

Coface first international credit insurer to get its license in Russia

Coface reinforces its credit insurance position to serve efficiently the dynamic emerging Russian market

On June the 7th, the Russian state authority for insurance (FSSN) delivered its license to Coface' subsidiary "ZAO Coface Rus Insurance company" based in Moscow. Coface thus becomes the first international credit insurer to get its licence in Russia.

The Russian credit insurance market is currently estimated to €40m and Coface is already one of the 4 major players, offering credit insurance for 4 years thanks to a technical agreement with its local partner Kapital. Coface now delivers its own credit insurance offer. This new organisation will benefit both the clients and Coface with:

- An increased quality of service for its clients, especially for Russian subsidiaries of international companies, notably French and German, and an easier access of Russian companies to Coface credit insurance expertise.
- An improved control of risks for Coface.

Didier Bourgeois, Country Manager for Russia confirms; *"Coface's ambition is to become market leader in trade receivables management in Russia, thanks to its worldwide presence, deep knowledge of local risks and large "bouquet of services" offered to Russian and international customers".*

A unique "one-stop shop" for all credit management needs in Russia

This new licence widens Coface's presence in Russia, which now offers its own complete trade receivables management offer. There are currently 60 people working in Coface's headquarters based in Moscow and in the offices in St Petersburg.

Coface first established a Services company in Russia 18 years ago "Coface Rus Services", offering credit management services: business information, and debt collection. Coface already provides information on 600,000 Russian companies.

Coface also produces credit ratings on Russian companies, and recently took full control of its Russian rating company, buying back 100% of the shares. This illustrates Coface's worldwide strategy to become the first global European rating agency.

Regarding its factoring activities, since July 2008 Coface has joined forces with a leader in the Russian market: National Factoring Company (NFC). The agreement involves the servicing by NFC of Coface's factoring clients in Russia and conversely the servicing by Coface of NFC's clients outside Russia.

Country risk rating: Russia under positive watch

Coface's main mission is to support the real economy by providing guarantees to intercompany trade. Coface already guarantees € 2.2bn of supplier credits extended to 10,000 Russian companies. Through the development of credit insurance and services in Russia, Coface also wants to contribute to restore confidence, notably by facilitating access to reliable information on companies.

Russia has been severely hit by the crisis and Coface has seen its payment experience deteriorated sharply until the end of 2009. According to Coface, in 2010, the Russian economy should record positive but moderate growth of 4% (after -7.9% in 2009), thanks to the upturn in the oil prices, to base effects and capital inflows after several months of lost confidence. In April Coface thus announced that the country risk rating of Russia (C) has been put under positive watch (the Coface country risk rating is not a sovereign rating, it reflects the extent to which a country's economic, financial, and political outlook influences financial commitments of Russian private companies).

Nonetheless, the Russian economy faces structural weaknesses in private governance. Coface publishes a business climate rating, which assesses how risky it is to do business in a country: the quality of information available on companies, and the legal protection given to creditors. In this field, Russia is rated B, the lowest of the BRIC countries. The average transparency of Russian corporate accounts and the efficiency and fairness of creditor rights in Russia leave room for improvement.

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About Coface

Coface's mission is to facilitate global business-to-business trade by offering its 130,000 customers four business lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, factoring, ratings and business information and receivables management. Thanks to the worldwide local service delivered by 6,600 staff in 67 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface. Coface is a subsidiary of Natixis whose share capital (Tier 1) was 12.7 billion Euros end December 2009.

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