

## **Fitch Affirms France's Coface at IFS 'AA+'**

Fitch Ratings-London/Paris-18 June 2007: Fitch Ratings has today affirmed the major insurance entities of the Coface group ("Coface") at Insurer Financial Strength ("IFS") 'AA+'. The Issuer Default Rating ("IDR") of Coface S.A., the head entity of Coface, is also affirmed at 'AA'. The Outlooks on all ratings remain Stable. All the entities and their ratings are listed below.

The ratings of Coface's major operating entities reflect their strategic importance within Natixis (formerly Natexis Banques Populaires) as well as their strong stand-alone financial strength. Natixis (rated 'AA'/Outlook Stable/'F1+') is a joint venture bank created in November 2006 by Groupe Banque Populaire (rated 'A+'/'Outlook Stable) and Groupe Caisse d'Epargne (rated 'AA'/Outlook Stable), two leading French cooperative banking groups.

The ratings reflect Coface's solid position in the credit insurance sector, its strong capital adequacy and the high quality of its management, which has pursued a consistent strategy. Fitch also notes that underwriting profitability continued to improve markedly in 2006, thanks mainly to a favourable risk environment.

During the past eight years, Coface's profitability has been strong, albeit cyclical, with a Fitch-calculated combined ratio (net of reinsurance) averaging 98%. As at 31 December 2006, the group's combined ratio was very low at 90% (92% in 2005), explained by the group's revenue growth and a still favourable credit risk environment. Fitch considers the group's capital adequacy to be strong on a risk-adjusted basis. At end-2006, its capital base was 3.1x the regulatory minimum requirement, excluding unrealised gains (3.8x when including them).

Coface's strategy is to continue to expand in its four strategic lines of business - credit insurance, credit information, debt collection and factoring - to provide a comprehensive offer in receivable management services. This has notably been illustrated by recent acquisitions of credit insurance operations (in Australia, South Africa and Lithuania), the acquisition of a 15% stake in the leading Italian business information group, Cerved Business Information, in 2006 and the start-up of factoring activities in four additional countries. Fitch views these projects as promising and likely to increase commercial and operational efficiency in the medium term.

Coface's combined ratio troughed in 2006 and Fitch anticipates a moderate deterioration in 2007. The agency also expects the group to maintain its very strong franchise in the credit insurance business while further strengthening its position in associated activities. Capital adequacy should remain strong on a risk-adjusted basis.

Coface is the third-largest international credit insurer, with an estimated 18% global market share and a leading export credit insurer with an estimated 25% market share. It holds dominant or very strong positions in Europe, built both through acquisitions and organic growth. The group's competitive advantages are its excellent franchise, consistent strategy and IT systems that allow streamlined underwriting under strict guidelines as well as a strong standing in the complementary businesses of credit information, factoring and debt collection, all of them being core activities of the group. Coface is also the leading provider of credit information in France.

Coface entities and their ratings:

Coface S.A.: IFS 'AA+', IDR 'AA' Stable Outlook, Short-term IFS 'F1+'

Coface Kreditversicherung AG: IFS 'AA+' Stable Outlook, Short-term IFS 'F1+'

Coface Assicurazioni Spa: IFS 'AA+' Stable Outlook

Coface Austria Kreditversicherung AG: IFS 'AA+' Stable Outlook

Coface North America Insurance Company: IFS 'AA+' Stable Outlook

Coface Finanz GmbH: IDR 'AA' Stable Outlook

Coface Holding AG: IDR 'AA' Stable Outlook

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