7.8 Special report of the Statutory Auditors on the regulated agreements and commitments

Annual Shareholders' Meeting to approve the financial statements for the year ended December 31, 2016

Dear Madam, Sir,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

Our responsibility is to report to shareholders, based on the information provided to us, the main terms and conditions as well as the reasons justifying the appropriateness for your company of the agreements and commitments that have been disclosed to us or that we have identified while carrying out our work. We are neither required to comment on whether they are relevant or justified nor to seek to identify any undisclosed agreements or commitments. According to the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

It is also our responsibility to report to you, where applicable, the information required by Article L.225-31 of the French Commercial Code relating to the performance, during the year under review, of agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures that we considered necessary to comply with the professional guidance issued by the French National Auditing Body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted of verifying that the information provided to us was consistent with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

◆ Agreements and commitments authorised during the year

In accordance with Article L.225-40 of the French Commercial Code, we were advised of the following agreements and commitments which received the prior authorisation of your Board of Directors.

■ Renewal of the liquidity agreement with Natixis

Nature and purpose:

Under the authorisation given to it by the General Shareholders' Meeting of June 2, 2014, renewed on May 18, 2015 and the on May 19, 2016, for consecutive 18-month periods, the Board of Directors of COFACE SA has decided to authorise the company to buy back its own shares.

Terms:

In this perspective, a liquidity agreement was signed on June 26, 2014 with Natixis, authorising it to purchase up to €5 million worth of COFACE SA securities in return for payment of an annual remuneration of €40,000 excluding VAT.

This agreement was signed for a renewable one-year term starting from the publication day of the implementation statement. The COFACE SA Board of Directors meeting of July 27, 2016, authorised the renewal of this contract for one year.

Reasons justifying its appropriateness for the company:

The purpose of this agreement is to boost the market and ensure the liquidity of the security and/or allot the shares to its employees in particular.

Persons concerned:

Natixis is a shareholder of COFACE SA and holder of 41.24% of the Company's capital at December 31, 2016.

In addition, Natixis and COFACE SA have a common corporate officer in the person of Laurent Mignon (Chairman of the COFACE SA Board of Directors and Chief Executive Officer (CEO) of Natixis).

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements and commitments approved during the year

We have been advised of execution, during the year ended, of the following agreements and commitments, already approved by the Shareholders' Meeting of May 19, 2016, in a special report of the Statutory Auditors of April 11, 2016.

Joint guarantees issued on April 30, 2015 by COFACE SA for Natixis, one for €50 million and the other for €100 million

Nature and purpose:

Hence the bilateral credit lines concluded with a certain number of banks including Natixis, for a total amount of €500 million. These loans mature between one to three years.

Accordingly, the credit lines negotiated with Natixis have been reduced to €50 million and €100 million. They were signed under market conditions.

In response to requests from banks, COFACE SA guaranteed the reimbursement of the bilateral credit lines by its two factoring subsidiaries.

Terms:

These surety bonds bear interest from subsidiaries at a per annum rate of 0.2%. This commitment in itself does not result in any financial flow between COFACE SA and Natixis.

Reasons justifying its appropriateness for the company:

In order to be independent from Natixis and diversify financing sources for the factoring business in Germany and Poland, COFACE sought to replace the two financing lines historically provided by Natixis with other bilateral lines.

Persons concerned:

Natixis is a shareholder of COFACE SA and holder of 41.24% of the Company's capital at December 31, 2016.

In addition, Natixis and COFACE SA have a common corporate officer in the person of Laurent Mignon (Chairman of the COFACE SA Board of Directors and Chief Executive Officer (CEO) of Natixis).

Agreement to arrange a backup line by Natixis, signed on October 3, 2015

Nature, purpose and reasons justifying its appropriateness for the company:

To guarantee the financing autonomy of the factoring business line, COFACE SA implemented in 2012 a commercial paper programme to finance the factoring business line of its subsidiaries based in Germany and Poland.

The original programme for an initial amount of €250 million was raised to €500 million in 2013, underwritten by various banks including Natixis. As this programme was entirely used, it was renewed in 2015 and raised to €600 million.

In this framework, Natixis's credit line was raised in due proportion from €100 million to €120 million and extended for a period of two years, under market conditions.

Terms:

The ensuing annual financial expense from this credit line has an impact of less than €250,000 in the COFACE SA consolidated financial statements for financial year 2016.

Persons concerned:

Natixis is a shareholder of COFACE SA and holder of 41.24% of the Company's capital at December 31, 2016.

In addition, Natixis and COFACE SA have a common corporate officer in the person of Laurent Mignon (Chairman of the COFACE SA Board of Directors and Chief Executive Officer (CEO) of Natixis).

Tax consolidation agreement

Nature and purpose:

On December 29, 2015, COFACE SA signed a tax consolidation agreement with its French subsidiaries, following the exit of COFACE SA from the Natixis tax consolidation group.

COFACE SA opted for the tax consolidation scheme, as from the financial year starting from January 1, 2015, pursuant to Articles 223 A et seq. of the French General Tax Code.

Compagnie française d'assurance pour le commerce extérieur companies, and each of the other French subsidiaries, agreed to become members of the consolidation group thus established with COFACE SA.

Terms:

The purpose of this agreement is to set forth, as from the period starting on or after January 1, 2015, the breakdown of tax expenses within the consolidation group formed by COFACE SA and its French subsidiaries. Each subsidiary is liable for the amount of tax it would have paid if it had not become a member of the consolidation group.

The Company reported a tax consolidation gain of €1.48 million for 2016.

Reasons justifying its appropriateness for the company:

This agreement contains favourable mechanisms for the Group: payment of corporate income tax on comprehensive income obtained by adding together the positive and negative earnings of the companies in the consolidation group and neutralising the Group's internal transactions.

Persons concerned:

COFACE SA owned 99.99% of the capital of Compagnie française d'assurance pour le commerce extérieur at December 31, 2016.

In addition, COFACE SA and Compagnie française d'assurance pour le commerce extérieur have a common corporate officer in the person of Xavier Durand (Chief Executive Officer (CEO) of COFACE SA and Chairman and Chief Executive Officer (CEO) of Compagnie française d'assurance pour le commerce extérieur).

- **Compagnie française d'assurance pour le commerce extérieur's guarantee for COFACE SA of payment of the subordinated debt**

Nature, purpose and reasons justifying its appropriateness for the company:

On March 27, 2014, COFACE SA issued subordinated debt in the form of bonds for a nominal amount of €380 million.

In order to improve the rating of the issue of the subordinated debt by COFACE SA and therefore its price, Compagnie française d'assurance pour le commerce extérieur issued a guarantee that allowed it to improve the issue rating by two notches (the issue was rated Baa1/ A by Moody's and Fitch, without the guarantee it would have been Baa3 /BBB).

Terms:

The price of the guarantee was fixed at 0.2% for the total amount, which corresponded to a financial expense of €760,000 for financial year 2016 for COFACE SA.

Persons concerned:

COFACE SA owned 99.99% of the capital of Compagnie française d'assurance pour le commerce extérieur at December 31, 2016.

In addition, COFACE SA and Compagnie française d'assurance pour le commerce extérieur have a common corporate officer in the person of Xavier Durand (Chief Executive Officer (CEO) of COFACE SA and Chairman and Chief Executive Officer (CEO) of Compagnie française d'assurance pour le commerce extérieur).

- **COFACE SA loan to Compagnie française d'assurance pour le commerce extérieur**

Nature, purpose and reasons justifying its appropriateness for the company:

Compagnie française d'assurance pour le commerce extérieur is the principal operating entity of the Coface Group. It benefits from a significant portion of the funds raised from the subordinated debt issue by COFACE SA. (€314 million out of €380 million)

This loan allows it to strengthen its regulatory equity, not only at Group level but also for Compagnie française d'assurance pour le commerce extérieur which should be able to respond individually to the requirements of Solvency II from January 1, 2016.

Terms:

The intergroup subordinated loan bears interest at the same rate as the subordinated bonds issued by COFACE SA, i.e., at an annual rate of 4.125% corresponding to a financial income of €12.95 million for financial year 2016 for COFACE SA.

Persons concerned:

COFACE SA owned 99.99% of the capital of Compagnie française d'assurance pour le commerce extérieur at December 31, 2016.

In addition, COFACE SA and Compagnie française d'assurance pour le commerce extérieur have a common corporate officer in the person of Xavier Durand (Chief Executive Officer (CEO) of COFACE SA and Chairman and Chief Executive Officer (CEO) of Compagnie française d'assurance pour le commerce extérieur).

- **Exceptional remuneration granted to Mr. Jean-Marc Pillu, in connection with the stock market listing and concerning the award of 43,269 bonus shares, deliverable on July 1, 2016 subject to his continued employment in the Group.**

Nature and purpose:

Under the Long Term Incentive Plan, Mr. Jean-Marc Pillu was awarded 43,269 bonus shares, deliverable on July 1, 2016 subject to his continued employment in the Group on that date.

Terms:

The Board of Directors authorised the payment of this exceptional remuneration at its January 15, 2016 meeting, in application of the commitment granted by the Board of Directors' meeting of May 13, 2014.

Since the Board decided that the continued employment condition would be automatically waived during the vesting period, Mr. Pillu retains the right to receive his shares on July 1, 2016 on the understanding that the two-year retention period would still apply.

A decision was made to carry on with this exceptional compensation in the form of shares in order to align the interests of the Chief Executive Officer (CEO) with those of shareholders and of the Company.

The impact of this commitment implemented during 2016 was €390,000.

Reasons justifying its appropriateness for the company:

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L.225-38.

Persons concerned:

Jean-Marc Pillu, corporate officer and Chief Executive Officer (CEO) of COFACE SA until February 9, 2016.

- **Severance pay for Mr. Xavier Durand**

Nature and purpose:

In the event his corporate term ends, Mr. Xavier Durand shall receive a severance pay corresponding to two years' (fixed and variable) salary.

The reference salary used for the fixed portion shall be the salary for the current financial year at the date he ends his duties.

The reference salary for the variable portion will be the average of the variable portions received for the three years preceding the termination date of his duties (or of one of the two years concerned since he came into office in the event of departure before December 31, 2018).

Terms:

This severance pay shall be due if the following performance criteria have been met:

1. Achievement of at least 75% of the average annual objectives during the three years preceding the departure date, and
2. The Company's combined ratio after reinsurance is at most 95% on average for the three financial years preceding the departure date.

If just one of the two conditions above has been fulfilled, 50% of the compensation shall be due. If none of the conditions above have been met, no compensation shall be due.

No compensation shall be paid by the Company if the corporate term is ended at Mr. Xavier Durand's initiative or in the event of termination for serious misconduct or gross negligence.

Reasons justifying its appropriateness for the company:

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L.225-38.

Persons concerned:

Mr. Xavier Durand Chief Executive Officer of COFACE SA.

- **Commitment taken in favour of Mr. Xavier Durand and linked to his new appointment**

Nature and purpose:

Given the arrival of Mr. Durand during the financial year in the COFACE Group, it is proposed that the variable compensation awarded to Xavier Durand for 2016 be guaranteed for up to 80% of the target variable remuneration (€575,000) provided that Xavier Durand continues to be the Company's Chief Executive Officer (CEO) on the date of the Board meeting convened to approve the financial statements for 2016.

Terms:

It was specified that this amount would be included in the 2016 variable compensation of Xavier Durand if the latter were to exceed 80% of his target variable compensation (€575,000) and that this amount would be paid according to the terms comprising a portion of deferred compensation, pursuant to the Solvency II regulation, according to the terms to be defined at a subsequent Board meeting.

The commitment was implemented to determine the variable compensation due to Mr. Xavier Durand for 2016. With the achievement rate having been slightly below 80%, the financial impact on the company is €12,592 for financial year 2016.

Reasons justifying its appropriateness for the company:

Pursuant to the law, we draw your attention to the fact that the prior authorisation given by the Board of Directors does not include the reasons justifying the appropriateness of the commitment for the company as required by Article L.225-38.

Persons concerned:

Mr. Xavier Durand Chief Executive Officer of COFACE SA.

The statutory auditors

Paris-La Défense, April 10, 2017	Neuilly-sur-Seine, April 10, 2017
KPMG Audit	Deloitte & Associés
Department of KPMG S.A. *Francine Morelli* *Partner*	*Damien Leurent* *Partner*

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