

PRESS RELEASE

Coface unveils its BusinessEnvironment@rating system, founded on its experience in worldwide companies and established for 155 countries

Paris, Tuesday 22nd January 2008

On the occasion of its annual country risk conference, Coface forecasts slower world growth in 2008 but still above three per cent. A credit crunch as severe as in 2001 seems unlikely at this juncture. Among the major risks that will bear watching, Coface points to contagion spreading from the American slowdown to the United Kingdom, Spain, and Ireland and warns that the good performance of emerging countries should not obscure speculative bubble risks or business environment weaknesses.

A crisis in 2008 that shall be less severe than in 2001

Drawing on its experience with corporate payments in its countries of presence, Coface underlines the differences between the current situation and the crisis in 2001 where payment defaults jumped 30% just before the bubble burst while world growth was under 2% at the time.

In 2007 and 2008 households rather than companies are the victims of overindebtedness. Companies are not central to the crisis. But an economic shock and more difficult access to financing could nonetheless affect them.

And even with much slower world growth emerging countries should moreover hold up well. They are much stronger today with their growth increasingly driven by domestic demand and with their financial situations generally healthy. Their contribution to world GDP is much larger today increasing from 24% in 2001 to 34% in 2008. The United States, in sharp contrast, saw its contribution decline from 32% of world GDP in 2001 to just 26% today.

A new business environment rating

Have the risks associated with emerging countries nonetheless disappeared? Their excellent financial health cannot be allowed to mask recurring deficiencies in the business framework that stoke credit risk on companies. That is why on the occasion of the 2008 conference, Coface is making public for the first time a specific system for rating the business environment in 155 countries. Complementary to Country@ratings, a new rating is thus available that reflects business environment quality by country.

Coface is thus making available to everyone via the new rating system its longstanding and thorough experience with the reality of the business climate to improve the approach to credit risk on companies. In assessing credit risks it is indeed equally important to know whether a

company's accounts faithfully reflect its actual financial situation and whether the legal system can provide fair and efficient recourse in case of payment default.

Coface drew on the experience with risk underwriting, business information, and receivables management gained through its worldwide network of local operations to develop the **BusinessEnvironment@rating system. Like Country@ratings, the new ratings fall on a scale with seven levels in increasing order of risk, A1, A2, A3, A4, B, C, and D, where A1 represents least risk.**

The so-called BRIC countries — Brazil, Russia, India, and China — provide a good case in point. The Country@rating for China in particular is **A3** reflecting an acceptable level of corporate default probability. The BusinessEnvironment@rating for China is, however, only **B**, a mediocre rating two levels below its overall country rating.

“The business environment is naturally included among the parameters that determine overall country ratings” explains Yves Zlotowski, Coface Chief Economist. *“We can thus imagine that with a better business environment, China's country risk rating could reach the level of certain developed countries”*.

ATTACHMENTS

- Country@rating and BusinessEnvironment@rating methodology
- List of @ratings by country

About Coface

Coface, rated AA (stable outlook) by Fitch Ratings, AA (negative outlook) by S&P and Aa3 (stable outlook) by Moody's, is a subsidiary of Natixis whose share capital (Tier 1) was 11.6 billion euros end June 2007. Coface's mission is to facilitate global business-to-business trade by offering its 105.000 customers four product lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, company information and ratings, receivables management and factoring. Coface also offers, in France, management of government export guarantees. Thanks to the worldwide local service delivered by 6,000 staff in 64 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.

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