FOR SAFER TRADE

Interim financial report, First-half 2017

This document is a free translation of the Coface Group's Financial Report ("Rapport Financier, Premier semestre 2017"). 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, 2017, the Company’s share capital amounts to 314,496,464 euros, divided into 157,248,232 shares of nominal value two (2) euros each, 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, 2016 and of the audited interim condensed consolidated financial statements of COFACE SA as of and for the six months ended June 30, 2016 and 2017. 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 12, 2017 under the number R.17-016.

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 12, 2017 under the number R.17-016.

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)

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I. Half-year business review

I. Half-year activity report

As each quarter, in June the Coface Group economic research team revised their global growth forecasts for 2017 and presented their first growth forecasts for 2018.

a) Economic environment in the first half [1]

In the eurozone, growth has exceeded expectations, the easing of lending conditions has encouraged business investment and business and household confidence has further increased. In the first half of the year, Coface thus upgraded Spain and the Czech Republic to A2 and Portugal and Latvia to A3. In the United Kingdom, however, business is slowing (+0.2% in the first quarter of 2017 quarter-on-quarter (q/q), after +0.7% in the previous quarter), consumption is suffering from the rise in inflation and household savings have reached a new low.

In the United States, recent data are rather disappointing (+0.35% in the first quarter q/q), due to the slump in consumption and uncertainty surrounding the policies of the Trump administration, despite household and business optimism and the low unemployment rate (4.3% in May).

With regard to emerging countries, good results in China in the first quarter (6.9% growth year-on-year - y/y) are not expected to last: indicators reflecting industrial production, investment in fixed assets and retail sales all point towards a business slowdown in the second quarter. Brazil came out of its recession in the first quarter (1% q/q). Likewise, after 0.5% growth in the first quarter y/y, Russia is expected to come out of recession this year and has been upgraded to B. The Russian recovery is good for CIS countries: Armenia has been upgraded to D and Uzbekistan to C. India continues to benefit from the positive factors that supported growth in 2016. The situation in South Africa, however, does not seem to be improving, with negative growth of -0.7% in the first quarter. This weak South African economy is weighing on its partners, such as Namibia, which has been downgraded to B.

For other emerging countries, the political risk is penalising economic performance. Mauritius has been downgraded to A4, El Salvador to C and Burundi and Mozambique to E, among others, due to internal political tension. The diplomatic crisis between Qatar (downgraded to A4) and its neighbours since the beginning of June risks exacerbating internal weaknesses and penalising growth. Lastly, despite a slight relative increase, prices of raw materials, particularly oil, remain low, rendering economic recovery in countries dependent on them very fragile, as in Bahrain, which was downgraded to C.

[1] Group estimates updated 4 July 2017

b) Significant events in the period

Coface is fully focused on executing its strategic plan, *Fit to Win*, launched at the end of 2016. The first half of 2017 therefore saw new developments.

Signature of social agreements in France and Germany

In France, a new master agreement was signed with the employee representation bodies on May 17. This agreement provides for the implementation of a structure of working hours more in line with market practices as of January 2018, better taking into account the Group's social and economic considerations.
In Germany, the voluntary redundancy plan presented to the employee representation bodies last November was signed on May 10. It involved the cutting of 83 positions; as indicated in previous communications, this plan had given rise to the setting aside of a restructuring provision recorded in the financial statements for the year ended December 31, 2016.

Setting up of the Underwriting Department

The Underwriting Department was created in April 2017 and is now operational. Headed up by Cyrille Charbonnel, the purpose of this department is to maintain the balance between the Group's business ambitions and risk management, while contributing towards improving services to clients. It is structured into four divisions:

- Commercial underwriting, which sets underwriting standards for the Group's policies and settles exceptional commercial decisions;
- Information, which manages the acquisition and production of information relevant and useful for risk underwriting;
- Risk underwriting, which defines and implements the policy on underwriting credit risks, and monitors its application;
- Claims and collection, which is in charge of indemnification and debt collection procedures.

By grouping together these functions within a single department, Coface aims to facilitate and speed up decision-making processes affecting the life of its policies; the Group has also consolidated its ability to generate profitable growth thanks to better control of its commitments.

Creation of local hubs: Nordic, Adriatic, Baltic

Pursuant to previous press releases, Coface is streamlining its structure in ten countries by grouping its operations together in the form of three platforms (hubs): the Nordic hub (Denmark, Sweden, Norway and Finland), the Adriatic hub (Croatia, Slovenia and Serbia) and the Baltic hub (Latvia, Estonia and Lithuania). These hubs group together in one single geographic location functions serving several countries. They make it possible to reach a better critical size and enhance operational efficiency, as well as the services provided to our clients in these regions.
These operations were made possible in large part thanks to the acquisition of a minority share (25% of the capital) in the Europe Centrale holding company at the end of March.

Inauguration of the *Coface Technologies* IT centre in Bucharest

On June 13, Coface inaugrated its new IT centre, Coface Technologies. Its creation is a major step towards strengthening the Group's IT and operational performance. Located in Bucharest, it will centralise previously outsourced development functions. A third of the target workforce has been recruited and the transfer of skills has commenced, according to schedule.

Launch of the new customer interface, *CofaNet Essentials*

The digital transformation constitutes one of the keystones in Coface's differentiating *Fit to Win* growth strategy.

Coface's aim in developing a pertinent digital offer and high-quality online tools is therefore to offer its clients an enhanced service setting it apart from the competition. In May, therefore, the Group rolled out an entirely new version of CofaNet Essentials, the web interface for credit insurance policy management, with a modern look and feel, compatible with mobile phones and tablets and offering a fuller, tailored customer experience.

c) Events after June 30, 2017

There has been no significant change to the Group's financial or commercial position since June 30, 2017.

d) Comments on the results at June 30, 2017

Coface transfered its States export guarantee business to Bpifrance on January 1, 2017, a service Coface performed on behalf of the French state. So as to be comparable to results at June 30, 2017, tables and graphs below present the results at June 30, 2016 excluding the contribution of this activity; they are signalled by the mention "excl. SEGM". Results published at June 30, 2016 are signaled by "2016".

i. Revenue

The Group's consolidated revenue is stable like-for-like (restated for revenue from State guarantees in France): €691.0 million for the half year ended June 30, 2016 and €691.7 million for the half year ended June 30, 2017. It is down slightly by 0.5% like-for-like and at constant exchange rates. Coface transferred its States export guarantee business to Bpifrance on December 31, 2016, a service Coface performed on behalf of the French state.

The foreign exchange effect was up 0.6 points, primarily owing to to revaluations of the Brazilian real, the American dollar, the Russian rouble and the Hong Kong dollar.

The table below shows the changes in the Coface Group's consolidated revenue by business for the half years ended June 30, 2016 and 2017:

Change in consolidated revenue by activity (in millions of euros)	**As of june 30**			**Change**		
	2017	**2016**	**2016 excl. SEGM**	**in €m**	**as a %: constant Group structure**	**as a %: constant Group structure and exchange rate**
Insurance	655.7	681.9	656.1	-0.4	-0.1%	-0.7%
of which Earned premiums	*565.6*	*565.7*	*565.7*	*-0.2*	*0.0%*	*-0.7%*
*of which Services **	*90.1*	*116.1*	*90.4*	*-0.3*	*-0.3%*	*-1.0%*
Factoring	36.0	34.9	34.9	1.2	3.4%	3.1%
Consolidated revenue	**691.7**	**716.7**	**691.0**	**0.7**	**0.1%**	**-0.5%**

*Sum of revenue from services related to credit insurance ("Fees and commission income" and "Remuneration of public procedures management services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information ("Business information and other services") and receivables recovery ("Receivables management")).

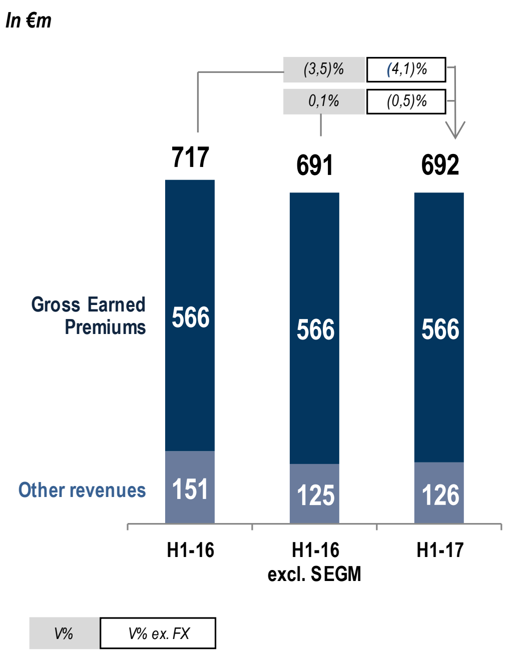
Insurance

Revenue from the insurance business (including bond and Single Risk) is stable (-0.1% like-for-like): €656.1 million for the half year ended June 30, 2016 and €655.7 million for the half year ended June 30, 2017 (-0.7% like-for-like and at constant exchange rates).

Earned premiums are stable (-0.7% like-for-like and at constant exchange rates) at €565.6 million for the half year ended June 30, 2017. In a more favourable environment in terms of risk (fall in business failures in Germany), the situation varies from one region to another: certain mature markets are growing (Western Europe), while others remain fragile (Northern Europe). In the emerging markets, certain Latin American countries are enjoying growth, while the effects of the action plans implemented to better manage claims continue to bear fruit in Asia-Pacific.

New policies, representing €71.3 million (annualised value) in the first half of 2017, is down compared to the half year ended June 30, 2016 (€82.4 million), depite a rise in production in the mature markets, save Germany. The fall is primarily linked to poorer sales results in a certain number of emerging countries (primarily in connection with the risk management action plans). The geopolitical context remains uncertain in Turkey while Mexico, very dependent on the United States, is suffering from the latter's current lack of trust. The policy retention ratio (annualised value of policies effectively renewed during the period over the value of the policies scheduled for renewal over the same period) remained high at 91.0% in the half year ended June 30, 2017, compared to 89.2% for the half year ended June 30, 2016, despite a still highly competitive environment. The "business generated by policyholders" component (revenue/policyholders' business) rose by 2.7% in the first half of 2017 thanks to the rebound observed in all markets, and contributed to growth in the portfolio. Pressure on prices continues to ease, particularly in the mature markets, with a negative price effect of credit insurance policies of -1.3% for the first half of 2017 compared to -2.1% for the same prior-year period.

Revenue from the services business is slightly down by 0.3% (-1.0% like-for-like and at constant exchange rates), from €90.4 million for the half year ended June 30, 2016 to €90.1 million for the half year ended June 30, 2017.



Factoring

Revenue from the factoring business (exclusively in Germany and Poland) is up by 3.4% (+3.1% like-for-like and at constant exchange rates), from €34.9 million in the first half of 2016 to €36.0 million in the first half of 2017.

Germany posted a 3.0% increase thanks to the growth in factored receivables and a rise in the interest margin, despite continuing low rates. A negative price effect impacts unfavourably on factoring fees.

In Poland, the commercial roll-out of the business continues, with revenue up 6.0% (+3.5% like-for-like and at constant exchange rates). The growth in the receivables portfolio has generated a rise in fees and income from interest.

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 between the periods ended June 30, 2016 and 2017:

Change in consolidated revenue by region of invoicing (in millions of euros)	As of june 30			Change			
	2017	2016	2016 excl. SEGM	in €m	as a %: constant Group structure	as a %: constant exchange rate	as a %: constant Group structure and exchange rate
Western Europe	142.5	167.0	141.3	1.2	0.8%	-13%	2.3%
Northern Europe	155.0	158.2	158.2	-3.2	-2.0%	-2.0%	-2.0%
Mediterranean & Africa	174.5	166.3	166.3	8.2	4.9%	5.0%	5.0%
North America	63.3	68.9	68.9	-5.6	-8.1%	-11%	-11%
Central Europe	62.8	61.3	61.3	1.5	2.4%	0.0%	0.0%
Asia-Pacific	51.3	55.5	55.5	-4.3	-7.7%	-11%	-11%
Latin America	42.5	39.5	39.5	3.0	7.5%	2.9%	2.9%
Consolidated revenue	**691.7**	**716.7**	**691.0**	**0.7**	**0.1%**	**-4.1%**	**-0.5%**

Three regions have posted increased revenue like-for-like and at constant exchange rates: the Mediterranean & Africa (+5.0%), Latin America (+2.9%) and Western Europe (2.3%), unlike three of them: North America, Asia-Pacific (-11%) and Northern Europe (-2.0%).

In Western Europe, revenue is up 0.8% like-for-like (2.3% like-for-like and at constant exchange rates), buoyed by the signing of new Single Risk policies in Switzerland and the bond offer in France. The growth in revenue is also supported by the brisk nature of business observed in the United Kingdom in particular, by the robust retention rate and by the upturn in clients' businesses, particular in France. The steep devaluation of the pound sterling following the Brexit vote explains the negative foreign exchange effect.

In Northern Europe, revenue was down 2.0% (-2.0% like-for-like and at constant exchange rates). Despite fewer policy terminations, the credit insurance business in Germany remains difficult. Pressure on prices remains high despite improvement since the first half of 2016. The Single Risk, bond and factoring businesses, however, recorded good growth.

Revenue in the Mediterranean & Africa region is up 4.9% (+5.0% like-for-like and at constant exchange rates), thanks primarily to good sales results in Italy and Spain. Policy terminations in Italy and Spain are, in particular, in marked decline, with Spain also benefiting from a favourable base effect in premium refunds.

In North America, revenue is down by -8.1% (-10.8% like-for-like and at constant exchange rates). Comparisons with last year regarding Single Risk in the United States are unfavourable, as large contracts were entered into in the first half of 2016 whereas Canada faces an increasing number of policy terminations.

Central Europe posts an increase in revenue of 2.4% (like-for-like and exchange rates). The revaluation of the Russian rouble explains the positive foreign exchange effect. In credit insurance, sales results remain buoyant in the region. The pressure on prices, however, remains high, particularly in Austria. The increase in revenue in Poland is limited by adjustments linked to previous years. There has been renewed growth in the sale of information business (+11.7% like-for-like and at constant exchange rates). There was continued development of the factoring business (+3.5% like-for-like and at constant exchange rates).

Asia-Pacific recorded a 7.7% decline in revenue (-10.5% like-for-like and at constant exchange rates) under the combined effect of a high termination rate (a consequence of the risk action plans) and a fall in the number of new policies. Restoring profitability remains the priority in this region. Prices continue to rise, though less sharply than in the first half of 2016.

There was a 7.5% increase in revenue in Latin America (+2.9% like-for-like and at constant exchange rates). There is a significant positive exchange rate effect on revenue in the region thanks to the revaluation of the Brazilian real. like-for-like of consolidation, moderate growth is concentrated in the most profitable areas of business. New policy production net of terminations is once again positive in Brazil with the countries recovery from recession.

ii. Underwriting income

Underwriting income before reinsurance

Underwriting income before reinsurance has risen by €22.6 million as reported, from €16.2 million for the half year ended June 30, 2016 to €38.8 million for the half year ended June 30, 2017, thanks to a fall in claims (-€33.3 million).

The combined ratio before reinsurance stands at 92.3%, down 4.1 points compared to the first half of 2016 (after restatement for the State guarantee business), thanks to a 5.9 point fall in the loss ratio while the cost ratio is down 1.8 points.

Loss experience

The loss ratio before reinsurance is up 5.9 points from 61.9% for the six months ended June 30, 2016 to 56.0% for the half year ended June 30, 2017 thanks to the stabilisation of emerging markets. The high loss experience recorded in the first half of 2016 in emerging countries and in certain sectors (the metallurgy and chemical sector, raw materials, textiles and agriculture) was offset by targeted action and a review of the portfolio in the countries concerned.

Loss Experience	**As of june 30**		**Change**	
(in millions of euros and %)	**2017**	**2016**	**in €m**	**as a %**
Claims expenses incl. claims handling costs	316.8	350.1	-33.3	-9.5%
Loss ratio before reinsurance	56.0%	61.9%	-0.1	-5.9 pts
Earned premiums	565.6	565.7		

In Western Europe, the loss ratio remains normal. Although up 6.5 points, it remains satisfactory at 45.8% for the six months ended June 30, 2017. The United Kingdom was affected by a major claim in the first quarter of 2017. A few large claims were also recorded in France.

In Northern Europe, the loss ratio is stable at 58.6% (+0.3 percentage points): a number of large claims were filed in Germany.

The loss ratio in the Mediterranean & Africa region stands at 51.8%, down slightly by 0.7 points compared to the half year ended June 30, 2016. The loss ratio in Turkey has improved despite the continuing economic and political instability.

In North America, the loss ratio is down sharply to 57.6% (-28.7 percentage points). Major claims were filed in 2016 in the United States in the industrial and services sector. The first half of 2016 was also impacted by the deferred filing of claims from 2014.

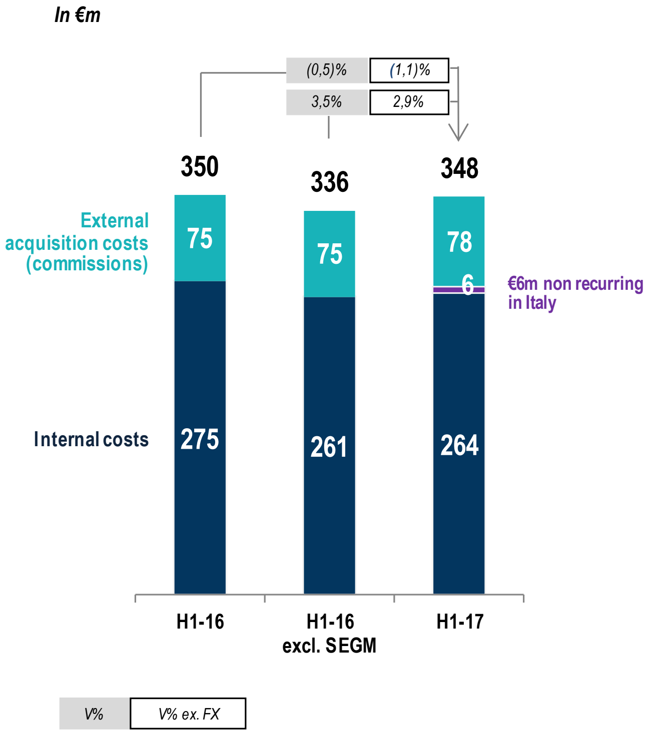
Central Europe presented a loss ratio up by 5.2 points but at a contained level of 51.8%.

Asia-Pacific recorded a loss ratio of 91.6% as at June 30, 2017, up sharply compared to the first half of 2016 (127.1%) as a result of the commercial and risk action plans implemented to bring the loss experience under control.

In Latin America, the loss ratio continued to fall to 51.0%, -9.0 points compared to the six months ended June 30, 2016 (60.0%) thanks to Brazilian efforts, where there was significant improvement. The country has now come out of recession but the political risk remains.

Change in loss experience by region of invoicing (as a %)	As of june 30		Change (% points)
	2017	**2016**	
Western Europe	45.8%	39.3%	6.5 pts
Northern Europe	58.6%	58.4%	0.3 pts
Mediterranean & Africa	51.8%	52.5%	-0.7 pts
North America	57.6%	86.2%	-28.7 pts
Central Europe	51.8%	46.5%	5.2 pts
Asia-Pacific	91.6%	127.1%	-35.4 pts
Latin America	51.0%	60.0%	-9 pts
Loss ratio before reinsurance	**56.0%**	**61.9%**	**-5.9 pts**

Overheads



General expenses (in millions of euros)	As of june 30			Change	
	2017	**2016**	**2016 excl. SEGM**	**as a %: constant Group structure**	**as a %: constant Group structure and exchange rate**
Internal general expenses	270.0	274.7	261.2	3.4%	2.8%
of which claims handling costs	*13.1*	*12.8*	*12.8*	*2.5%*	*2.5%*
of which investment management expenses	*1.4*	*1.0*	*1.0*	*42%*	*45%*
Commissions	78.2	75.2	75.2	4.1%	3.2%
Total general expenses	**348.3**	**349.9**	**336.4**	**3.5%**	**2.9%**

Overheads, including claims handling expenses and internal investment costs, are up 3.5% like-for-like (+2.9% like-for-like and at constant exchange rates) from €336.4 million for the half year ended June 30, 2016 (restated for direct costs incurred by the State guarantee business) to €348.3 million for the half year ended June 30, 2017.

Policy acquisition commissions were up 4.1% (+3.2% like-for-like and exchanges rates), from €75.2 million for the half year ended June 30, 2016 to €78.2 million for the half year ended June 30, 2017.. This increase is largely due attributable to the growth in the brokerage-based markets, particularly in the Mediterranean & Africa region: commission linked to the setting up of relations with new agents and bank partners.

Internal overheads, including claims handling expenses and internal investment, are up 3.4% like-for-like (+2.8% like-for-like and exchanges rates) from €261.2 million for the half year ended June 30, 2016 (excluding €13.5 million State export guarantees management expenses) to €270.0 million for the half year ended June 30, 2017. This rise can be explained in particular by a non-recurrent fiscal effect in Italy, the impact of which is €6 million.

Structural internal overheads remain under control. Payroll costs are down 2.2% like-for-like and at constant exchange rates, from €144.6 million as at June 30, 2016 to €141.4 million as at June 30, 2017.

IT costs are also down by 2.5% like-for-like and at constant exchange rates, to €24.0 million. Other expenses (taxes, information purchases, rental expense, etc.) are up by 12% like-for-like and at constant exchange rates, from €92.0 million in the first half of 2016 to €103.1 million in the six months ended June 30, 2017, given the non-recurring effect in Italy. Savings were, however, made on rental expenses and in communications, in particular enabling the Group to be in line with its *Fit to Win* objective of €10 million in savings by the end of 2017 (5.4 million already achieved as at June 30, 2017).

The gross cost ratio is down 1.8 points from 34.6% at June 30, 2016 (after restatement for the State guarantee business), to 36.3% in the first half of 2017. The impact of the non-recurring expense in Italy is 1.1 percentage point. After restatement, the increase is in the order of 0.7 point attributable to the increase in policy acquisition commission.

In Western Europe, overheads were down 0.7% like-for-like and exchanges rates, thanks to savings on rental expenses and lower payroll costs, linked to the implementation of the *Fit to Win* plan.

In Northern Europe, they were down 1.0% like-for-like and at constant exchange rates, thanks to targeted savings on communication expenditure.

In the Mediterranean & Africa, overheads are up 20% like-for-like and at constant exchange rates, due to the impact on policy acquisition commissions of costs in connection with the setting up of relations with new agents and the distribution agreement with Unicredit in Italy. Apart from this effect, the increase in overheads is 11%. This increase is mainly due to variable administrative costs (agents) and the increased weight of fees re-invoiced by the headquarters, in line with the increase in turnover in this region.

In Central Europe, overheads are up 6.4% like-for-like and at constant exchange rates due to increased policy acquisition commissions, particularly in Austria, Russia and Romania.

In North America, overheads have increased by 5.4% like-for-like and at constant exchange rates. The increase in internal overheads chiefly concerns payroll costs (structuring in the region) and consulting expenses, with an exceptional expense recorded in 2017.

In North America, overheads have increased by 17% like-for-like and at constant exchange rates. Policy acquisition commissions are up due to an increased use of brokers. Payroll costs are also up in a region subject to high inflation.

In Asia-Pacific, overheads are stable at +0.2% like-for-like and at constant exchange rates.

Underwriting income after reinsurance

Underwriting income before reinsurance has risen by €4.8 million like-for-like, from €16.8 million for the half year ended June 30, 2016 to €21.5 million for the half year ended June 30, 2017.

Underwriting income has swung dramatically as at June 30, 2017, from +€0.6 million for the half year ended June 30, 2016 to -€17,2 million for the half year ended June 30, 2017. After restatement, however, for the non-recurring income of €13.8 million (exceptional adjustment of claims collection costs in Northern Europe during Q2-2016), the change is more measured. It can be explained by the improvement in the loss ratio as well as by a higher premium assignment rate in accordance with the policy of making increased use of reinsurance.

	As of june 30			Change	
(in thousands of euros and %)	**2017**	**2016**	**2016 excl. SEGM**	**(in €k)**	**(as a %)**
Revenue	691,737	716,729	690,990	747	0.1%
Claims expenses	-316,781	-350,067	-350,067	33,286	-9.5%
Policy acquisition costs	-125,580	-126,326	-118,216	-7,364	6.2%
Administrative costs	-132,000	-140,175	-138,069	6,069	-4.4%
Other current operating expenses	-40,689	-41,200	-37,850	-2,839	7.5%
Expenses from banking activities, excluding cost of risk	-6,535	-6,978	-6,978	443	-6.3%
Cost of risk	-2,454	-2,163	-2,163	-291	13%
Expenses from other activities	-28,930	-21,486	-21,486	-7,444	35%
UNDERWRITING INCOME BEFORE REINSURANCE	**38,768**	**28,335**	**16,162**	**22,606**	**140%**
Income and expenses from after reinsurance cessions	-17,234	601	601	-17,835	-
UNDERWRITING INCOME AFTER REINSURANCE	**21,534**	**28,935**	**16,762**	**4,772**	**28.5%**
Combined ratio after reinsurance	93.7%	92.2%	95.2%	-	-

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

Financial markets

In the first half of the year, markets evolved within a positive economic environment that was yet marked by strong political uncertainty on both sides of the Atlantic (Donald Trump's ability to implement his program, negotiations between the United Kingdom and European Union marked by Theresa May's weakening authority). Growth and employment indicators remained good but irregular in both the United States and emerging countries, while improving in the Eurozone. The result of the French elections has, meanwhile, eased the tensions of the first quarter that reigned over the Eurozone and its stability.

This positive environment led to the Federal Reserve raising its policy rate twice over the half-year, which reached 1.25% at the end of June 2017 against 0.75% at the end of December 2016. Long-term rates declined slightly over the period from 2.44% to 2.30%. The good economic figures in the Eurozone, the rise in inflation and the ECB's abandonment of the option of further rate cuts have led to an increase in the German 10-year rate from around 0.10% to 0.50%. On the other hand, credit risk premiums for France, Italy and Spain contracted after the French elections. Thus, the 10-year French rate rises from around 0.68% to 0.81%. The Italian and Spanish 10-year rates rose from 1.82% to 2.16% and 1.38% to 1.52% respectively.

Against this backdrop, the equity market, led by a significant overall economic improvement, rose by +7.8% (MSCI World AC). This growth showed the same pace on both sides of the Atlantic with +8.2% for the S & P 500 in the United States and +5.7% for the MSCI Europe.

Financial income

In this global economic context and as part of the defined strategic allocation, the Coface Group has, by slightly reducing its exposure to monetary products and sovereign bonds in favour of shares, investment grade corporate bonds and non-listed real estate, slightly increased its exposure to risky assets.

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

The total value of the portfolio has increase by €72 million since the start of the year, linked in particular to positive operational flows and the indemnity received in consideration for the transfer to Bpifrance of the public export guarantees as of January 1, 2017.

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

Market value (in million euros)	**30/06/2017**	**31/12/2016**
Listed shares	183	113
Non listed shares	13	14
Bonds	1 866	1 797
Loans, deposits and UCITS money-market funds	456	570
Property	185	138
Total investment portfolio	**2 703**	**2 631**
Associated and non-consolidated companies	119	121
Total	**2 822**	**2 752**

In the first half of 2017, marked by good performance on the equity and interest rate markets at the start of the year, the investment portfolio income delivered €29.3 million, i.e. an accounting rate of return of 1.1% as at June 30, 2017, compared to income of €20.2 million, i.e. an accounting return of 0.8%, as at June 30, 2016. The favourable trend, particularly on the loan and equity markets, made it possible to realise €8.6 million in net capital gains, all asset classes combined, for the first half of 2017, compared to -1.3 million for the same period in 2016. The accounting rate of return of the investment portfolio, excluding realised gains, stands at 0.8% for the first six months of 2017, compared to 0.9% for the same period in 2016.

Investment portfolio income (in million euros)	**As of June 30th**	
	2017	**2016**
Shares	4,7	-1,3
Fixed income instruments	22,0	19,6
Investment property	2,6	1,9
Total investment portfolio	**29,3**	**20,2**
o/w realised gains	*8,6*	*-1,3*
Associated and non-consolidated companies	2,6	0,8
Net foreign exchange gain	-3,9	5,2
Financial investment charges	-2,2	-1,7
Total	**25,9**	**24,6**

After income from investments in companies, foreign exchange and derivatives income, financial expense and investment costs, financial income for the first half of 2017 stands at €25.9 million, compared to €24.6 million for the same period in 2016.

The economic rate of return of financial assets came off at 1.2% for the first half of the year, versus 1.8% for the same period in 2016. The economic return in 2016 was high due to the sharp decline in European interest rates, whereas the first half of 2017 has benefited from the equity markets but been penalised by rate hikes.

iv. Operating income

(in millions of euros)	As of june 30			Change		
	2017	2016	2016 excl. SEGM	in €m	as a %: constant Group structure	as a %: constant Group structure and exchange rate
Consolidated operating income	**46.5**	**51.8**	**39.5**	**6.9**	**17%**	**17%**
Operating income including financial costs	**37.5**	**42.5**	**30.4**	**7.2**	**24%**	**23%**
Other operating incomes and expenses	-0.9	-1.8	-1.8	0.8	-47%	-49%
excluding other operating incomes and expenses	**38.5**	**44.3**	**32.1**	**6.3**	**20%**	**19%**
Interest costs	-8.1	-8.1	-8.1	0.0	-0.1%	-0.1%
Operating income including financial costs and excluding non-recurring costs	**46.5**	**52.4**	**40.2**	**6.3**	**16%**	**15%**

The consolidated operating income has increased by €6.9 million, i.e. +17% at constant scope, and also at constant scope and exchange rate from €39.5 million for the half year ended June 30 2016 to €46.5 million for the half year ended June 30 2017.

Current operating income, including finance costs and excluding non-recurring costs, has increased by €6.3 million, i.e. +16% like-for-like (+15% like-for-like and at constant exchange rates) from €40.2 million for the half year ended June 30, 2016 to €46.5 million for the half year ended June 30, 2017.

The net combined ratio, including exceptional items, is down 1.5 points from 95.2% for the six months ended June 30, 2016 to 93.7% for the half year ended June 30, 2017, comprised of -2.6 points in net loss ratio and +1.1 points in cost ratio.

Other operating income and expenses amount to €0.9 million and mainly comprise additional restructuring expenses and provisions linked to the *Fit to Win* strategic plan.

Interest expenses for the hybrid debt stand at €8.1 million for the half year ended June 30, 2017, stable compared to June 30, 2016.

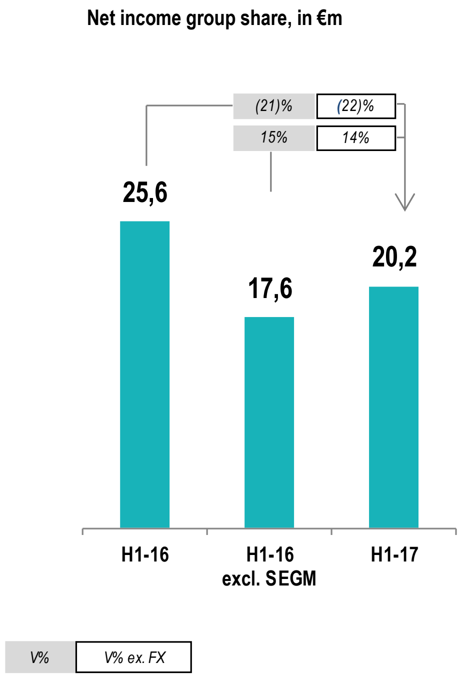
All regions contributed positively to operating income, except Asia-Pacific and North America, where results are, however, showing improvement compared to the first half of 2016.

Change in consolidated operating income by region (in millions of euros)	As of june 30			Change	Share of half-yearly total at June 30, 2017
	2017	2016	2016 excl. SEGM		
Western Europe	19.2	12.8	0.6	18.6	30%
Northern Europe	23.2	40.4	40.4	-17.1	36%
Mediterranean & Africa	25.3	39.5	39.5	-14.2	39%
Central Europe	13.9	18.1	18.1	-4.2	22%
North America	-2.6	-12.4	-12.4	9.8	-4%
Latin America	5.3	2.7	2.7	2.6	8%
Asia-Pacific	-19.9	-31.5	-31.5	11.6	-31%
Total (excluding inter-regional flows and holding costs not rebilled)	**64.4**	**69.5**	**57.4**	**7.1**	**100%**

v. Net income for the year

Disparate tax levels and profitability from one country to another explain the Group's effective tax rate, which remains high, rising from 41.8% for the six months ended June 30, 2016, to 49.0% for the six months ended June 30, 2017, i.e. an increase of 7.2 points.

Net income (Group share) was up 14.0% like-for-like and at constant exchange rates, from €17.6 million for first half of 2016 to €20.2 million for the first half of 2017.



e) Group cash and capital

Equity

Shareholders' equity attributable to owners of the parent totaled €1,749 million at the end of June 2017, down slightly by compared with 1,755 million at the end of 2016.

The -€6 million difference proceeded mainly from the dividend paid to shareholders for €20 million the net income for the period of €20 million, the change in currency translation differences for -€5 million.

Goodwill

Goodwill, amounting to €155.8 million, is stable overall compared with the financial year ended December 31, 2016 (€156.2 million).

Debt

The indebtedness Coface Group, excluding current operating debts, consist of the financial debt and the operational debt in connection with the refinancing of the factoring business.

The financing of the factoring business accounted for €1,977 million at June 30, 2017 compared with €2,043 million at December 31, 2016 (i.e. -€66 million).

The gross financial indebtedness, excluding the financing of the factoring business, accounted for €381 million at June 30, 2017 compared with €390 million at December 31, 2016. The -€9.1 million variation is essentially due to the adjustment in connection with the amount of the accrued coupon (payment made on March 27, 2017) of the subordinated debt. The Group's gross debt-to-equity ratio stands at 22%, as at December 31, 2016.

Solvency of the Group

In accordance with the regulation, the Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) according to the Solvency II Regulation standard formula for its insurance business and according to bank regulations for the Group’s financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company’s balance sheet (see the 2016 Registration Document, Section 5.1.2.5 “Risks related to hedging the Group’s solvency” – SCR ratio).

For insurance activities, pursuant to the Solvency II Regulation which became effective on January 1, 2016, the Group proceeded on June 30, 2017 with the calculation of the solvency capital requirement (SCR) 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 cover 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 9.25% 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.

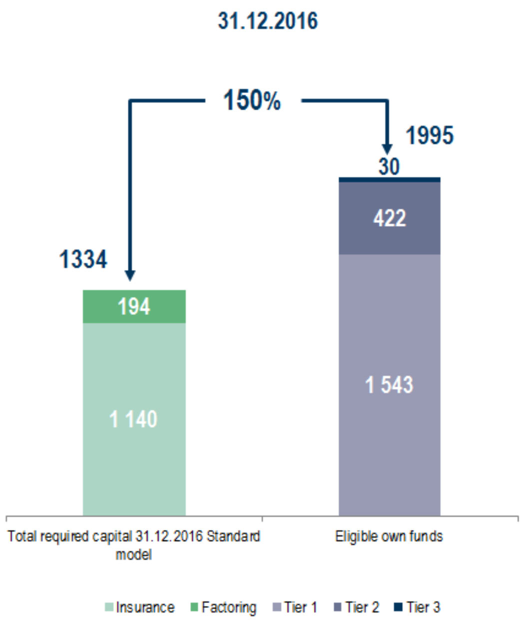
The Group has carried out an estimate[2] of its capital requirement and solvency ratio as at June 30, 2017. The estimated total capital requirement as at June 30, 2017 is €1,364 million (compared to €1,334 million as at December 31, 2016), including €1,141 million corresponding to the insurance SCR (estimated using the Solvency II standard formula) and €222 million to the capital required by the financing companies.

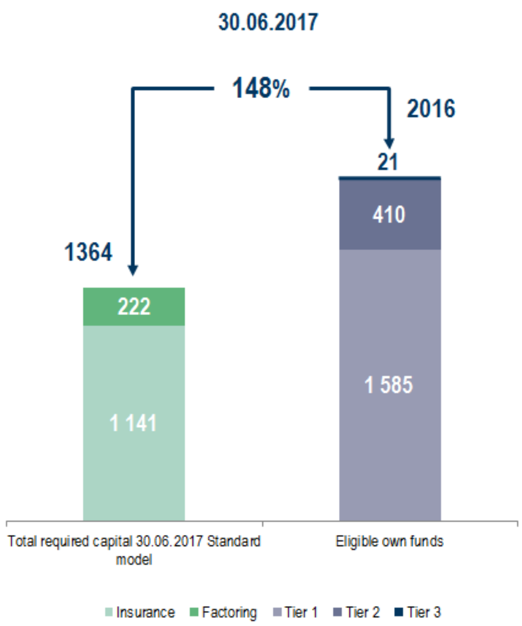
Available capital as at June 30, 2017 is estimated at €2,016 million (compared to €1,995 million[3] as at December 31, 2016). Available capital should be compared with the sum of the insurance SCR and the capital requirement for the factoring business line. As of June 30, 2017, the capital requirement coverage rate (ratio between the Group’s available capital and its capital requirement for insurance and factoring), is estimated at 148%[4] (compared to 150% at the end of 2016).

[2] Capital requirements for at June 30 2017 have been estimated using the Standard Formula, using a simplified approach for certain modules and for treatment of the supposed renewed and rolling reinsurance.

[3] Definitive calculation of 2016 figures.

[4] The estimated Solvency ratio is a preliminary calculation based on the interpretation by Coface of Solvency II; final calculation could result in a different Solvency ratio. The estimated Solvency ratio is not audited.





Return on equity

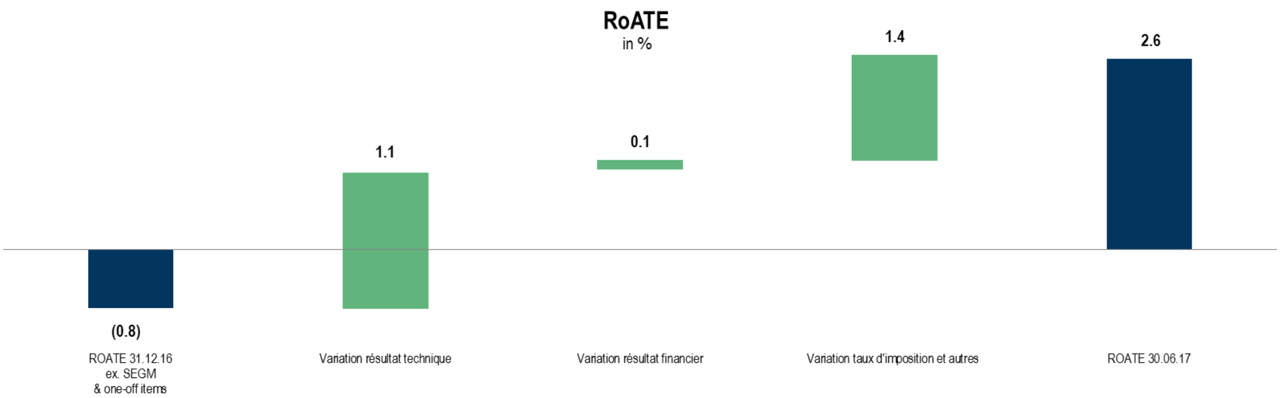
The return on equity ratio is used to measure the return on the invested capital of Coface Group. Return on average tangible equity (or "**RoATE"**) is the ratio between net attributable income and the average of attributable accounting equity excluding intangible items (intangible asset values).

The table below presents the elements used to calculate the Coface Group's RoATE over the December 2016 to June 2017 period:

(in million euros)	**30 june 2017**	**31 december 2016**
Accounting equity (attributable to equity holders of the parent) including net income (attributable to equity holders of the parent – A	1 749	1 755
Intangible assets – B	213	216
Tangible equity – C (A – B) *As of 30 June 2017, tangible equity include the annualised net income – C (A-B+E)*	1 556	1 539
Average tangible equity – D ([C_n+C_{n-1}]/2)	1 548	1 538
Net income (attributable to equity holders of the parent) – E	20	42
RoATE – E/D *As of 30 June 2017 net income is annualized – E x 2/ D*	2,6%	2,7%

In order to analyse the change in the return on equity between December 2016 and June 2017, this ratio was recalculated based on net income excluding non-recurring items:

(in million euros)	**30 June2017**	**31 December 2016**
Accounting equity (attributable to equity holders of the parent) – A	1 749	1 755
Intangible assets – B	213	216
Tangible equity excluding non-recurring items – C (A – B + F – E) *As of 30 June 2017, tangible equity include the annualised net income – C (A-B+E)*	1 556	1 486
Average tangible equity recalculated on the basis of the net income excluding non-recurring items – D ([Cn+ Cn-1]/2)	1 548	1 513
Net income (attributable to equity holders of the parent) – E	20	42
Net income (attributable to equity holders of the parent) excluding non-recurring items – F	20	-12[5]
RoATE – F/D *As of 30 June 2017 net income is annualized – F x 2/ D*	2,6%	-0,8%



f) Risk Factors

As a result of its business activities, the Group is exposed to five main types of risks (strategic risks, credit risks, financial risks, operational and non-compliance risks and reinsurance risks). The main two risks are credit risk and financial risk. Credit risk is the risk of losses arising from the Group's portfolio of credit insurance policies. The financial risk is the risk of losses due to unfavourable variations in interest rates, exchange rates or the market value of securities or property investments. The Coface Group has put in place appropriate tools to control these risks in order to ensure they remain within reasonable limits.

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

[5] Net income as at 31 December 2016, excluding non-recurring items

Chapter 5 “Main risk factors and their management inside the Group” of the Coface Group’s registration document, filed with the AMF on April 12, 2017 under number R.17-016.

ARC (Accounting Regulatory Committee) adopted a regulation on June 29, 2017 allowing financial conglomerates to postpone the application of IFRS 9 for their insurance entities on January 1, 2021. This regulation will be submitted for scrutiny by Parliament and the Council of the EU and will be adopted definitively on October 7, 2017. Coface meets criteria to defer the effective date of IFRS 9 for its insurance entities. However, factoring entities and service entities do not benefit from this deferral and will apply IFRS 9 from January 1, 2018.

During the first half of 2017, following action to reduce the risks taken in 2016 in the various sensitive geographical zones and in economic sectors deemed to be at risk, the Group's is managing risk according to plan. In terms of governance, the Coface Group is continuing to reinforce its control mechanism, notably by having regional managers of audit, risk and compliance functions report to managers in charge of these functions at Group level, and by separating the compliance and risk functions at regional level.

g) Future risks and uncertainties

While political risk decreased significantly in 2017 (mainly due to the elections in Europe) and global economic growth is confirming its rebound, the main uncertainty regards the normalization of the main Central Banks monetary policy. After several years of very accommodative and sometimes very innovative policies, the pace of normalization as well as its nature (end of asset purchases vs interest rates increase) could have an important impact on economic activity as well as the underwriting risks borne by Coface. In particular the heavily indebted companies could face difficulties in their refinancing programs.

h) Outlook

Coface confirms the continued modest recovery in the Eurozone (stable growth of 1.7% in 2016 and 2017), and in Europe and neighbouring countries in general.

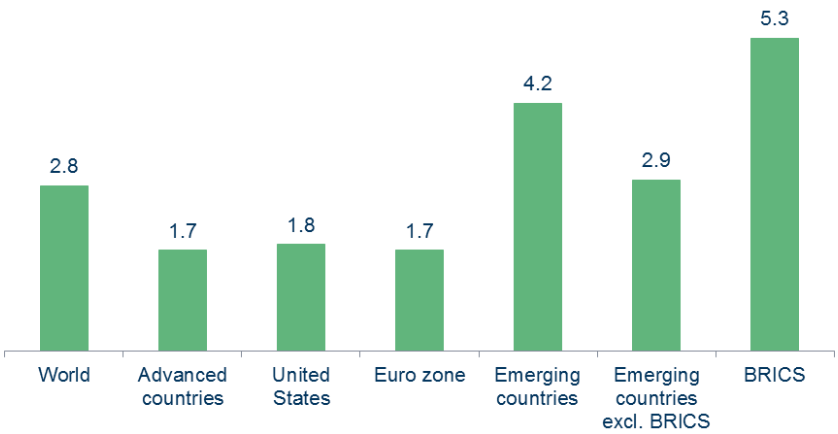
i. Economic environment

According to Coface Group predictions, global growth should increase at a moderate rate to 2.8% in 2017 and 2.9% in 2018, after 2.6% in 2016. Growth should be more dynamic in emerging countries (from 3.7% in 2016 to 4.2% in 2017 and 4.4% in 2018), and is expected to remain significantly higher than in leading countries (from 1.6% in 2016 to 1.7% in 2017 and 2018). This can be explained by good results in European (particularly CIS) and Asian zones and the end of the recession in Latin America, and despite slowed growth in North Africa and the Middle East.

As regards advanced countries, in the United States business is expected to grow only moderately (+1.8% in 2017 and 2018, after +1.6% in 2016), due to slowed consumption, uncertainties regarding the fiscal stimulus plan and rises in interest rates, even though the labour market remains in good shape. The major countries in the Eurozone should continue to post good results. Household spending should benefit from lower unemployment, despite the fact that inflation is close to the ECB target level of 2%. Household consumption and private investment will therefore continue to act as the main drivers of growth, which is expected to reach 1.7% in 2017 and 1.8% in 2018, bolstered by the economies of Germany (1.6% growth in 2017 then 1.9% in 2018), France (1.3% in 2017 then 1.6% in 2018) and in particular Spain (2.9% in 2017 then 2.4% in 2018). Growth in Italy is expected to remain sluggish (0.9% in 2017 and 1% in 2018). In the United Kingdom, uncertainty surrounding the negotiations under way to leave the European Union are likely to continue to weigh on investor and consumer confidence. It is expected to be the only country in Europe to see an increase in business failures, and growth is likely to remain subdued at 1.5% this year and 1.2% next year.

Emerging countries should experience more sustained growth in 2017 than in 2016. Latin America is expected to emerge from recession with growth on the increase from -0.9% in 2016 to 1.2% in 2017 and 2% in 2018, and growth in CIS countries is expected to remain buoyant in both 2017 (+1.6%) and 2018 (+2.1%). In effect, thanks to lower inflation and dynamic exports, Brazil and Russia will continue to emerge from recession. Despite the fact that Brazil continues to suffer the consequences of two years' negative growth and a political situation that remains complicated, the country should return to positive growth (0.4% in 2017 and 2% in 2018). Russia is expected to post 1% growth this year then 1.5% next year, with a return on investment and business profits, particularly in the extractive, electricity production and gas sectors. Growth in Asia is expected to remain dynamic (+5.8% in 2017 and 2018). In China in particular, business is set to slow; the fiscal stimulus is less significant and the central bank is hardening its monetary policy, increasing the risk of business failure and late payments in a context where the overall level of debt remains very high (over 260% of GDP at end 2016). Among the major emerging countries, only India seems likely to maintain a high level of growth, which should reach 7.3% this year and 7.7% next year. Due to the political instability and lack of infrastructure, South Africa is set to remain mired in a very low growth situation (0.8% in 2017 and 1.4% in 2018), well below average levels of growth in emerging countries. Lastly, North Africa and the Middle East are likely to continue to be hampered by low hydrocarbon prices, despite the slight rise.

GDP GROWTH (as %): 2017 (source Coface)



ii. Outlook for the Group

Coface continues to implement its strategic plan, Fit to Win.

Given H1-2017 results, Coface is setting improved net loss ratio guidance for the full year, at "below 58%". This represents an improvement of 3 points compared with previous guidance. The more favorable economic climate which amplifies the impact of Fit to Win initiatives enables a more rapidly than anticipated improvement in results,.

The Group is confident it will achieve its €10m cost savings target in 2017, while investments and restructuring charges for the year should amount to €21m.

II. Consolidated financial statements

II. CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

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

The interim financial statements include:

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

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

The accounting principles and policies used for the interim financial statements as at June 30, 2017 are the same as the ones used for the year ended December 31, 2016. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union6. They are detailed in Note 3 "Applicable Accounting Standards" of the consolidated financial statements for the year ended December 31, 2016.

The condensed consolidated financial statements were reviewed by the Coface Group's Board of Directors on July 27, 2017.

IFRS 9

ARC (Accounting Regulatory Committee) adopted a regulation on June 29, 2017 allowing financial conglomerates to postpone the application of IFRS 9 for their insurance entities on January 1, 2021.

This regulation will be submitted for scrutiny by Parliament and the Council of the EU and will be adopted definitively on October 7, 2017.

Coface meets criteria to defer the effective date of IFRS 9 for its insurance entities. However, factoring entities and service entities do not benefit from this deferral and will apply IFRS 9 from January 1, 2018.

[6] 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

Significant events

Coface Central Europe Holding: acquisition of minority interests

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

Tax review in France

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

Signing of social agreements in France and Germany

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

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

Consolidated balance sheet

(in thousands of euros)

ASSETS	Notes	June 30, 2017	Dec. 31, 2016
Intangible assets		**213,468**	**215,708**
Goodwill	**1**	155,757	156,214
Other intangible assets	**2**	57,711	59,494
Insurance business investments	**3**	**2,820,993**	**2,751,091**
Investment property	**3**	288	787
Held-to-maturity securities	**3**	2,758	2,740
Available-for-sale securities	**3**	2,710,265	2,593,953
Trading securities	**3**	3,799	69,696
Derivatives	**3**	19,376	2,975
Loans and receivables	**3**	84,507	80,940
Receivables arising from banking and other activities	**4**	**2,561,533**	**2,481,525**
Investments in associates	**5**	**14,486**	**13,411**
Reinsurers' share of insurance liabilities	**10**	**385,386**	**341,347**
Other assets		**923,220**	**926,344**
Buildings used in the business and other property, plant and equipment		57,655	57,484
Deferred acquisition costs		47,920	46,393
Deferred tax assets		90,639	71,973
Receivables arising from insurance and reinsurance operations		535,363	528,273
Trade receivables arising from other activities		38,375	14,849
Current tax receivables		68,833	69,126
Other receivables		84,435	138,246
Cash and cash equivalents	**6**	**298,255**	**332,071**
TOTAL ASSETS		**7,217,341**	**7,061,497**

(in thousands of euros)

EQUITY AND LIABILITIES	Notes	June 30, 2017	Dec. 31, 2016
Equity attributable to owners of the parent		**1,749,326**	**1,755,177**
Share capital	**7**	314,496	314,496
Additional paid-in capital		810,420	810,420
Retained earnings		520,015	501,734
Other comprehensive income		84,206	86,996
Consolidated net income for the year		20,189	41,531
Non-controlling interests		**165**	**5,490**
Total equity		**1,749,491**	**1,760,667**
Provisions for liabilities and charges	**8**	**146,772**	**151,074**
Financing liabilities	**9**	**380,928**	**390,044**
Liabilities relating to insurance contracts	**10**	**1,724,076**	**1,678,249**
Payables arising from banking sector activities	**11**	**2,510,393**	**2,409,691**
Amounts due to banking sector companies	**11**	495,907	452,144
Amounts due to customers of banking sector companies	**11**	339,984	366,363
Debt securities	**11**	1,674,502	1,591,184
Other liabilities		**705,681**	**671,772**
Deferred tax liabilities		111,259	104,500
Payables arising from insurance and reinsurance operations		220,936	191,911
Current taxes payable		112,236	110,847
Derivatives		438	7,508
Other payables		260,812	257,006
TOTAL EQUITY AND LIABILITIES		**7,217,341**	**7,061,497**

Consolidated income statement

(in thousands of euros)

	Notes	June 30, 2017	June 30, 2016
Revenue	**12**	**691,737**	**716,728**
Gross written premiums		636,275	648,598
Premium refunds		(40,935)	(46,431)
Net change in unearned premium provisions		(29,758)	(36,427)
Earned premiums	**12**	**565,582**	**565,740**
Fee and commission income	**12**	**68,560**	**69,104**
Net income from banking activities	**12**	**36,040**	**34,859**
Cost of risk		(2,454)	(2,163)
Revenue or income from other activities	**12**	**21,555**	**47,025**
Investment income, net of management expenses	**16**	*19,902*	*24,149*
Gains and losses on disposals of investments	**16**	*5,956*	*430*
Investment income, net of management expenses (excluding finance costs)	**16**	**25,858**	**24,579**
Total revenue and income from ordinary activities		**715,141**	**739,144**
Claims expenses	**13**	(316,781)	(350,067)
Expenses from banking activities, excluding cost of risk	**14**	(6,535)	(6,978)
Expenses from other activities	**14**	(28,930)	(21,486)
Income from ceded reinsurance	**15**	*132,838*	*133,535*
Expenses from ceded reinsurance	**15**	*(150,072)*	*(132,934)*
Income and expenses from ceded reinsurance	**15**	(17,234)	601
Policy acquisition costs	**14**	(125,580)	(126,326)
Administrative costs	**14**	(132,000)	(140,175)
Other current operating expenses	**14**	(40,689)	(41,200)
Total current income and expenses		**(667,749)**	**(685,631)**
CURRENT OPERATING INCOME		**47,392**	**53,513**
Other operating expenses	**17**	(1,315)	(2,307)
Other operating income	**17**	378	545
OPERATING INCOME		**46,455**	**51,751**
Finance costs		(8,931)	(9,216)
Share in net income of associates		1,075	993
Income tax expense		(18,396)	(17,762)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**20,203**	**25,766**
Non-controlling interests		(14)	(170)
NET INCOME FOR THE YEAR		**20,189**	**25,596**
Earnings per share (€)	**19**	0,13	0,16
Diluted earnings per share (€)	**19**	0,13	0,16

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	June 30, 2017	June 30, 2016
Net income for the period		**20,189**	**25,596**
Non-controlling interests		14	170
Other comprehensive income			
Currency translation differences reclassifiable to income		**(5,262)**	**1,674**
Reclassified to income			
Recognised in equity		(5,262)	1,674
Fair value adjustments on available-for-sale financial assets	**3**	**143**	**22,885**
Recognised in equity – reclassifiable to income – gross		9,754	31,012
Recognised in equity – reclassifiable to income – tax effect		(3,557)	(8,363)
Reclassified to income – gross		(8,932)	720
Reclassified to income – tax effect		2,878	(484)
Fair value adjustments on employee benefit obligations		**(130)**	**19**
Recognised in equity – not reclassifiable to income – gross		(130)	15
Recognised in equity – not reclassifiable to income – tax effect		(0)	4
Other comprehensive income for the period, net of tax		**(5,248)**	**24,578**
Total comprehensive income for the period		**14,954**	**50,344**
- attributable to owners of the parent		15,060	49,984
- attributable to non-controlling interests		(106)	360

Statement of changes in equity

(in thousands of euros)	Share capital	Premiums	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, 2015	**786,241**	**347,371**	**444,874**	**(2,643)**	**(18,002)**	**94,278**	**(17,404)**	**126,239**	**1,760,954**	**6,073**	**1,767,027**
Reduction of the value of the shares	(471,745)	471,745									
2015 net income to be appropriated			126,239					(126,239)			
Payment of 2015 dividends in 2016		(8,696)	(66,616)						(75,312)	(771)	(76,083)
Total transactions with owners	**(471,745)**	**463,049**	**59,623**					**(126,239)**	**(75,312)**	**(771)**	**(76,083)**
December 31, 2016 net income								41,531	41,531	523	42,054
Fair value adjustments on available-for-sale financial assets recognized in equity						20,745			20,745	(596)	20,149
Fair value adjustments on available-for-sale financial assets reclassified to income						578			578		578
Change in actuarial gains and losses (IAS 19R)							(5,378)		(5,378)		(5,378)
Currency translation differences					12,179				12,179	234	12,413
Treasury shares elimination				(327)					(327)		(327)
Free share plans expenses			207						207		207
Transactions with shareholders										27	27
Equity at December 31, 2016	**314,496**	**810,420**	**504,704**	**(2,970)**	**(5,823)**	**115,601**	**(22,782)**	**41,531**	**1,755,177**	**5,490**	**1,760,667**
2016 net income to be appropriated			41,531					(41,531)			
Payment of 2016 dividends in 2017			(20,396)						(20,396)		(20,396)
Total transactions with owners			**21,135**	**(0)**	**(0)**	**(0)**	**(0)**	**(41,531)**	**(20,396)**		**(20,396)**
June 30, 2017 net income								20 189	20,189	14	20,203
Fair value adjustments on available-for-sale financial assets recognized in equity						6,197			6,197		6,197
Fair value adjustments on available-for-sale financial assets reclassified to income						(6,053)			(6,053)		(6,054)
Change in actuarial gains and losses (IAS 19R)							(130)		(130)		(130)
Currency translation differences					(5,143)				(5,143)	(119)	(5,262)
Treasury shares elimination				533					533		533
Free share plans expenses			116						116		116
Transactions with shareholders			(3,503)		(39)	2,378			(1,164)	(5,219)	(6,383)
Equity at June 30, 2017	**314,496**	**810,420**	**522,452**	**(2,437)**	**(11,005)**	**118,123**	**(22,912)**	**20,189**	**1,749,326**	**165**	**1,749,491**

Consolidated statement of cash flows

(in thousands of euros)	Notes	June 30, 2017	June 30, 2016
Net income for the period	**19**	**20,189**	**25,596**
Non-controlling interests		14	170
Income tax expense		18,396	17,762
+/- Share in net income of associates	5	(1,075)	(993)
Finance costs		8,931	9,216
Operating income (A)		**46,455**	**51,751**
+/- Depreciation, amortization and impairment losses		1,901	14,267
+/- Net additions to/reversals from technical provisions		73,999	89,869
+ Dividends received from associates	5	(0)	1,008
+/- Unrealized foreign exchange income / loss		20,610	17,562
+/- Non-cash items		(14,467)	25,138
Total non-cash items (B)		***82,522***	***147,844***
Gross cash flows from operations (C) = (A) + (B)		***128,977***	***199,595***
Change in operating receivables and payables		16,544	(74,514)
Net taxes paid		(29,394)	(49,646)
Net cash related to operating activities (D)		***(12,850)***	***(124,160)***
Increase (decrease) in receivables arising from factoring operations		(67,586)	(61,771)
Increase (decrease) in payables arising from factoring operations		56,939	(69,521)
Increase (decrease) in factoring liabilities		31,948	82,901
Net cash generated from banking and factoring operations (E)	***4 - 11***	***21,301***	***(48,391)***
Net cash generated from operating activities (F) = (C+D+E)		**137,428**	**27,044**
Acquisitions of investments	3	(772,052)	(817,231)
Disposals of investments	3	657,837	905,227
Net cash used in movements in investments (G)		***(114,215)***	***87,996***
Acquisitions of consolidated subsidiaries, net of cash acquired		(6,500)	
Disposals of consolidated companies, net of cash transferred			
Net cash used in changes in scope of consolidation (H)		***(6,500)***	
Disposals of property, plant and equipment and intangible assets		(6,852)	(3,796)
Acquisitions of property, plant and equipment and intangible assets		1,214	102
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)		***(5,638)***	***(3,694)***
Net cash used in investing activities (J) = (G+H+I)		**(126,353)**	**84,302**
Proceeds from the issue of equity instruments			
Treasury share transactions		533	(1,448)
Dividends paid to owners of the parent			
Dividends paid to non-controlling interests			
Cash flows related to transactions with owners		***(19,863)***	***(77,531)***
Proceeds from the issue of debt instruments			
Cash used in the redemption of debt instruments		(1,518)	(1,437)
Interests paid		(16,530)	(16,825)
Cash flows related to the financing of Group operations		***(18,048)***	***(18,262)***
Net cash generated from (used in) financing activities (K)		**(37,911)**	**(95,793)**
Impact of changes in exchange rates on cash and cash equivalents (L)		**(6,980)**	**1,629**
Net increase in cash and cash equivalents (F+J+K+L)		**(33,816)**	**17,182**
Net cash generated from operating activities (F)		137,428	27,044
Net cash used in investing activities (J)		(126,353)	84,302
Net cash generated from (used in) financing activities (K)		(37,911)	(95,793)
Impact of changes in exchange rates on cash and cash equivalents (L)		(6,980)	1,629
Cash and cash equivalents at beginning of period	**6**	**332,071**	**396,837**
Cash and cash equivalents at end of period	**6**	**298,255**	**414,019**
Net change in cash and cash equivalents		**(33,816)**	**17,182**

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III. Notes to the condensed interim consolidated financial statements

III. Notes to the consolidated financial statement

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

Note 1. Goodwill

The change in goodwill amounted to a positive €457 thousand at June 30, 2017, due to the fluctuation of the exchange rate.

Note 2. Other intangible assets

The change in other intangible assets amounted to a negative €1,783 thousand at June 30, 2017. This change is mainly explained by an increase of the book value of €2,479 thousand offset by an increase of the provision for depreciation and amortisation of €4,262 thousand.

Note 3. Insurance business investments

3.1 – Analysis by category

At June 30, 2017, the carrying amount of available-for-sale (AFS) securities totalled €2,710,265 thousand, securities held for trading ("trading securities") came to €3,799 thousand and held-to maturity (HTM) securities was €2,758 thousand.

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

The distribution of the bonds portfolio by rating at June 30, 2017 was as follows:

- Bonds rated "AAA" 18%;
- Bonds rated "AA" and "A" 38%;
- Bonds rated "BBB" 33%;
- Bonds rated "BB" and lower 11%.

	June 30, 2017					Dec. 31, 2016				
(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	**2,574,250**	**136,015**	**2,710,265**	**2,710,265**		**2,459,575**	**134,378**	**2,593,953**	**2,593,953**	
Equities and other variable-income securities	207,747	106,978	314,724	314,724		140,734	106,714	247,448	247,448	
Bonds and government securities	2,187,157	23,856	2,211,014	2,211,014		2,183,369	25,997	2,209,366	2,209,366	
o/w direct investments in securities	*1,840,057*	*22,747*	*1,862,804*	*1,862,804*		*1,768,986*	*24,414*	*1,793,400*	*1,793,400*	
o/w investments in UCITS	*347,100*	*1,109*	*348,209*	*348,209*		*414,383*	*1,583*	*415,966*	*415,966*	
Shares in non-trading property companies	179,346	5,181	184,527	184,527		135,472	1,667	137,139	137,139	
HTM securities										
Bonds	2,758		**2,758**	3,633	875	2,740		**2,740**	3,460	720
Fair value through income – trading securities										
Money market funds (UCITS)	3,799		**3,799**	3,799		69,696		**69,696**	69,696	
Derivatives (positive fair value)		19,376	**19,376**	19,376			2,975	**2,975**	2,975	
(derivatives negative fair value for information)		*(438)*	*(438)*	*(438)*			*(7,508)*	*(7,508)*	*(7,508)*	
Loans and receivables	84,507		**84,507**	84,507		80,940		**80,940**	80,940	
Investment property	695	(408)	**287**	287		716	71	**787**	787	
Total	**2,666,009**	**154,983**	**2,820,992**	**2,821,866**	**875**	**2,613,667**	**137,424**	**2,751,091**	**2,751,811**	**720**

(in thousands of euros)	Gross June 30, 2017	Impairment	Net June 30, 2017	Net Dec. 31, 2016
AFS securities	**2,739,689**	**(29,424)**	**2,710,265**	**2,593,953**
Equities and other variable-income securities	343,049	(28,325)	314,724	247,448
Bonds and government securities	2,212,105	(1,091)	2,211,014	2,209,366
o/w direct investments in securities	*1,862,804*		*1,862,804*	*1,793,400*
o/w investments in UCITS	*349,300*	*(1,091)*	*348,209*	*415,966*
Shares in non-trading property companies	184,535	(8)	184,527	137,139
HTM securities				
Bond	**2,758**		**2,758**	**2,740**
Fair value through income – trading securities				
Money market funds (UCITS)	**3,799**		**3,799**	**69,696**
Derivatives (positive fair value)	**19,376**		**19,376**	**2,975**
(for information, derivatives with a negative fair	*(438)*		*(438)*	*(7,508)*
Loans and receivables	**84,507**		**84,507**	**80,940**
Investment property	**287**		**287**	**787**
Total	**2,850,416**	**(29,424)**	**2,820,992**	**2,751,091**

Impairments

(in thousands of euros)	Dec. 31, 2016	Additions	Reversals	Exchange rate effects and other	June 30, 2017
AFS securities	**30,510**	**(0)**	**(1,101)**	**16**	**29,424**
Equities and other variable-income securities	29,411	(0)	(1,101)	16	28,325
Bonds and government securities	1,091	(0)	(0)	(0)	1,091
Shares in non-trading property companies	8				8
Total	**30,510**	**(0)**	**(1,101)**	**16**	**29,424**

Reversals are related to the disposal of AFS securities.

Change in investments by category

(in thousands of euros)	Dec. 31, 2016 Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	June 30, 2017 Carrying amount
AFS securities	**2,593,953**	**743,071**	**(580,647)**	**824**	**1,101**	**(48,036)**	**2,710,265**
Equities and other variable-income securities	247,448	101,958	(36,111)	(906)	1,101	1,234	314,724
Bonds and government securities	2,209,366	534,256	(482,539)	(1,784)		(48,285)	2,211,014
Shares in non-trading property companies	137,139	106,857	(61,998)	3,514		(985)	184,527
HTM securities							
Bonds	2,740	30	(12)				2,758
Fair value through income – trading securities	69,696		(65,897)				3,799
Loans, receivables and other financial investments	84,703	28,716	(7,327)	542		(2,464)	104,170
Total	**2,751,092**	**771,817**	**(653,883)**	**1,366**	**1,101**	**(50,501)**	**2,820,992**

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 2017, 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 include, 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.

3.2 – Financial instruments recognised at fair value

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

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

Securities classified as level 1 represent 85% of the Group’s portfolio. They correspond to:

- equities, bonds and government securities listed on organised markets, as well as units in dedicated mutual funds whose net asset value is calculated and published on a very regular basis and is readily available (AFS securities);
- government bonds and bonds indexed to variable interest rates (HTM securities);
- French units in money-market funds, 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 4% 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 11% 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, 2017 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	**2,710,265**	**2,710,265**	**2,396,215**	**23**	**314,027**
Equities and other variable-income securities	314,724	314,724	185,201	23	129,500
Bonds and government securities	2,211,014	2,211,014	2,211,013		
Shares in non-trading property companies	184,527	184,527			184,527
HTM securities					
Bonds	2,758	3,633	3,633		
Fair value through income – trading securities					
Money market funds (UCITS)	3,799	3,799	3,799		
Derivatives	19,376	19,376	2,648	15,812	916
Loans and receivables	84,507	84,507		84,507	
Investment property	287	287			287
TOTAL	**2,820,992**	**2,821,866**	**2,406,295**	**100,342**	**315,230**

Movements in Level 3 securities as at June 30, 2017

(in thousands of euros)	At Dec. 31, 2016	Gains and losses recognized in the period		Transactions for the period		Exchange rate effects	At June 30, 2017
		In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions		
AFS securities	**269,595**		**(1,252)**	**107,392**	**(61,998)**	**289**	**314,027**
Equities and other variable-income securities	132,456		(4,766)	535		1,274	129,500
Shares in non-trading property companies	137,139		3,514	106,857	(61,998)	(985)	184,527
Derivatives	1,122			**(206)**			**916**
Investment property	**788**				**(501)**		**287**
TOTAL	**271,505**		**(1,252)**	**107,186**	**(62,499)**	**289**	**315,230**

Breakdown of financial instrument fair value measurements as at December 31, 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	**2,593,953**	**2,593,953**	**2,324,335**	**23**	**269,595**
Equities and other variable-income securities	247,448	247,448	114,969	23	132,456
Bonds and government securities	2,209,366	2,209,366	2,209,366		
Shares in non-trading property companies	137,139	137,139			137,139
HTM securities					
Bonds	2,740	3,460	3,460		
Fair value through income – trading securities					
Money market funds (UCITS)	69,696	69,696	69,696		
Derivatives	2,975	2,975	993	860	1,122
Loans and receivables	80,940	80,940		80,940	
Investment property	787	787			787
TOTAL	**2,751,091**	**2,751,811**	**2,398,484**	**81,823**	**271,504**

Movements in Level 3 securities as at December 31, 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 Dec. 31, 2016
AFS securities	**240,219**	**445**	**5,178**	**46,411**	**(17,058)**	**(5,600)**	**269,595**
Equities and other variable-income securities	129,297	445	3,427	2,850		(3,563)	132,456
Shares in non-trading property companies	110,922		1,751	43,561	(17,058)	(2,037)	137,139
Derivatives				**1,122**			**1,122**
Investment property	**800**	**(13)**					**787**
TOTAL	**241,019**	**432**	**5,178**	**47,533**	**(17,058)**	**(5,600)**	**271,504**

Note 4. Receivables arising from banking and other activities

(in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Receivables arising from banking and other activities	2,498,727	2,412,543
Non-performing receivables arising from banking and other activities	82,004	86,579
Allowances for receivables arising from banking and other activities	(19,198)	(17,597)
Total	**2,561,533**	**2,481,525**

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

They are recognised at cost within assets. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.
Where applicable, the Group recognises a valuation allowance against receivables to take account of any potential difficulties in their future recovery, it being specified that the receivables are also covered by a credit insurance agreement. Accordingly, the related risks are covered by claims provisions.

Note 5. Investments in associates

The company accounted for by the equity method is Cofacredit, owned at 36%. The change in investments in associates is an increase of €1,075 thousand at June 30, 2017.

Note 6. Cash and cash equivalents

(in thousands of euros)	**June 30, 2017**	**Dec. 31, 2016**
Cash at bank and in hand	269,369	289,434
Cash equivalents	28,886	42,637
Total	**298,255**	**332,071**

Note 7. Share capital

Ordinary shares	**Number of shares**	**Par value**	**Share capital (in €)**
At December 31, 2016	157,248,232	2	314,496,464
Nominal value decrease		(0)	(0)
At June 30, 2017	**157,248,232**	**2**	**314,496,464**
Treasury shares deducted	(254,560)	2	(509,120)
At June 30, 2017 (excluding treasury shares)	**156,993,672**	**2**	**313,987,344**

	June 30, 2017		**Dec. 31, 2016**	
Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Natixis	64,853,881	41.33%	64,853,881	41.33%
Public	92,139,791	58.67%	92,050,341	58.67%
Total excluding treasury shares	**156,993,672**	**100.00%**	**156,904,222**	**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, 41.31% of the Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

Note 8. Provisions for liabilities and charges

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Provisions for disputes	7,007	9,683
Provisions for pension and other post-employment benefit obligations	70,320	71,798
Other provisions for liabilities and charges	69,445	69,593
Total	**146,772**	**151,074**

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

Note 9. Financing liabilities

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Subordinated debt	380,154	387,753
Obligations under finance leases	774	2,291
Total	**380,928**	**390,044**

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, 2017, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €380,154 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs and the issue premium for €3,765 thousand;
- increased by accrued interest of €3,919 thousand.

The impact on consolidated income statement income as at June 30, 2017 mainly includes the interest related to the period for €8,076 thousand.

Note 10. Liabilities relating to insurance contracts

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Provisions for unearned premiums	298,550	275,860
Claims reserves	1,298,599	1,275,230
Provisions for premium refunds	126,927	127,159
Liabilities relating to insurance contracts	**1,724,076**	**1,678,249**
Provisions for unearned premiums	(71,334)	(47,986)
Claims reserves	(286,218)	(266,756)

Provisions for premium refunds	(27,834)	(26,605)
Reinsurers' share of technical insurance liabilities	**(385,386)**	**(341,347)**
Net technical provisions	**1,338,690**	**1,336,902**

Note 11. Payables arising from banking sector activities

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
Amounts due to banking sector companies	495,907	452,144
Amounts due to customers of banking sector companies	339,984	366,363
Debt securities	1,674,502	1,591,184
TOTAL	**2,510,393**	**2,409,691**

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 12. Consolidated revenue

(in thousands of euros)

a) By business line	June 30, 2017	June 30, 2016
Premiums – direct business	594,570	608,472
Premiums – inward reinsurance	41,704	40,127
Premium Refunds	(40,935)	(46,431)
Provisions for unearned premiums	(29,758)	(36,427)
Earned premiums net of cancellations c)	**565,581**	**565,740**
Fees and commission income	**68,560**	**69,103**
Net income from banking activities d)	**36,040**	**34,858**
Other insurance-related services	1,965	2,761
Remuneration of public procedures management services	-	25,739
Business information and other services	13,363	11,854
Receivables management	6,227	6,672
Revenue or income from other activities	**21,555**	**47,025**
Consolidated revenue	**691,737**	**716,728**

(in thousands of euros)

b) By region of invoicing	June 30, 2017	June 30, 2016
Northern Europe	154,949	158,151
Western Europe	142,460	167,032
Central Europe	62,792	61,332
Mediterranean & Africa	174,511	166,284
North America	63,254	68,858
Latin America	42,477	39,522
Asia-Pacific	51,294	55,549
Consolidated revenue	**691,737**	**716,728**

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, 2017	June 30, 2016
Credit insurance	524,690	528,011
Guarantees	26,580	25,875
Single risk	14,312	11,854
Total insurance revenue	**565,582**	**565,740**

(in thousands of euros)

d) Net income from banking activities	June 30, 2017	June 30, 2016
Financing fees	19,057	16,853
Factoring fees	17,523	17,933
Other	(540)	64
Total net income from banking activities	**36,040**	**34,848**

Note 13. Claim expenses

(in thousands of euros)	June 30, 2017	June 30, 2016
Paid claims, net of recoveries	(250,077)	(279,233)
Claims handling expenses	(13,130)	(12,777)
Change in claims reserves	(53,574)	(58,056)
Total	**(316,781)**	**(350,067)**

Claims expenses by period of occurrence

(in thousands of euros)	June 30, 2017			June 30, 2016		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	(396,821)	94,130	(302,691)	(405,684)	77,097	(328,587)
Claims expenses – prior years	80,040	(19,464)	60,576	55,617	9,649	65,265
Claims expenses	**(316,781)**	**74,666**	**(242,115)**	**(350,067)**	**86,746**	**(263,322)**

Note 14. Overheads by function

(in thousands of euros)	June 30, 2017	June 30, 2016
Commissions	*(78,158)*	*(75,188)*
Other acquisition costs	*(47,422)*	*(51,138)*
Total acquisition costs	(125,580)	(126,326)
Administrative costs	(132,000)	(140,175)
Other current operating expenses	(40,689)	(41,200)
Investment management expenses	(1,406)	(972)
Claims handling expenses	(13,130)	(12,777)
Total	**(312,805)**	**(321,450)**
of which employee profit-sharing	*(2,050)*	*(2,474)*

(in thousands of euros)	June 30, 2017	June 30, 2016
Acquisition, administration costs and other current operating expenses	(312,805)	(321,450)
Expenses from banking activities, excluding cost of risk	(6,535)	(6,978)
Expenses from other activities	(28,930)	(21,486)
Total	**(348,270)**	**(349,914)**

Total overheads include general insurance expenses (by function), expenses from other activities and expenses from banking activities. It came out at €348,270 thousand at June 30, 2017 versus €349,914 thousand at June 30, 2016.

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 15. Income and expenses from ceded reinsurance

(in thousands of euros)	June 30, 2017	June 30, 2016
Ceded claims	54,874	74,504
Change in claims provisions net of recoveries	19,791	12,241
Commissions paid by reinsurers	58,174	46,790
Income from ceded reinsurance	**132,839**	**133,535**
Ceded premiums	(173,456)	(141,271)
Change in unearned premiums provisions	23,383	8,337
Expenses from ceded reinsurance	**(150,073)**	**(132,934)**
Total	**(17,234)**	**601**

Note 16. Investment income, net of management expenses (excluding finance costs)

(in thousands of euros)	June 30, 2017	June 30, 2016
Investment income	20,779	23,840
Change in financial instruments at fair value though income	1,022	6,190
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*91*	*7,390*
Net gains on disposals	5,956	430
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds	*(84)*	*(49)*
Additions to/(reversals from) impairment	2,496	(1,300)
Net foreign exchange gains/(losses)	(2,189)	(2,915)
o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds(1)	*(2,572)*	*(9,892)*
Investment management expenses	(2,206)	(1,666)
Total	**25,858**	**24,579**

1) The -€2,572 thousand foreign exchange gains from Colombes and Lausanne funds consisted of +€16,491 thousand in realised gains and -€19,063 thousand of unrealised gains.

Note 17. Other operating income and expenses

(in thousands of euros)	June 30, 2017	June 30, 2016
Other operating expenses	(1,315)	(2,307)
Other operating income	378	545
Net	**(937)**	**(1,762)**

Other operating expenses concern restructuration fees.

Note 18. 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, 2017 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	**152,480**	**145,206**	**64,402**	**175,717**	**63,254**	**42,477**	**51,294**	**495,744**	**14,036**		**(512,873)**	**691,737**
o/w Earned Premium	*98,503*	*123,452*	*49,224*	*146,485*	*56,726*	*40,911*	*50,282*	*495,744*			*(495,744)*	*565,582*
o/w Factoring	*31,408*		*4,632*									*36,040*
o/w Other insurance-related services	*22,569*	*21,754*	*10,546*	*29,232*	*6,528*	*1,567*	*1,012*		*14,036*		*(17,130)*	*90,115*
Claims-related expenses (including claims handling costs)	(57,758)	(56,596)	(25,476)	(75,851)	(32,651)	(20,846)	(46,078)	(293,917)		(1,404)	293,798	(316,781)
Cost of risk	(2,454)											(2,454)
Commissions	(10,703)	(18,211)	(3,574)	(18,616)	(14,568)	(5,340)	(9,990)	(131,428)			134,183	(78,248)
Other internal general expenses	(60,232)	(55,479)	(21,187)	(57,487)	(16,887)	(12,399)	(17,857)		(14,046)	(14,975)	15,061	(255,487)
UNDERWRITING INCOME BEFORE REINSURANCE*	**21,333**	**14,920**	**14,165**	**23,763**	**(852)**	**3,892**	**(22,631)**	**70,398**	**(9)**	**(16,379)**	**(69,833)**	**38,769**
Income/(loss) on ceded reinsurance	(3,133)	(8,645)	(524)	(797)	(2,298)	(1,692)	1,786	(72,329)			70,398	(17,234)
Other operating income and expenses	108	(165)	4	(664)		(219)						(937)
Net financial income excluding finance costs	5,060	12,712	240	3,154	1,086	3,448	1,307		(468)	(369)	(312)	25,858
Finance costs	(164)	374	(9)	(149)	(506)	(140)	(317)		(46)	(8,076)	101	(8,931)
OPERATING INCOME including finance costs	**23,204**	**19,196**	**13,876**	**25,307**	**(2,569)**	**5,289**	**(19,856)**	**(1,931)**	**(523)**	**(24,824)**	**355**	**37,525**
Share in net income of associates		1,075										1,075
NET INCOME BEFORE TAX	**23,204**	**20,271**	**13,876**	**25,307**	**(2,569)**	**5,289**	**(19,856)**	**(1,931)**	**(523)**	**(24,822)**	**355**	**38,602**
Income tax expense	(7,417)	(14,035)	(2,465)	(2,025)	(1,299)	(2,736)	372	665	180	8,546	1,818	(18,396)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**15,787**	**6,233**	**11,411**	**23,282**	**(3,868)**	**2,553**	**(19,484)**	**(1,266)**	**(343)**	**(16,276)**	**2,173**	**20,203**
Non-controlling interests	(1)			(1)		(13)	2					(14)
NET INCOME FOR THE PERIOD	**15,786**	**6,233**	**11,411**	**23,281**	**(3,868)**	**2,540**	**(19,483)**	**(1,266)**	**(343)**	**(16,276)**	**2,173**	**20,189**

* 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, 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.

Note 19. Earnings per share

	June 30, 2017		
	Average number of shares	Net income for the period (in €k)	Earnings per share (in €)
Basic earnings per share	156,948,947	20,189	0.13
Dilutive instruments	0	0	0
Diluted earnings per share	**156,948,947**	**20,189**	**0.13**

	June 30, 2016		
	Average number of shares	Net income for the period (in €k)	Earnings per share (in €)
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**

Note 20. Off-balance sheet commitments

	June 30, 2017		
(in thousands of euros)	**TOTAL**	**Related to financing**	**Related to activity**
Commitments given	**1,005,907**	**995,397**	**10,510**
Endorsements and letters of credit	995,397	995,397	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	3,010		3,010
Commitments received	**1,260,042**	**861,444**	**398,598**
Endorsements and letters of credit	139,346		139,346
Guarantees	156,386		156,386
Credit lines linked to commercial paper	600,000	600,000	
Credit lines linked to factoring	261,444	261,444	
Contingent capital	100,000		100 000
Financial commitments in respect of equity interests	2,866		2,866
Guarantees received	**291,313**		**291,313**
Securities lodged as collateral by reinsurers	291,313		291,313
Financial market transactions	**7,373**		**7,373**

The endorsements and letters of credit correspond mainly to:

- a joint guarantee of €380,000 thousand in favour of COFACE SA subordinated notes' investors (10 year maturity)
- a joint guarantee of €573,000 thousand given to banks financing the factoring business.

The securities lodged as collateral by reinsurers concern Coface Ré for €192,327 thousand and Compagnie française pour le commerce extérieur for €98,986 thousand.

	Dec. 31, 2016		
(in thousands of euros)	TOTAL	Related to financing	Related to activity
Commitments given	**955,126**	**944,303**	**10,823**
Endorsements and letters of credit	944,303	944,303	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	3,323		3,323
Commitments received	**1,270,697**	**886,936**	**383,761**
Endorsements and letters of credit	136,964		136,964
Guarantees	143,997		143,997
Credit lines linked to commercial paper	600,000	600,000	
Credit lines linked to factoring	286,936	286,936	
Contingent capital	100,000		100,000
Financial commitments in respect of equity interests	2,800		2,800
Guarantees received	**302,893**		**302,893**
Securities lodged as collateral by reinsurers	302,893		302,893
Financial market transactions	**58,533**		**58,533**

Note 21. Related parties

Natixis holds, at the end of June 2017, 41.31% of the Coface Group's shares excluding treasury shares and 41.24% including treasury shares.

	Number of shares	%
Natixis	64,853,881	41.31%
Public	92,139,791	58.69%
Total	**156,993,672**	**100.00%**

Relations between 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, 2017		
(in thousands of euros)	Natixis SA	Natixis factor	Ellisphere
Total revenue and income from ordinary activities	**(1,247)**		
Revenue (net banking income, after cost of risk)	(1,247)		
Total current income and expenses	**(16)**	**19**	**(11)**
Claims expenses		1	
Expenses from other activities		(1)	(11)
Policy acquisition costs	4	10	
Administrative costs	(22)	4	
Other current operating income and expenses	2	5	
Current operating income/(loss)	**(1,263)**	**19**	**(11)**

Related-party receivables and payables	June 30, 2017				
(in thousands of euros)	BPCE group	Natixis SA	Natixis Factor	Ellisphere	Kompass International
Financial investments	14,096	40,013			
Other assets			25		175
Cash and cash equivalents		1,605			
Liabilities relating to insurance contracts					
Payables arising from banking sector activities		143,010			
Other liabilities		59		7	

The €143,010 thousand in financing liabilities due to banking sector companies, at the end of June 2017, corresponds to borrowings taken out with Natixis to finance the factoring business.

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	Dec. 31, 2016			
(in thousands of euros)	BPCE group	Natixis SA	Natixis Factor	Ellisphere
Financial investments	11,667	70,056		
Other assets			56	
Cash and cash equivalents		1,102		
Liabilities relating to insurance contracts				
Amounts due to banking sector companies		127,014		
Other liabilities		60		45

Note 22. Events after the reporting period

There are no events after the reporting period.

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

IV. Statutory auditors' review report on the half-yearly consolidated financial statements (under preparation)

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, 2017

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 ("*French code monétaire et financier*"), we hereby report to you on:

- the limited review of the half-yearly condensed consolidated financial statements of COFACE S.A., for the period from January, 1st to June, 30th 2017,
- the verification of the information presented in the half-yearly management report 2017.

These half-yearly condensed consolidated financial statements are the responsibility of COFACE S.A.'s 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 limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited 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.

Based on our limited 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, 2017 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.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly condensed consolidated financial statements for 2017 subject to our limited review. We have no matters to report as to its fair presentation and consistency with the half-yearly condensed consolidated financial statements for 2017.

It is not our responsibility to comment on the fairness and consistency with the consolidated half-yearly consolidated financial statements of the prudential and supervisory information, in particular the Solvency coverage ratio (SCR).

The Statutory Auditors

Paris La Défense, on July **[X]**, 2017

KPMG Audit
Department of KPMG S.A.

Régis Tribout
Partner

Neuilly-sur-Seine, on July **[X]**, 2017

Deloitte & Associés

Jérôme Lemierre
Partner

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V. Statement of the person responsible for the financial statements

V. 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 interim financial report for the first half 2017, 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 Group and the companies comprised in the consolidation scope, and that the interim activity report, 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, 2017 is reproduced above, in paragraph IV.

On July 27, 2017

Xavier DURAND

Chief Executive Officer of COFACE SA

VI. Key indicators

VI. 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 Y/Y-1 H1-2017 in €m	 H1-2016 in €m
Turnover with restated items				
(1) 2 types of revenue restatements: i- Calculation of the percentage of revenue growth in like-for-like (i.e. constant scope and FX): - Year Y recalculated at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y 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.	i- Historic method for calculating like-for-like percentages for Coface Transfer of the State Export Guarantees management is being recognised in this category (as from 2017) ii- Item considered as non-recurring, which means that it will not occur again in the current year (Year Y).	i- (Revenue Y – FX Impact Y-1) / (Revenue Y-1 + Impact scope N) - 1 ii- Revenue Y +/- Restatements / Additions of non-recurring items Y	i. **-0.5%** = (691.7 – 4.5) / (716.7 + (-25.7 state guarantees management revenue)) - 1 ii. 691.7 +/- 0.0	i. **N/A** 691.0 = 716.7 + (-25.7 state guarantees management revenue) ii. 716.7 +/- 0.0
Fee and commission income/Earned premiums (current – like-for like)				
Weight of fee and commission income compared to earned premiums in like-for like (i.e. constant scope and FX): - Year Y at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y Fee and commission income corresponds to revenue billed for ancillary services.	Indicator used to monitor changes in fees and commission income compared to the main Revenue item on a like-for-like basis (ie. constant scope and FX).	Fee and commission income/Earned premiums Like-for-Like (no scope impact ; ex. FX)	**Current: 12.5%** = (70.5 / 565.6) **Ex. FX: 12.5%** = (70.4 / 561.8)	**Current: 12.7%** = (71.9 / 565.7) **Ex. FX: 12.5%** = (72.6 / 582.4)
Internal general expenses 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	**264.0** = 270.0 – 6.0 (Italy tax one-off)	**261.2** = 274.7 – 13.5 (State guarantees management expense)

b) APM linked to operating income:

Definition	Justification	Reconciliation with the financial statements	Comparaison Y/Y-1	
			H1-2017 in €m	**H1-2016 in €m**
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 general expenses (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	**46.5** = 46.5 + (-8.9) - (-0.9) - (-8.1)	**40.2** = 51.8 + (-9.2) - (-1.8) - (-8.1) - (+12.2 Operating income from State guarantees mangement)

c) *APM linked to net income:*

Definition	Justification	Reconciliation with the financial statements	Comparaison Y/Y-1	
			H1-2017 in €m	**H1-2016 in €m**
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 expenses (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.	Net income +/- Restatements / Additions of non-recurring items	**20.2** +/- 0.0	**17.6** = 25.6 - (+12.2 Operating income from State guarantees management) - (-4,2 income tax on State guarantees management activity)

d) APM in connection with combined ratio:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	**H1-2016 in €m**
Gross loss ratio (or loss ratio before reinsurance) and gross loss ratio including claims management fees refer to the very same indicator				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.3.2 of the 2016 registration document				
Net loss ratio (or loss ratio after reinsurance)				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.3.2 of the 2016 registration document				
Gross/Net cost ratio (or cost ratio before/after reinsurance)				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.3.2 of the 2016 registration document				
Ratio combiné brut / net de réassurance				
Please, refer to part VII of the present document and Chapter 3, paragraph 3.3.2 of the 2016 registration document				
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 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 combined ratios after reinsurance, excluding non-recurring items.	Combined ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**[A]=[B]+[C]** **92.3%** = 58.3% + 34.0%	**[A]=[B]+[C]** **95.2%** = 60.8% + 34.4%
Net 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	**58.3%** = 58.3% +/- 0.0pts	**60.8%** = 60.8% +/- 0.0pts

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2017 in €m	Comparison Y/Y-1 H1-2016 in €m
Net 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	**34.0%** = 35.5% - (1.4pts Italy tax one-off impact)	**34.4%** = 31.4% - (-3.0pts State guarantees management expense impact): (25.7 + 0.6 – 13.5) / (565.7 – 132.9)
Current underwriting year gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the current underwriting year [D]				
Ultimate claims expense (after recourse) over earned premiums (after premium rebates) for the current underwriting year. The insurance attachment year (insurance period) is exclusively the current year Y.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	= Claims attached to the current year/ Gross earned premiums for the current year See ultimate loss ratios development triangles	**71.9%** See ultimate loss ratios development triangles	**73.7%** See ultimate loss ratios development triangles
Prior underwriting years gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the prior underwriting years [E]				
Corresponds to the Gains/Losses for underwriting years (insurance periods) prior to the current year Y, which is not included. A Gain or Loss corresponds 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]	**-18.2%** = 53.7% - 71.9%	**-14.1%** = 59.6% - 73.7%

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	H1-2016 in €m
All underwriting years gross loss ratio – loss ratio before reinsurance and excluding claims handling expenses for all underwriting years [F]				
Corresponds to the accounting loss ratio relating to all underwriting years (Current year Y and its prior years). Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	Key indicator in loss monitoring	-(Claims / Earned premiums) (see P&L)	**53.7%** =-(-303.7 / 565.6)	**59.6%** =-(-337.3 / 565.7)

e) APM in connection with equity:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	H1-2016 in €m
RoATE – Return on average tangible equity				
Net income (attributable to the equity owner of the parent – group share) for the year over average tangible equity (average equity restated for intangible assets).	The return on equity ratio is used to measure the return on the Group's invested capital.	Net income group share Y /[(Equity attributable to equity holders of the parent Y-1, restated for intangible assets + Equity attributable to equity holders of the parent Y, restated for intangible assets)/2] For intermediary periods (Q1, H1 and 9M results), the net income is annualized ie. For Q1: Net income x 4 For H1: Net income x 2 For 9M : Net income / 3 x 4	**2.6%** = (20x2) / [(1,556 + 1,540 /2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator	**3.3%** = (26x2)/ [(1,540+1,537)/2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator
RoATE excluding exceptional and non-recurring items				
RoATE (refer to the definition above) recalculated based on the net income excluding non-recurring items and the average tangible equity excluding non-	The return on equity ratio excluding non-recurring items is used to track changes on the Group's invested capital between two reporting periods	Net income group share Y excluding non-recurring items /[(Equity attributable to equity holders of the parent Y-1 excluding non-recurring items, restated for intangible assets	**2.6%** +/- 0.0pts	**3.3%** +/- 0.0pts

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	H1-2016 in €m
recurring items.		+ /[(Equity attributable to equity holders of the parent Y excluding non-recurring items, restated for intangible assets)/2] For intermediary periods (Q1, H1 and 9M results), the net income is annualized ie. For Q1: Net income x 4; For H1: Net income x 2 For 9M : Net income / 3 x 4		

f) *APM linked to the investment portfolio*:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	H1-2016 in €m
Accounting rate of return of financial assets				
Investment income before income from investments in companies, foreign exchange gains or losses and financial expenses compared to the balance sheet total of financial assets excluding investments in companies	Indicator used to monitor the accounting performance of the financial assets portfolio	Investment portfolio income / ((market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	**1.1%** = 29.3 / (((2,752 -121) + (2,822 - 119)) /2)	**0.8%** = 20.2 / (((2,649 -122) + (2,561 - 127)) /2)
Accounting rate of return of financial assets excluding income from disposals				
Investment income before income from investments in companies, foreign exchange gains or losses and	Indicator used to monitor the recurring accounting performance of the financial assets portfolio	Investment portfolio income excluding capital gains or losses / ((market value of financial assets (stocks excluding	**0.8%** = (29.3 – 8.6) / (((2,752 – 121) +	**0.9%** = (20.2 - (-1.3)) / (((2,649 -

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1 H1-2017 in €m	 H1-2016 in €m
financial expenses excluding capital gains or losses on disposals compared to the balance sheet total of financial assets excluding investments in companies		investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	(2,822-119)) / 2)	122) + (2,561 – 127)) / 2)
Economic rate of return of financial assets				
Economic performance of the asset portfolio. Thus the change in revaluation reserves for the period over the balance sheet total of financial assets is added to the accounting return.	Indicator used to monitor the economic performance of the financial assets portfolio	((Accounting rate of return of financial assets + (revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y – revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / ((market value of financial assets ((stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / 2	**1.2%** = (29.3 + ((155.0 – 19.4 – 90.7) - (137.4 – 3.0 – 93.4))) / (((2,752 - 121) + (2,822 - 119)) /2)	**1.0%** =(20.2+((151.0 - 15.0 – 98.0) - (112.2 - 6.1 - 93.3))) / (((2,649 - 122) + (2,561 - 127))/2)
Investment portfolio income				
Income from the investment portfolio (stocks excluding share in companies, fixed-income instruments and real estate)	Used to monitor income from the investment portfolio only	Income from stocks excluding investments in companies + fixed-income instruments + real estate income	**29.3** = 4.7 + 22.0 + 2,6	**20.2** = - 1.3 + 19. 6 + 1.9

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	**H1-2016 in €m**
Others				
Foreign exchange (FX) income and investments in companies	Used to monitor income from investments in companies and FX gains and losses that are not an integral part of the investment portfolio	Income from FX + income from derivatives + income from investments in companies (dividends, allowances to provisions, capital gains or losses etc.).	**-1.3** = -2.2 – 1.7 + 2.6	**6.0** = - 2.9 + 8.1 + 0.8

g) API linked to reinsurance:

Définition	Justification	Réconciliation avec les comptes	Comparaison N/N-1	
			S1-2017	**S1-2016**
Ceded premiums / Gross earned premiums (or premium cession rate)				
Weight of ceded premiums compared to earned premiums. Ceded premiums correspond to the share of earned premiums that Coface cede to its reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of written premiums and provisions on earned premiums not written.	Indicator used to monitor the drivers of the change in reinsurance result	(Ceded premiums (o/w change in premium reserves) / Earned premiums)	**26.5%** = - (-150.1 / 565.6)	**23.5%** =-(-132.9 / 565.7)

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			H1-2017 in €m	**H1-2016 in €m**
Ceded claims / total claims (or claims cession rate)				
Weight of ceded claims compared to total claims. Ceded claims correspond to the share of claims that Coface transfers to reinsurers under reinsurance treaties signed with them.	Indicator used to monitor the drivers of the change in reinsurance result	- Ceded claims (o/w change in claims reserves after recourse) / total claims incl. claims handling costs	**24.6%** = -74.7 / -303.7	**25.7%** = -86.7 / -337.3
Underwriting income before reinsurance				
Please, refer to Chapter 3, paragraph 3.3.1 and 3.4.3 of the 2016 registration document.				
Underwriting income after reinsurance				
Please, refer to Chapter 3, paragraph 3.3.1 and 3.4.3 of the 2016 registration document.				

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VII. Appendix: Calculation of financial ratios

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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).

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* in the tables below : ex. SEGM = excluding State export guarantees management, ceded in January 2017

$$\boldsymbol{loss\ ratio\ before\ reinsurance} = \frac{claims\ expenses\ [\boldsymbol{B}]}{gross\ earned\ premiums\ [\boldsymbol{A}]}$$

$$\boldsymbol{loss\ ratio\ after\ reinsurance} = \frac{net\ claims\ expenses\ [\boldsymbol{E}]}{net\ earned\ premiums\ [\boldsymbol{D}]}$$

$$\boldsymbol{cost\ ratio\ before\ reinsurance} = \frac{adjusted\ gross\ operating\ expenses\ [\boldsymbol{C}]}{gross\ earned\ premiums\ [\boldsymbol{A}]}$$

$$\boldsymbol{cost\ ratio\ after\ reinsurance} = \frac{adjusted\ net\ operating\ expenses\ [\boldsymbol{F}]}{net\ earned\ premiums\ [\boldsymbol{D}]}$$

$$\boldsymbol{combined\ ratio\ before\ reinsurance} = \ loss\ ratio\ before\ reinsurance\frac{[\boldsymbol{B}]}{[\boldsymbol{A}]} + \ loss\ ratio\ before\ reinsurance\frac{[\boldsymbol{C}]}{[\boldsymbol{A}]}$$

$$\boldsymbol{combined\ ratio\ after\ reinsurance} = \boldsymbol{loss\ ratio\ after\ reinsurance}\frac{[\boldsymbol{E}]}{[\boldsymbol{D}]} + \ \boldsymbol{loss\ ratio\ before\ reinsurance}\frac{[\boldsymbol{F}]}{[\boldsymbol{D}]}$$

Ratios	H1-2016	H1-2016 ex. SEGM*	H1-2017
Loss ratio before Reinsurance	61.9%	61.9%	**56.0%**
Loss ratio after Reinsurance	60.8%	60.8%	**58.3%**
Cost ratio before Reinsurance	32.3%	34.6%	**36.3%**
Cost ratio after Reinsurance	31.4%	34.4%	**35.5%**
Combined ratio before Reinsurance	94.2%	96.4%	**92.3%**
Combined ratio after Reinsurance	92.2%	95.2%	**93.7%**

Net Earned Premiums

In €k	Notes	H1-2016	H1-2016 ex. SEGM*	H1-2017
Gross earned premiums [A]	**12**	565,740	**565,740**	**565,582**
Ceded premiums	15	-132,934	-132,934	-150,072
Net earned premiums [D]		432,806	432,806	**415,511**

Net Claims

In €k	Notes	H1-2016	H1-2016 ex. SEGM*	H1-2017
Gross claims[1] [B]	**13**	**-350,067**	**-350,067**	**-316,781**
Ceded claims	15	74,504	74,504	**54,874**
Change in claims provisions net of recoveries	15	12,241	12,241	19,791
Net Claims [E]		**-263,321**	**-263,321**	**-242,116**

Adjusted Net Operating expenses

In €k	Notes	H1-2016	H1-2016 ex. SEGM*	H1-2017
Commissions - General external expenses	14	-75,188	-75,188	**-78,248**
General internal expenses	14	-274,726	-261,199	-270,024
Total operating expenses	**14**	**-349,914**	**-336,387**	**-348,271**
Net income from banking activities	12	34,859	34,859	36,040
Fees and commission income	12	69,104	69,104	68,560
Other insurance-related services	12	2,760	2,760	1,965
Business information and other services	12	11,854	11,854	13,363
Receivables management	12	6,672	6,672	6,227
Public guarantees revenues	12	25,739	0	0
Employee profit sharing and incentive plans	14	2,474	1,911	2,050
Internal investment management charges	16	972	972	1,406
Insurance claims handling costs	13	12,777	12,777	13,130
Adjusted gross operating expenses [C]		**-182,703**	**-195,478**	**-205,531**
Received reinsurance commissions	15	46,790	46,790	58,174
Adjusted net operating expenses [F]		**-135,913**	**-148,688**	**-147,358**

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