingly.

All amounts are stated (in thousands of euros) in the following notes, unless specified otherwise.

Note 2. Goodwill

At June 30, 2016, the change in goodwill amounted to a negative €27 thousand, due to the fluctuation of the exchange rate.

Note 3. Other intangible assets

At June 30, 2016, the change in other intangible assets amounted to a negative €3,504 thousand. This change is mainly explained by a provision for depreciation and amortisation of around €5,000 thousand.

Note 4. Insurance business investments

7.1 – Analysis by category

At June 30, 2016, the carrying amount of held-to maturity (HTM) securities was €3,722 thousand, available-for-sale (AFS) securities totaled €2,453,513 thousand and securities held for trading ("trading securities") came to €17,763 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income instruments. The distribution of the bonds portefolio by rating at June 30, 2016 was as follows:

- Bonds rated "AAA" 19%;
- Bonds rated "AA" and "A" 35%;
- Bonds rated "BBB" 32% ;
- Bonds rated "BB" and lower 14%.

	June 30, 2016					Dec. 31, 2015				
(in thousands of euros)	**Amortized cost**	**Revaluation**	**Net value**	**Fair value**	**Unrealized gains and losses**	**Amortized cost**	**Revaluation**	**Net value**	**Fair value**	**Unrealized gains and losses**
AFS securities	**2,317,593**	**135,920**	**2,453,513**	**2,453,513**		**2,406,577**	**105,948**	**2,512,526**	**2,512,526**	
Equities and other variable-income securities	199,062	95,888	294,950	294,950		236,296	104,373	340,669	340,669	
Bonds and government securities	1,994,169	39,174	2,033,343	2,033,343		2,059,275	1,659	2,060,934	2,060,934	
o/w direct investments in securities	*1,612,760*	*40,031*	*1,652,791*	*1,652,791*		*1,675,626*	*4,595*	*1,680,221*	*1,680,221*	
o/w investments in UCITS	*381,409*	*(857)*	*380,552*	*380,552*		*383,649*	*(2,936)*	*380,714*	*380,714*	
Shares in non-trading property companies	124,362	858	125,220	125,220		111,006	(84)	110,922	110,922	
HTM securities										
Bonds	3,722		**3,722**	4,571	849	3,721		**3,721**	4,374	653
Fair value through income – trading securities										
Money market funds (UCITS)	17,763		**17,763**	17,763		55,468		**55,468**	55,468	
Derivatives (positive fair value)		15,007	**15,007**	15,007			6,123	**6,123**	6,123	
(derivatives negative fair value for information)		*(13,575)*	*(13,575)*	*(13,575)*			*(6,752)*	*(6,752)*	*(6,752)*	
Loans and receivables	69,607		**69,607**	69,607		69,481		**69,481**	69,481	
Investment property	716	84	**800**	800		716	84	**800**	800	
Total	**2,409,401**	**151,011**	**2,560,412**	**2,561,261**	**849**	**2,535,964**	**112,155**	**2,648,119**	**2,648,772**	**653**

(in thousands of euros)	Gross June 30, 2016	Impairment	Net June 30, 2016	Net Dec. 31, 2015
AFS securities	**2,483,182**	**(29,669)**	**2,453,513**	**2,512,526**
Equities and other variable-income securities	323,855	(28,905)	294,950	340,669
Bonds and government securities	2,034,099	(756)	2,033,343	2,060,934
o/w direct investments in securities	*1,652,791*		*1,652,791*	*1,680,221*
o/w investments in UCITS	*381,308*	*(756)*	*380,552*	*380,714*
Shares in non-trading property companies	125,228	(8)	125,220	110,922
HTM securities				
Bond	**3,722**		3,722	**3,721**
Fair value through income – trading securities				
Money market funds (UCITS)	**17,763**		17,763	**55,468**
Derivatives (positive fair value)	**15,007**		15,007	**6,123**
(for information, derivatives with a negative fair value)	*(13,575)*		*(13,575)*	*(6,752)*
Loans and receivables	**69,607**		69,607	**69,481**
Investment property	**800**		800	**800**
Total	**2,590,081**	**(29,669)**	**2,560,412**	**2,648,119**

Impairments

(in thousands of euros)	Dec. 31, 2015	Additions	Reversals	Exchange rate effects and other	June 30, 2016
AFS securities	**29,696**	**756**	**(721)**	**(62)**	**29,669**
Equities and other variable-income securities	29,688	(0)	(721)	(62)	28,905
Bonds and government securities	(0)	756	(0)	(0)	756
Shares in non-trading property companies	8				8
Total	**29,696**	**756**	**(721)**	**(62)**	**29,669**

(a) Reversals are related to the disposal of AFS securities.

Change in investments by category

(in thousands of euros)	Dec. 31, 2015 Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	June 30, 2016 Carrying amount
AFS securities	**2,512,526**	**446,723**	**(514,713)**	**31,733**	**(35)**	**(22,719)**	**2,453,513**
Equities and other variable-income securities	340,669	26,936	(64,707)	(6,542)	721	(2,127)	294,950
Bonds and government securities	2,060,934	387,683	(432,948)	37,333	(756)	(18,902)	2,033,343
Shares in non-trading property companies	110,922	32,104	(17,058)	942		(1,690)	125,220
HTM securities							
Bonds	3,721	1					3,722
Fair value through income – trading securities	55,468	343,449	(381,154)				17,763
Loans, receivables and other financial investments	76,404	33,998	(29,122)	6,190		(2,057)	85,414
Total	**2,648,119**	**824,171**	**(924,989)**	**37,923**	**(35)**	**(24,776)**	**2,560,412**

Derivatives

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 2016, 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 through purchases of index options (which were out of the money). The hedging strategy applied by the Group is aimed at protecting 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.

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

Derivatives also includes, from the first quarter of 2016, the fair value of the contingent capital instrument. This fair value corresponds to the fees due. This asset is shown in level 3.

4.2 – Financial instruments recognized at fair value

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

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

Securities classified as level 1 represent 87% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized 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 money-market funds, SICAV (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 3% 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 10% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Breakdown of financial instrument fair value measurements as at June 30, 2016 by level in the fair value hierarchy

(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	**2,453,513**	**2,453,513**	**2,193,933**	**23**	**259,557**
Equities and other variable-income securities	294,950	294,950	160,590	23	134,337
Bonds and government securities	2,033,343	2,033,343	2,033,343		
Shares in non-trading property companies	125,220	125,220			125,220
HTM securities					
Bonds	3,722	4,571	4,571		
Fair value through income – trading securities					
Money market funds (UCITS)	17,763	17,763	17,763		
Derivatives	15,007	15,007	4,125	9,523	1,359
Loans and receivables	69,607	69,607		69,607	
Investment property	800	800			800
TOTAL	**2,560,412**	**2,561,261**	**2,220,392**	**79,153**	**261,716**

The analysis of the breakdown of the portfolio by level allowed to detect that bonds and Government securities classified in level 2 on December 31st, 2015 were under the definition of level 1.
This reclassification from level 2 to level 1 has been realized during the 1st half-year 2016.

Movements in Level 3 securities as at June 30, 2016

(in thousands of euros)	At Dec. 31, 2015	Gains and losses recognized in the period: In income	Gains and losses recognized in the period: Directly in equity	Transactions for the period: Purchases/ Issues	Transactions for the period: Sales/ Redemptions	Exchange rate effects	At June 30, 2016
AFS securities	**240,219**		**7,843**	**32,376**	**(17,058)**	**(3,823)**	**259,557**
Equities and other variable-income securities	129,297		6,901	272		(2,133)	134,337
Shares in non-trading property companies	110,922		942	32,104	(17,058)	(1,690)	125,220
Derivatives				**1,359**			**1,359**
Investment property	**800**						**800**
TOTAL	**241,019**		**7,843**	**33,735**	**(17,058)**	**(3,823)**	**261,716**

Breakdown of financial instrument fair value measurements as at December 31, 2015 by level in the fair value hierarchy

(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	**2,512,526**	**2,512,526**	**2,096,980**	**175,326**	**240,219**
Equities and other variable-income securities	340,669	340,669	211,349	23	129,297
Bonds and government securities	2,060,934	2,060,934	1,885,631	175,303	(0)
Shares in non-trading property companies	110,922	110,922			110,922
HTM securities					
Bonds	3,721	4,374	4,374		
Fair value through income – trading securities					
Money market funds (UCITS)	55,468	55,468	55,468		
Derivatives	6,123	6,123		6,123	
Loans and receivables	69,481	69,481		69,481	
Investment property	800	800			800
TOTAL	**2,648,119**	**2,648,772**	**2,156,822**	**250,930**	**241,019**

Movements in Level 3 securities as at December 31, 2015

(in thousands of euros)	At Dec. 31, 2014	Gains and losses recognized in the period: In income	Gains and losses recognized in the period: Directly in equity	Transactions for the period: Purchases/ Issues	Transactions for the period: Sales/ Redemptions	Exchange rate effects	At Dec. 31, 2015
AFS securities	**155,470**	**1,526**	**806**	**83,894**	**(0)**	**(1,478)**	**240,219**
Equities and other variable-income securities	125,469	1,526	890	2,718	(0)	(1,307)	129,297
Shares in non-trading property companies	30,001		(84)	81,176	(0)	(171)	110,922
Investment property	**923**	**(123)**					**800**
TOTAL	**156,393**	**1,403**	**806**	**83,894**	**(0)**	**(1,478)**	**241,019**

Note 5. Receivables arising from banking and other activities

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Receivables arising from banking and other activities	2,365,683	2,312,352
Non-performing receivables arising from banking and other activities	81,809	78,961
Allowances for receivables arising from banking and other activities	(21,317)	(20,411)
Total	**2,426,175**	**2,370,902**

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 specifi ed that the receivables are also covered by a credit insurance agreement. Accordingly, the related risks are covered by claims provisions.

Note 6. Investments in associates

The company accounted for by the equity method is Cofacrédit. At June 30, 2016, the change in investments in associates amounted to negative €15 thousand.

Note 7. Cash and cash equivalents

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Cash at bank and in hand	380,439	358,326
Cash equivalents	33,580	38,511
Total	**414,019**	**396,837**

Note 8. Share capital

Ordinary shares	**Number of shares**	**Par value**	**Share capital (in €)**
At December 31, 2015	157,248,232	5	786,241,160
Capital increase	0		0
At June 30, 2016	**157,248,232**	**5**	**786,241,160**
Treasury shares deducted	(493,194)	5	(2,465,970)
At June 30, 2016 (excluding treasury shares)	**156,755,038**	**5**	**783,775,190**

	June 30, 2016		**Dec. 31, 2015**	
Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Natixis	64,853,876	41.37%	64,853,870	41.32%
Public	91,901,162	58.63%	92,097,771	58.68%
Total excluding treasury shares	**156,755,038**	**100.00%**	**156,951,641**	**100.00%**

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'Épargne.

Natixis holds, at the end of June 2016, 41.37% of the Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

Note 9. Provisions for liabilities and charges

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Provisions for disputes	9,653	10,966
Provisions for pension and other post-employment benefit obligations	86,517	84,855
Other provisions for liabilities and charges	24,452	18,413
Total	**120,622**	**114,234**

Provisions for liabilities and charges mainly consist of provisions for pensions and other post-employment benefit obligations.

Note 10. Financing liabilities

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Subordinated debt	379,683	387,292
Obligations under finance leases	3,766	5,202
Bank overdrafts and other borrowings	0	100
Total	**383,449**	**392,594**

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), with an annual interest rate of 4.125%.

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

These securities 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.

As at June 30, 2016, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €379,683 thousand, is composed of:

nominal amount of bonds: €380,000 thousand;

reduced by the debt issuance costs and the issue premium for €4,236 thousand;

increased by accrued interest of €3,919 thousand.

The impact on consolidated income statement income as at June 30, 2016 mainly includes the interest related to the period for €7,838 thousand.

Note 11. Liabilities relating to insurance contracts

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Provisions for unearned premiums	316,586	285,410
Claims reserves	1,179,450	1,122,211
Provisions for premium refunds	117,632	107,241
Liabilities relating to insurance contracts	**1,613,668**	**1,514,862**
Provisions for unearned premiums	(64,154)	(57,558)
Claims reserves	(251,439)	(247,147)
Provisions for premium refunds	(24,831)	(23,281)
Reinsurers' share of technical insurance liabilities	**(340,424)**	**(327,986)**
Net technical provisions	**1,273,244**	**1,186,876**

Note 12. Payables arising from banking sector activities

(in thousands of euros)	June 30, 2016	Dec. 31, 2015
Amounts due to banking sector companies	429 189	352,379
Amounts due to customers of banking sector companies	308 315	404,218
Debt securities	1,639,447	1,613,065
TOTAL	**2,376,951**	**2,369,662**

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

Note 13. Consolidated revenue

(in thousands of euros)

a) By business line	June 30, 2016	June 30, 2015
Premiums – direct business	608,471	625,206
Premiums – inward reinsurance	40,127	50,240
Premium Refunds	(46,431)	(37,292)
Provisions for unearned premiums	(36,427)	(35,116)
Earned premiums net of cancellations c)	**565,740**	**603,037**
Fees and commission income	**69,104**	**66,602**
Net income from banking activities d)	**34,859**	**35,630**
Other insurance-related services	2,760	5,022
Remuneration of public procedures management services	25,739	29,901
Business information and other services	11,854	12,881
Receivables management	6,672	7,244
Revenue or income from other activities	**47,025**	**55,048**
Consolidated revenue	**716,728**	**760,317**

(in thousands of euros)

b) By region of invoicing	June 30, 2016	June 30, 2015*
Northern Europe	158,151	165,908
Western Europe	167,032	187,537
Central Europe	61,332	62,194
Mediterranean & Africa	166,284	178,834
North America	68,858	66,288
Latin America	39,522	42,860
Asia-Pacific	55,549	56,696
Consolidated revenue	**716,728**	**760,317**

** The consolidated turnover at June 30, 2015 has been restated according to the new regional organization (see Note 1 – Significant events).*

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

(in thousands of euros)

c) Insurance revenue by type of insurance	June 30, 2016	June 30, 2015
Credit insurance	528,011	560,128
Guarantees	25,875	25,472
Single risk	11,854	17,437
Total insurance revenue	**565,740**	**603,037**

(in thousands of euros)

d) Net income from banking activities	June 30, 2016	June 30, 2015
Financing fees	16,863	16,930
Factoring fees	17,932	18,838
Other	64	(137)
Total net income from banking activities	**34,859**	**35,630**

Note 14. Claim expenses

(in thousands of euros)	June 30, 2016	June 30, 2015
Paid claims, net of recoveries	(279,234)	(245,646)
Claims handling expenses	(12,777)	(13,854)
Change in claims reserves	(58,056)	(49,649)
Total	**(350,067)**	**(309,149)**

Claims expenses by period of occurence

(in thousands of euros)	June 30, 2016			June 30, 2015		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	(405,684)	77,180	(328,504)	(431,434)	85,257	(346,177)
Claims expenses – prior years	55,617	9,566	65,183	122,285	(20,438)	101,847
Claims expenses	**(350,067)**	**86,746**	**(263,321)**	**(309,149)**	**64,819**	**(244,330)**

Note 15. Overheads by function

(in thousands of euros)	June 30, 2016	June 30, 2015
Commissions	*(75,188)*	*(79,221)*
Other acquisition costs	*(51,138)*	*(59,862)*
Total acquisition costs	(126,326)	(139,083)
Administrative costs	(140,175)	(135,292)
Other current operating expenses	(41,200)	(41,059)
Investment management expenses	(972)	(1,102)
Claims handling expenses	(12,777)	(13,854)
Total	**(321,450)**	**(330,390)**
of which employee profit-sharing	*(2,474)*	*(5,602)*

(in thousands of euros)	June 30, 2016	June 30, 2015
Acquisition, administration costs and other current operating expenses	(321,450)	(330,390)
Expenses from banking activities, excluding cost of risk	(6,978)	(6,734)
Expenses from other activities	(21,486)	(23,808)
Total	**(349,914)**	**(360,931)**

Total overheads includes general insurance expenses (by function), expenses from other activities and expenses from banking activities. It came out at €349,914 thousand at June 30, 2016 versus €360,931 thousand at June 30,2015.

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 16. Income and expenses from ceded reinsurance

(in thousands of euros)	June 30,2016	June 30,2015
Ceded claims	74,504	56,404
Change in claims provisions net of recoveries	12,241	8,415
Commissions paid by reinsurers	46,790	42,971
Income from ceded reinsurance	**133,535**	**107,790**
Ceded premiums	(141,271)	(144,840)
Change in unearned premiums provisions	8,337	11,316
Expenses from ceded reinsurance	**(132,934)**	**(133,524)**
Total	**601**	**(25,734)**

Note 17. Investment income, net of management expenses (excluding finance costs)

(in thousands of euros)	June 30, 2016	June 30, 2015
Investment income	23,840	27,152
Change in financial instruments at fair value though income	6,190	(33,712)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds (1)	*7,390*	*(33,898)*
Net gains on disposals	430	5,283
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds (1)	*(49)*	*(394)*
Additions to/(reversals from) impairment	(1,300)	(592)
Net foreign exchange gains	(2,915)	31,571
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds (2)	*(9,892)*	*33,776*
Investment management expenses	(1,666)	(1,506)
Total	**24,579**	**28,196**

1) The change of the EUR / USD and the EUR / GBP caused significant impacts on the accounts, despite the hedge of investments by foreign exchange derivatives. The net impact after hedge was - € 2,502 thousand.
2) The - € 9,892 thousand foreign exchange gains from Colombes and Lausanne funds consisted of € 10,753 thousand in realised gains and € -20,645 thousand of unrealised gains.

Note 18. Other operating income and expenses

(in thousands of euros)	June 30, 2016	June 30, 2015
Other operating expenses	(2,307)	(3,753)
Other operating income	545	600
Net	**(1,762)**	**(3,153)**

At June 30, 2016, other operating expenses concern mainly restructuration fees. The previous year, the other operating income and expenses concerned mainly the compensations paid to sales representatives within the framework of the plan of restructuration and densification of the distribution network led in the United States.

Note 19. Breakdown 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 June 30, 2016 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediter-ranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**155,969**	**169,145**	**62,670**	**167,216**	**68,858**	**39,522**	**55,549**	**476,480**	**14,065**		**(492,747)**	**716,728**
o/w Earned Premium	*101,227*	*121,996*	*48,720*	*139,994*	*61,647*	*38,071*	*54,086*	*476,480*			*(476,480)*	*565,740*
o/w Factoring	*30,489*		*4,369*									*34,858*
o/w Other insurance-related services	*24,253*	*47,149*	*9,581*	*27,222*	*7,211*	*1,451*	*1,464*		*14,065*		*(16,267)*	*116,129*
Claims-related expenses (including claims handling costs)	(59,081)	(47,997)	(22,671)	(73,483)	(53,150)	(22,842)	(68,718)	(306,972)		(1,706)	306,553	(350,067)
Cost of risk	(1,880)		(283)									(2,163)
Commissions	(10,693)	(17,744)	(2,955)	(16,605)	(14,701)	(3,939)	(10,708)	(139,335)			141,492	(75,188)
Other internal general expenses	(60,905)	(71,129)	(19,851)	(46,529)	(14,267)	(10,491)	(16,211)		(13,862)	(22,433)	14,703	(260,976)
UNDERWRITING INCOME BEFORE REINSURANCE*	**23,410**	**32,275**	**16,911**	**30,599**	**(13,261)**	**2,249**	**(40,088)**	**30,172**	**204**	**(24,139)**	**(29,999)**	**28,334**
Income/(loss) on ceded reinsurance	11,737	(25,762)	(1,521)	2,914	625	(1,556)	8,355	(24,364)			30,172	600
Other operating income and expenses		(1,600)		504		(650)	(15)		(1)			(1,762)
Net financial income excluding finance costs	5,453	7,232	2,777	5,731	675	2,812	475		(110)	(566)	99	24,579
Finance costs	(247)	612	(60)	(209)	(444)	(198)	(218)		(114)	(8,066)	(272)	(9,216)
OPERATING INCOME including finance costs	**40,353**	**12,756**	**18,107**	**39,538**	**(12,404)**	**2,658**	**(31,490)**	**5,808**	**(21)**	**(32,771)**		**42,534**
Share in net income of associates		993										993
NET INCOME BEFORE TAX	**40,353**	**13,749**	**18,107**	**39,538**	**(12,404)**	**2,658**	**(31,490)**	**5,808**	**(21)**	**(32,771)**		**43,527**
Income tax expense	(12,998)	(5,232)	(3,747)	(12,446)	3,898	649	2,362	(2,000)	7	11,283	462	(17,761)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**27,355**	**8,517**	**14,361**	**27,092**	**(8,506)**	**3,307**	**(29,129)**	**3,809**	**(14)**	**(21,488)**	**462**	**25,766**
Non-controlling interests	(1)		(313)	(1)		144	1					(170)
NET INCOME FOR THE PERIOD	**27,354**	**8,517**	**14,047**	**27,091**	**(8,506)**	**3,451**	**(29,128)**	**3,809**	**(14)**	**(21,488)**	**462**	**25,596**

* 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 June 30, 2015 net income by segment restated according to the new regional organization

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediter-ranean & Africa	North America	Latin America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**162,133**	**191,256**	**63,854**	**179,821**	**66,276**	**42,857**	**56,691**	**337,802**	**14,426**		**(354,799)**	**760,317**
o/w Earned Premium	*108,017*	*137,735*	*48,470*	*153,191*	*58,942*	*41,257*	*55,568*	*337,802*			*(337,945)*	*603,037*
o/w Factoring	*31,487*		*4,143*									*35,630*
o/w Other insurance-related services	*22,628*	*53,520*	*11,242*	*26,630*	*7,334*	*1,599*	*1,123*		*14,426*		*(16,854)*	*121,650*
Claims-related expenses (including claims handling costs)	(35,958)	(47,368)	(48,900)	(72,378)	(32,981)	(29,177)	(40,130)	(251,756)		(1,903)	251,402	(309,149)
Cost of risk	(1,817)		(85)									(1,902)
Commissions	(9,595)	(19,983)	(2,598)	(19,130)	(13,747)	(5,122)	(11,333)	(87,620)			89,906	(79,221)
Other internal general expenses	(65,147)	(75,224)	(20,518)	(47,673)	(15,676)	(10,420)	(15,278)		(14,387)	(17,806)	15,375	(266,755)
UNDERWRITING INCOME BEFORE REINSURANCE*	**49,616**	**48,681**	**(8,247)**	**40,641**	**3,872**	**(1,863)**	**(10,050)**	**(1,574)**	**39**	**(19,709)**	**1,884**	**103,290**
Income/(loss) on ceded reinsurance	(7,577)	(21,867)	1,448	(1,476)	44	3,370	5,815	(3,917)			(1,574)	(25,734)
Other operating income and expenses	(48)	(1,045)	(92)	(20)	(1,889)	(17)			6		(49)	(3,153)
Net financial income excluding finance costs	9,196	3,840	3,706	8,217	694	3,446	(1,781)		1,149	(322)	52	28,197
Finance costs	(313)	(289)	(113)	(255)	(425)	(84)	(213)		(166)	(8,056)	(313)	(10,226)
OPERATING INCOME including finance costs	**50,873**	**29,320**	**(3,297)**	**47,107**	**2,296**	**4,852**	**(6,229)**	**(5,491)**	**1,028**	**(28,087)**		**92,373**
Share in net income of associates		1,256										1,256
NET INCOME BEFORE TAX	**50,873**	**30,576**	**(3,297)**	**47,107**	**2,296**	**4,852**	**(6,229)**	**(5,491)**	**1,028**	**(28,087)**		**93,629**
Income tax expense	(15,536)	(11,415)	215	(11,822)	(621)	(2,879)	491	1,891	(427)	9,670	3,265	(27,166)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**35,338**	**19,162**	**(3,082)**	**35,286**	**1,675**	**1,974**	**(5,738)**	**(3,600)**	**601**	**(18,417)**	**3,265**	**66,463**
Non-controlling interests	(1)		(362)	(2)		19						(346)
NET INCOME FOR THE PERIOD	**35,336**	**19,162**	**(3,444)**	**35,284**	**1,675**	**1,992**	**(5,738)**	**(3,600)**	**601**	**(18,417)**	**3,265**	**66,117**

Note 20. Earnings per share

30 June, 2016				
		Average number of shares	Net income for the period (in €k)	Earnings per share (in euros)
Consolidated scope	Basic earnings per share	156,853,340	25,596	0,16
	Dilutive instruments	0	0	0
	Diluted earnings per share	**156,853,340**	**25,596**	**0,16**

30 June, 2015				
		Average number of shares	Net income for the period (in €k)	Earnings per share (in euros)
Consolidated scope	Basic earnings per share	157,159,773	66,117	0,42
	Dilutive instruments	0	0	0
	Diluted earnings per share	**157,159,773**	**66,117**	**0,42**

Note 21. Off-balance sheet commitments

	June 30, 2016		
(in thousands of euros)	**TOTAL**	**Related to financing**	**Related to activity**
Commitments given	**954,684**	**922 036**	**32 648**
Endorsements and letters of credit	922,036	922 036	
Property guarantees	7,500		7 500
Financial commitments in respect of equity interests	25,148		25 148
Commitments received	**1,156,530**	**886 876**	**269 654**
Endorsements and letters of credit	123,477		123 477
Guarantees	143,377		143 377
Credit lines linked to commercial paper	600,000	600 000	
Credit lines linked to factoring	286,876	286 876	
Financial commitments in respect of equity interests	2,800		2 800
Guarantees received	**224,439**		**224 439**
Securities lodged as collateral by reinsurers	224,439		224 439
Financial market transactions	**287,007**		**287 007**

The endorsements and letters of credit amounting to € 922,036 thousand euros for the period ended June 30, 2016 correspond mainly to :

- a joint guarantee of €380,000 thousand in favor of COFACE SA subordinated notes' investors (10 year maturity)
- a joint guarantee of € 500,000 thousand euros given to banks financing the Factoring business.

The securities lodged as collateral by reinsurers are concerning Coface Ré for €112,684 thousand euros and Compagnie française pour le commerce extérieur for €111,755 thousand euros.

	Dec. 31, 2015			
(in thousands of euros)	**TOTAL**	**Related to scope of entities**	**Related to financing**	**Related to activity**
Commitments given	**924,417**	**5,569**	**911,348**	**7,500**
Endorsements and letters of credit	909,853		909,853	
Property guarantees	7,500			7,500
Financial commitments in respect of equity interests	5,569	5,569		
Obligations under finance leases	1,495		1,495	
Commitments received	**1,228,810**	**2,776**	**958,900**	**267,134**
Endorsements and letters of credit	121,146			121,146
Guarantees	145,989			145,989
Credit lines linked to commercial paper	600,000		600,000	
Credit lines linked to factoring	358,900		358,900	
Financial commitments in respect of equity interests	2,776	2,776		
Guarantees received	**409,216**			**409,216**
Securities lodged as collateral by reinsurers	409,216			409,216
Financial market transactions	**55,699**			**55,699**

Note 22. Related parties

Natixis holds, at the end of June 2016, 41.37% of the Coface Group’s shares excluding treasury shares, and 41.24% including treasury shares.

	Number of shares	**%**
Natixis	64,853,876	41,37%
Public	91,901,162	58,63%
Total	**156,755,038**	**100.00%**

Relations betwwen the Group’s consolidated entities and related parties

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;
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below:

Current operating income	**June 30, 2016**		
(in thousands of euros)	Natixis SA	Natixis factor	Ellisphere
Total revenue and income from ordinary activities	**(1,099)**		
Revenue (net banking income, after cost of risk)	(1,099)		
Total current income and expenses	**3**	**48**	**(83)**
Claims expenses		3	
Expenses from other activities		(2)	(83)
Policy acquisition costs	1	24	
Administrative costs	1	14	
Other current operating income and expenses	1	9	
Current operating income/(loss)	**(1,096)**	**48**	**(83)**

Related-party receivables and payables	**June 30, 2016**					
(in thousands of euros)	BPCE group	Natixis SA	Natixis Factor	Ellisphere	Kompass International	Altus GTS Inc.
Financial investments	9,770	70,077				
Other assets			66		175	73
Cash and cash equivalents		2,527				
Liabilities relating to insurance contracts						83
Payables arising from banking sector activities		153,425				
Other liabilities		59		11		0

The €153,425 thousand in financing liabilities due to banking sector companies, at the end of June 2016, corresponds to borrowings taken out with Natixis to finance the factoring business.

Current operating income	**June 30, 2015**			
(in thousands of euros)	Natixis SA	Natixis factor	Ellisphere	Altus GTS Inc.
Total revenue and income from ordinary activities	**(1,493)**	**1**	**(1)**	
Revenue (net banking income, after cost of risk)	(1,492)			
Investment income/(loss), net of management expenses	(1)	1	(1)	
Total current income and expenses	**(180)**	**97**	**(195)**	**50**
Claims expenses	(11)	6	(11)	
Expenses from other activities				(4)
Policy acquisition costs	(93)	50	(99)	
Administrative costs	(48)	26	(55)	54
Other current operating income and expenses	(28)	15	(30)	
Current operating income/(loss)	**(1,673)**	**98**	**(196)**	**50**

Related-party receivables and payables	Dec. 31, 2015					
(in thousands of euros)	BPCE group	Natixis SA	Natixis Factor	Ellisphere	Kompass International	Altus GTS Inc.
Financial investments	**34,757**	**20,576**				
Other assets			**56**		**175**	**82**
Cash and cash equivalents		**668**				
Liabilities relating to insurance contracts						**85**
Payables arising from banking sector activities		**119,869**				
Other liabilities		**60**		**93**		**0**

The €119,869 thousand in financing liabilities due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business in 2015 year-end closing.

Note 23. Events after the reporting period

There has been no significant change to the Group's financial or commercial position since June 30, 2016.

The Board of Directors' meeting of July 27, 2016 decided to reduce the par value of the share from €5 to €2. The purpose of this operation is to redefine the value of the share and bring it to a level comparable to that of most peer companies.
Accordingly, the share capital is reduced by €471,744,696 and has dropped from €786,241,160 to €314,496,464. This decision does not change the number of shares comprising the share capital, namely 157,248,232 shares.

This page has been intentionally left blank

IV. Key indicators

IV. Key Indicators

A. KEY PERFORMANCE INDICATORS

1. Financial indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.3.1 of the 2015 Registration Document filed with the AMF on April 13, 2016 under number R.16-020.

2. Operating indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.3.2 of the 2015 Registration Document filed with the AMF on April 13, 2016 under number R.16-020.

B. ALTERNATIVE PERFORMANCE MEASURES (APM)

This section deals with indicators that are not defined by accounting standards and are used by the company in its financial communication.
This section thas been developed in accordance to the *AMF Position – IAP DOC 2015-12*.
The indicators below represent the company's APM

a) APM linked to revenue and its items:

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	H1-2015
Turnover with restated items				
(1) 2 types of revenue restatements: i- Calculation of the percentage of revenue growth in constant terms: -Year N recalculated at the exchange rate for year N-1 -Year N-1 in the scope of year N ii- Removal or addition of revenue in value (€) considered as non-recurring. The term “non-recurring” refers to impacts on revenue which do not occur every year, such as the negotiation with the French State (revenues from public guarantees activity)	i- Historic method for calculating proforma percentages for Coface Transfer of the Public Guarantee activity will be recognised in this category (impact in 2016 or in 2017 depending on the effective date of the transfer) ii- Item considered as non-recurring, which means that it will not occur again in the current year (Year N). As such, the decline in remuneration for the Public Guarantee activity due to renegotiations with the French State for the remuneration conditions of 2015 (negotiation in Q1 2016)	i- (Turnoever revenue N - Impact of change N-1) / (Turnover revenue N-1 + Impact scope N) - 1 ii- Current turnover N +/- Restatements / Additions of non-recurring items N	i. **-3.4%** = (716.7M€ - (-17,692M€)) / (760.3M€ + 0.0M€) - 1 ii. **719.4M€** = 716.7 M€+ 2.7M€ (restatement of the adjustment of the decrease in public guarantees income in Q1 2016)	**760.3M€** = 760.3M€ +/- 0.0M€
Fees and commission income /GEP - Proforma				
Weight of fee and commission income compared to earned premiums in constant terms: -Year N at the exchange rate for	Indicator used to track changes to fee and commission income compared to the main revenue item at constant rate and scope.	Fee and commission income / Earned premiums - Proforma	**Current:** **12.7%** = (€71.9m/ €565.7m) for 2016	**Current:** **11.9%** = (€71.6m / €603.0m) for 2015

year N-1 -Year N-1 in the scope of year N Fee and commission income corresponds to revenue billed for complementary services.			**Proforma :** **12.5%** = (€72.6m / €582.4m) for 2016	
Internal overheads excluding non-recurring items				
(2) Restatement or Addition of items considered as non-recurring to internal overheads. The term "non-recurring" refers to the impacts on expenses which do not occur every year.	Indicator used to compare the change in internal overheads, excluding non-recurring items.	Current internal overheads +/- Restatements / Addition of non-recurring items	**€271.6m** =€274.7m - €3.1m (€2.6m for departure of former CEO & contingent capital of €0.25m & fees €0.3m)	**€281.7m** =€281.7m - €0.0m

b) *APM linked to operating income:*

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	**H1-2015**
Restated operating income excluding non-recurring items (including financial costs and excluding other operating income and expenses)				
Restatement or Addition of items considered as non-recurring, to the operating income: these include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in operating income, excluding non-recurring items.	Current operating income +/- Restatements / Addition of non-recurring items	**€50.1m** = €44.3m + €2.7m (restatement of the adjustment of the decrease in public guarantees income in Q1 2016) + €3.1m (€2.6m for departure of former CEO & Contingent capital €0.25m & fees €0.3m)	**€95.5m** = €95.5m - €0.0m

c) *APM linked to net income:*

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	**H1-2015**
Net income excluding non-recurring items				
Restatement or Addition of items considered as non-recurring, to net income: These include non-recurring income and expenses likely to impact either revenue (see definition above, (1)) or overheads (see definition above) (2)) This aggregate is also restated to account for "current operating income and expenses" classified after operating income in the management income statement (3).	Indicator used to compare the change in net income, excluding non-recurring items.	Current net income +/- Restatements / Additions of non-recurring items	**€30.5m** = €25.6m + [€2.7m (restatement of the adjustment of the decrease in Q1 2016 public guarantees) + €3.1m (€2.6m for departure of former CEO & Contingent capital €0.25m & fees €0.3m) + €1.8m (Other non-recurring costs, please refer to the Note 18. Other operating income and expenses) restated of tax]	**€68.3m** = €66.1m + €2.1m (USA portfolio agent for €1.9m and €0.3m of other) restated of tax

d) *APM in connection with combined ratio:*

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	**H1-2015**
*Net combined ratio excluding restated and non-recurring items **[A]***				
Restatement or Addition of items considered as non-recurring to the combined ratio after reinsurance. This includes	Indicator used to compare the change in combined ratios after reinsurance, excluding non-recurring items.	Combined ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**[A]=[B]+[C]**	**[A]=[B]+[C]**

non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))				
*Loss ratio excluding non-recurring items **[B]***				
Restatement or Addition of items considered as non-recurring, to loss ratio after reinsurance.	Indicator used to compare the change in loss ratios after reinsurance, excluding non-recurring items.	Loss ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**60.8%** = 60.8% + 0.0pts	**52.0%** =52.0%+0.0 pts
*Cost ratio excluding restated and non-recurring items **[C]***				
Restatement or Addition of items considered as non-recurring, to cost ratio after reinsurance. These include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in cost ratios after reinsurance, excluding non-recurring items.	Cost ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**30.0%** = €31.4% - €1.4pts (restatement of the adjustment of the decrease in public guarantee income in Q1 2016 + €3.1m (€2.6m for departure of former CEO & Contingent capital €0.25m & fees €0.3m)	**27.7%** = 27.7% + 0.0 pts
Gross loss ratio with claims handling expense				
Addition of claims handling expense to loss ratio before reinsurance excluding claims handling expense: Claims/Earned premiums) Claims handling expense refer	Key indicator in the claims monitoring	-[(Claims) + (Claims handling expense)] / [Earned premiums] (see P&L)	**61.9%** = -[(-€337.3m) + (-€12.8m)] / [€565.7m]	**51.3%** = -[(-€295.3m) + (-€13.9m)] / [€603.0m]

to the expenses generated by the occurrence of claims and their handing (e.g. lawyers' fees, debt collection, etc.)				
*Gross loss ratio current year – before reinsurance excluding claims handling expense **[D]***				
Ultimate claims expense to loss (after recourse) compared to earned premiums (after Premium refunds) of the current year. The reporting year is the current year N only.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	= Claims current year/ Gross earned premiums current year See development triangle of ultimate claims ratios	**73.7%** = see development triangle of ultimate claims ratios	**73.3%** = see development triangle of ultimate claims ratios
*Gross loss ratio previous years – before reinsurance excluding claims handling expense **[E]***				
Corresponds to the Bonis/Malis of reporting years prior to the current year N which is not included. A Boni or Mali refers respectively to an excess or deficit in claims provisions compared to the loss ratio actually recognised.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	[E] = [F-D]	**-14.1%** = 73.7% - 59.6%	**-24.3%** = 73.3% - 49.0%
*Gross loss ratio for all years – before reinsurance excluding claims handling expense **[F]***				
Corresponds to the book loss ratio relating to all reporting years (Current year N and its prior years). Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	Key indicator in claims monitoring	-(Claims / Earned premiums) (see P&L)	**59.6%** = -[(-€337.3m) / €565.7m	**49.0%** = -[(-€295.3m) / €603.0m

e) APM in connection with equity:

Definition	Justification	Reconciliation with the financial statements	Comparaison N/N-1	
			H1-2016	**H1-2015**
RoATE				
It is the ratio betweend Net income Groupe share/ Average tangible IFRS equity net of intangible	The return on equity ratio is used to measure the return on the Group's invested capital.	Net income group share N/ Résultat net part du groupe N /[(Tangible IFRS equity N-1 net of intangible N-1+ Tangible IFRS equity N net of intangible N)/2]	**3.3%** = (26M€x2)/ [(1540M€+1 537M€)/2] The net income of the year (x2) is taken into account in the calculation of the numerator and denominator of the quarterly ratio	**8.7%** = (66M€x2)/ [(1556M€+1 486M€)/2] The net income of the year (x2) is taken into account in the calculation of the numerator and denominator of the quarterly ratio
RoATE hors éléments exceptionnels non récurrents				
RoATE (refer to the definition above) recalculated based on the net income excluding exceptional items and the average tangible equity excluding exceptional items. For the calculation, interest and commissions linked to the capital management instruments (hybrid debt, or contingent capital) are not considered as exceptional items	The return on equity ratio excluding exceptional items is used to track changes on the Group's invested capital between two reporting periods.	Net income group share N/ Résultat net part du groupe N excluding exceptional items /[(Tangible IFRS equity N-1 excluding exceptional items net of intangible N-1+ Tangible IFRS equity N excluding exceptional items net of intangible N)/2]	**3.9%** = (30M€x2)/ [(1549M€+1 540M€)/2] The net income of the year (x2) is taken into account in the calculation of the numerator and denominator of the quarterly ratio	**9.0%** = (68M€x2)/ [(1561M€+1 492M€)/2] The net income of the year (x2) is taken into account in the calculation of the numerator and denominator of the quarterly ratio

f) *APM linked to the investment portfolio*:

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	**H1-2015**
Carrying yield rate of financial assets				
Investment income before income from equity investments, currency translation gains or losses and financial charges compared to the balance sheet total of financial assets excluding equity investments	Indicator used to monitor the book performance of the financial assets portfolio	Investment portfolio income / ((market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N+ market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N-1)/2)	**0.8%** = 20.2 / (((2649 -122) + (2561 -127))/2)	**1.3%** = 32.6 / (((2584 - 124) + (2679 -121))/2)
Carrying yield rate of financial assets excluding income on disposals				
Investment income before income from equity investments, currency translation gains or losses and financial charges excluding gains or losses on disposals compared to the balance sheet of financial assets excluding equity investments	Indicator used to track the recurring book performance of the financial assets portfolio	Investment portfolio income excluding gains or losses on disposals / ((market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N + market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N-1)/2)	**0.9%** = (20.2 – (-1.3)) / (((2649 -122) + (2561 -127))/2)	**0.9%** = (32.6- 7.9) / (((2649 -122) + (2561 -127))/2)
Economic yield rate of financial assets				
Economic performance of the	Indicator used to track the book	Book yield rate of financial assets +	**1.0%**	**2.1%**

asset portfolio. We therefore add to the book yield, the change in revaluation reserves YTD compared to the balance sheet total of financial assets	performance of the financial assets portfolio	(financial assets revaluation reserves (stocks excluding equity investments, real estate, fixed-income instruments) year N- revaluation reserves of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N-1)/ ((market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N + market value of financial assets (stocks excluding equity investments, real estate, fixed-income instruments) year N-1)/2)	=(20.2+((151.011-15,007-98,019)-(112.155-6.123-93.310))) / (((2649 -122) + (2561 -127))/2)	= (32.6 + ((128.981-8.714-95,737)-(124.426-2.834-93.607))) / (((2649 -122) + (2561 -127))/2)
Investment portfolio income				
Income from the investment portfolio (stocks, fixed-income instruments and real estate)	Used to monitor income from the investment portfolio only	Income from stocks excluding equity investments + fixed-income instruments + real estate income	**20.2 M€** = - 1.282 + 19.596 +1.931	**32.6 M€** = 10.767 +21.100 +0.696
Others				
Currency translation gains or losses and equity investments	Used to monitor income from equity investments and currency translation gains and losses that are not an integral part of the investment portfolio	Currency translation gains or losses + income from derivatives + income from equity investment.	**6.0M€** = - 2915 + 8130+0.785	**-2.8M€** = 31.571-36.215+1.783

g) API linked to reinsurance:

Definition	Justification	Reconciliation with the financial statements	Comparison N/N-1	
			H1-2016	H1-2015
Ceded premiums / GEP				
Weight of ceded premiums compared to earned premiums. Ceded premiums correspond to the percentage of earned premiums that Coface transfers to reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of premiums issued and provisions on unissued earned premiums.	Indicator used to monitor changes to reinsurance result	- (Ceded premiums / Earned premiums)	**23.5%** =-(-€132.9m / €565.7m)	**22.1%** =-(-€133.5m / €603m)
Ceded premiums /total claims				
Weight of ceded premiums compared to total claims. Ceded premiums correspond to the percentage of earned premiums that Coface transfers to reinsurers under reinsurance treaties signed with them.	Indicator used to track the weight of reinsurance income on the total of claims	(Ceded premiums /Total claims	**39.4%** =-(-€132.9m / €337.3m)	**45.2%** =-(-€133.5m / €295.3m)
Underwriting income before reinsurance				

Please refer to chapter 3, section 3.4.2 of the 2015 Registration Document.
Underwriting income after reinsurance
Please refer to chapter 3, section 3.4.2 of the 2015 Registration Document.

V. Statutory auditors’ review report on the half-yearly consolidated financial statements

V. Statutory auditors' review report on the half-yearly consolidated financial statements

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from January 1 to June 30, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying half-yearly condensed consolidated financial statements of COFACE S.A., for the period from January, 1st to June, 30th 2016,
- the verification of the information presented in the half-yearly management report.

These half-yearly condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I- Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30th, 2016 and of the results of its operations for the period then ended in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

I- Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly condensed consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-yearly condensed consolidated financial statements.

The Statutory Auditors

Paris La Défense, on the 29 July 2016

KPMG Audit
Department of KPMG S.A.

Francine Morelli
Partner

Neuilly-sur-Seine, on the 29 July 2016

Deloitte & Associés

Damien Leurent
Partner

This page has been intentionally left blank

VI. Statement of the person responsible for the financial statements

VI. Statement of the person responsible for the financial statements

I hereby declare, after having taken every reasonable measure for such purpose, that the information contained in this registration document, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

I certify that, to the best of my knowledge, the interim condensed consolidated financial statements of the period under review have been prepared in accordance with applicable accounting standards and give a true and fair view of assets, financial position and income of the consolidated scope of the Group, and that the interim business review, in paragraph I. of this document, includes a fair review of the important events occurring during the first half of the financial year and their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year.

The limited review report for the interim consolidated financial statements for the six-month period ended June 30, 2016 is reproduced above, in paragraph IV.

On July 27, 2016

Xavier DURAND

Chief Executive Officer of COFACE SA

This page has been intentionally left blank

VII. Appendix: Calculation of financial ratios

VII. Appendix : Calculation of financial ratios

In the course of its activities, and in addition to the financial information published in accordance with IFRS, the Coface Group tracks certain key operating ratios that provide an understanding of the Coface Group's performance and profitability of its products (loss ratio, cost ratio and combined ratio).

Loss Ratio

This ratio allows the Coface Group to measure the underwriting profitability of insurance contracts during the financial year. By analysing this ratio, it is also possible to price policies effectively by taking into account the amount of claims made by policyholders.

Loss Ratio before Reinsurance

The loss ratio before reinsurance is the ratio of claim expenses (as defined below) to gross earned premiums (the sum of the gross written premiums and unearned premium provisions), net of premium rebates. Premium rebates are reimbursements made to policyholders of part of the premiums paid by them when claims under their insurance policies do not exceed a certain threshold (low claims bonus) or when there are no claims (no-claims bonus).

Loss Ratio after Reinsurance

The loss ratio after reinsurance corresponds to the ratio of claims expenses (net of claims expenses ceded to reinsurers under reinsurance treaties entered into by the Coface Group) to the gross earned premiums (net of premiums ceded to reinsurers).

Cost Ratio

Cost Ratio before Reinsurance

The cost ratio before reinsurance is the ratio of overheads (as defined below) to gross earned premiums (as described above).

The cost ratio before reinsurance is used by the Coface Group to measure all the costs related to the acquisition and management of its portfolio of contracts in a given financial year. The Coface Group's credit insurance business is supported by services activities such as corporate information and recovery of receivables. These services are inherent to the traditional credit insurance activity (related services) and the related expenses are included in the overheads of the Coface Group. The overheads are also increased by complementary activities such as factoring (in Germany and Poland) and management of public procedures on behalf of the French and Brazilian States. However, in order for the cost ratio calculated by the Coface Group to be comparable to the cost ratio calculated by other main market players, revenue generated by the additional businesses (non-insurance) described above is deducted from overheads.

Cost Ratio after Reinsurance

The cost ratio after reinsurance is the ratio of general expenses (after deduction of reinsurance premiums paid by reinsurers) to gross earned premiums (net of premiums ceded to reinsurers).

Overheads

Overheads accounted for in the cost ratio are the sum of:

- policy acquisition costs (consisting of the external costs of acquisition of contracts, corresponding to commissions paid to business contributor intermediaries (brokers or other intermediaries) and internal contract acquisition costs corresponding to the cost of maintaining distribution networks and the costs relating to drafting services in charge of writing contracts);
- administrative costs (including Coface Group operating costs, payroll costs, IT costs, etc. excluding profit-sharing and incentive schemes);
- other current operating expenses (expenses that cannot be allocated to any of the purposes defined by the accounting plan, in particular including management expenses);
- expenses from banking activities (general operating expenses, such as payroll costs, IT costs, etc., relating to the factoring business); and
- expenses from other activities (overheads related exclusively to information and recovery for customers without credit insurance) minus revenue related to:
    - fees and commission income (ancillary fees charged under insurance contracts for the provision of credit insurance related services, such as debtor information, fees for monitoring credit limits of customers of policyholders and receivables management and recovery of receivables),
    - other related benefits and services (ancillary services, such as administrative fees for managing claims and reinvoiced receivables recovery fees),
    - information and other services (fees charged for access to information on corporate solvency and marketing information) provided to customers without credit insurance,
    - receivables management (fees charged for receivables recovery services) provided to customers without credit insurance,
    - the net banking income relating to the factoring activities, and
    - compensation for public procedures management services.

Combined Ratio

The combined ratio measures the overall profitability of the Coface Group's activities and its technical margin.

The combined ratio is the sum of the loss ratio and the cost ratio. It is tracked by the Coface Group both before and after reinsurance (claims expenses net of those ceded to reinsurers under reinsurance treaties entered into by the Coface Group and overheads, less reinsurance commissions paid by the reinsurers over total gross earned premiums net of premiums ceded to reinsurers).

Calculation of ratios

In the course of its business, and in addition to the financial information published in accordance with IFRS, the Coface Group tracks certain key operating ratios that provide an understanding of its performance and profitability of its products (loss ratio, cost ratio and combined ratio).

In the course of its business, and in addition to the financial information published in accordance with IFRS, the Coface Group tracks certain key operating ratios that provide an understanding of its performance and profitability of its products (loss ratio, cost ratio and combined ratio).

Calculation of ratios

(in thousands of euros)	As at June 30		
	Note	**2016**	**2015**
Earned premiums excluding policyholders' bonuses and rebates	13	612,171	640,328
Policyholders' bonuses and rebates	13	(46,431)	(37,292)
Earned premiums	**13**	**565,740**	**603,036**
Fee and commission income	13	71,864	71,624
of which Fees and commission income	*13*	69,104	66,602
of which Other insurance-related services	*13*	2,760	5,022
Remuneration of public procedures	13	25,739	29,901
Services	13	18,526	20,125
of which Business information and other services	*13*	11,854	12,881
of which Receivables management	*13*	6,672	7,244
Net income from banking activities (Factoring)	13	34,859	35,630
Consolidated revenue	**13**	**716,728**	**760,316**
Claims expenses	**14**	**(350,067)**	**(309,149)**
Income from ceded reinsurance	**16**	**133,535**	**107,790**
of which Ceded claims	*16*	86,745	64,819
of which Commissions paid by reinsurers	*16*	46,790	42,971
Expenses from ceded reinsurance	**16**	**(132,934)**	**(133,524)**
of which Ceded premiums	*16*	(143,643)	(143,270)
of which Ceded policyholders' bonuses and rebates	*16*	10,709	9,746
Policy acquisition costs	15	(126,326)	(139,083)
Administrative costs	15	(140,175)	(135,292)
Other current operating expenses	15	(41,200)	(41,059)
Investment management expenses	15	(972)	(1,102)
of which Insurance	*15*	(972)	(1,102)
Claims handling expenses	15	(12,777)	(13,854)
Expenses from banking activities, excluding cost of risk	15	(6,978)	(6,734)
Expenses from other activities		(21,486)	(23,808)
Overheads including expenses from other activities		**(349,914)**	**(360,932)**
of which employee profit-sharing	*15*	(2,474)	(5,602)

Ratios relating to credit insurance and surety bonds gross earned premium net of cancellation

	As at June 30	
	2016	**2015**
Loss ratio before Reinsurance	61,9%	51,3%
Loss ratio after Reinsurance	60,8%	52,0%
Cost ratio before Reinsurance	32,3%	30,4%
Cost ratio after Reinsurance	31,4%	29,8%
Combined ratio before Reinsurance	94,2%	81,6%
Combined ratio after Reinsurance	92,2%	81,9%