



Unaudited interim consolidated financial statements
(free translation)

Nine months ending September 30, 2016

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

(in thousands of euros)

ASSETS	Notes	Sept. 30, 2016	Dec. 31, 2015
Intangible assets		220,039	224,307
Goodwill	2	155,472	155,467
Other intangible assets	3	64,567	68,840
Insurance business investments	4	2,610,512	2,648,119
Investment property	4	800	800
Held-to-maturity securities	4	3,705	3,721
Available-for-sale securities	4	2,499,191	2,512,526
Trading securities	4	19,776	55,468
Derivatives	4	5,885	6,123
Loans and receivables	4	81,155	69,481
Receivables arising from banking and other activities	5	2,367,079	2,370,902
Investments in associates	6	12,400	20,258
Reinsurers' share of insurance liabilities	11	340,673	327,986
Other assets		942,548	894,121
Buildings used in the business and other property, plant and equipment		62,704	65,107
Deferred acquisition costs		47,568	44,043
Deferred tax assets		72,254	57,538
Receivables arising from insurance and reinsurance operations		597,550	518,970
Trade receivables arising from other activities		13,949	14,238
Current tax receivables		44,006	68,937
Other receivables		104,517	125,288
Cash and cash equivalents	7	372,776	396,837
TOTAL ASSETS		6,866,027	6,882,530

(in thousands of euros)

EQUITY AND LIABILITIES	Notes	Sept. 30, 2016	Dec. 31, 2015
Equity attributable to owners of the parent		1,734,494	1,760,954
Share capital	8	314,496	786,241
Additional paid-in capital		810,420	347,371
Retained earnings		501,915	442,231
Other comprehensive income		93,272	58,872
Consolidated net income for the year		14,391	126,239
Non-controlling interests		6,065	6,073
Total equity		1,740,559	1,767,027
Provisions for liabilities and charges	9	120,756	114,234
Financing liabilities	10	386,753	392,594
Liabilities relating to insurance contracts	11	1,630,522	1,514,862
Payables arising from banking sector activities	12	2,299,785	2,369,662
Amounts due to banking sector companies	12	434,974	352,379
Amounts due to customers of banking sector companies	12	328,515	404,218
Debt securities	12	1,536,296	1,613,065
Other liabilities		687,652	724,151
Deferred tax liabilities		146,038	144,266
Payables arising from insurance and reinsurance operations		203,722	241,339
Current taxes payable		61,692	111,527
Derivative instruments with a negative fair value		291	6,752
Other payables		275,909	220,267
TOTAL EQUITY AND LIABILITIES		6,866,027	6,882,530

Consolidated income statement

(in thousands of euros)

	Notes	Sept. 30, 2016	Sept 30, 2015
Revenue	13	1,065,394	1,126,348
Gross written premiums		938,283	979,118
Premium refunds		(68,233)	(60,376)
Net change in unearned premium provisions		(28,544)	(24,633)
Earned premiums	13	841,506	894,109
Fee and commission income	13	99,946	97,572
Net income from banking activities	13	52,695	53,458
Cost of risk		(2,934)	(2,861)
Revenue or income from other activities	13	71,247	81,209
<i>Investment income, net of management expenses</i>	17	<i>43,612</i>	<i>39,332</i>
<i>Gains and losses on disposals of investments</i>	17	<i>(529)</i>	<i>1,146</i>
Investment income, net of management expenses (excluding finance costs)	17	43,083	40,478
Total revenue and income from ordinary activities		1,105,543	1,163,965
Claims expenses	14	(536,516)	(455,384)
Expenses from banking activities, excluding cost of risk	15	(10,134)	(10,098)
Expenses from other activities	15	(32,008)	(34,740)
<i>Income from ceded reinsurance</i>	16	<i>190,552</i>	<i>163,150</i>
<i>Expenses from ceded reinsurance</i>	16	<i>(198,238)</i>	<i>(201,747)</i>
Income and expenses from ceded reinsurance	16	(7,686)	(38,597)
Policy acquisition costs	15	(191,389)	(207,789)
Administrative costs	15	(208,020)	(202,736)
Other current operating expenses	15	(61,278)	(58,095)
Total current income and expenses		(1,047,031)	(1,007,439)
CURRENT OPERATING INCOME		58,512	156,526
Other operating expenses	18	(2,754)	(4,513)
Other operating income	18	531	490
OPERATING INCOME		56,289	152,503
Finance costs		(14,042)	(13,785)
Share in net income of associates		(6,850)	1,608
Income tax expense		(20,604)	(41,433)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		14,793	98,893
Non-controlling interests		(402)	(617)
NET INCOME FOR THE YEAR		14,391	98,276
Earnings per share (€)	20	0,09	0,63
Diluted earnings per share (€)	20	0,09	0,63

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	Sept. 30, 2016	Sept. 30, 2015
Net income for the period		14,391	98,276
Non-controlling interests		402	617
Other comprehensive income			
Currency translation differences reclassifiable to income		(2,525)	(1,407)
<i>Reclassified to income</i>			
<i>Recognised in equity</i>		(2,525)	(1,407)
Fair value adjustments on available-for-sale financial assets	4	37,083	(20,136)
<i>Reclassified to income – gross</i>		294	(3,711)
<i>Reclassified to income – tax effect</i>		(697)	812
<i>Recognised in equity – reclassifiable to income – gross</i>		51,806	(20,988)
<i>Recognised in equity – reclassifiable to income – tax effect</i>		(14,317)	3,751
Fair value adjustments on employee benefit obligations		18	0
<i>Recognised in equity – not reclassifiable to income – gross</i>		14	(0)
<i>Recognised in equity – not reclassifiable to income – tax effect</i>		4	(0)
Other comprehensive income for the period, net of tax		34,576	(21,543)
Total comprehensive income for the period		49,369	77,350
- attributable to owners of the parent		48,788	76,849
- attributable to non-controlling interests		581	500

Statement of changes in equity

(in thousands of euros)	Notes	Share capital	Primes	Réserves consolidées	Treasury shares	Other comprehensive income			Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
						Foreign currency translation reserve	Reclassifiable revaluation reserves	Non-reclassifiable revaluation reserves				
Equity at December 31, 2014 restated IFRIC 21		786,241	(225,631)	125,399	(709)	(20,681)	107,264	(21,382)	125,025	1,717,797	6,737	1,724,534
2014 net income to be appropriated				125 025					(125,025)			
Payment of 2014 dividends in 2015			(75,460)							(75,460)	(697)	(76,157)
Total transactions with owners		(0)	(75,460)	125,025	(0)	(0)	(0)	(0)	(125,025)	(75,460)	(697)	(76,157)
December 31, 2015 net income									126,239	126,239	888	127,127
Fair value adjustments on available-for-sale financial assets recognized in	4						(10,164)			(10,164)	(771)	(10,935)
Fair value adjustments on available-for-sale financial assets reclassified	4						(2,822)			(2,822)	(144)	(2,966)
Change in actuarial gains and losses (IAS 19R)								3,978		3,978	0	3,978
Currency translation differences						2,679				2,679	(351)	2,328
Treasury shares elimination					(1,934)					(1,934)		(1,934)
Free share plans expenses										641		641
Transactions with shareholders											411	411
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 shares		(471,745)	471,745									
2015 net income to be appropriated				126,239					(126,239)			
Payment of 2015 dividends in 2016			(8,695)	(66,617)						(75,312)	(771)	(76,083)
Total transactions with owners		(0)	463,050	59,622					(126,239)	396,433	(771)	(76,083)
September 30, 2016 net income									14 391	14,391	402	14,793
Fair value adjustments on available-for-sale financial assets recognized in equity	4						37,480			37,480	9	37,489
Fair value adjustments on available-for-sale financial assets reclassified to income	4						(403)			(403)	0	(403)
Change in actuarial gains and losses (IAS 19R)								18		18	0	18
Currency translation differences						(2,695)				(2,695)	170	(2,525)
Treasury shares elimination										(389)		(389)
Free share plans expenses										451		451
Transactions with shareholders												182
Equity at September 30, 2016		314,496	810,421	504,947	(3,032)	(20,697)	131,355	(17,386)	14,391	1,734,495	6,065	1,740,560

Consolidated statement of cash flows

(in thousands of euros)	Notes	Sept. 30, 2016	Sept. 30, 2015
Net income for the period	20	14,391	98,275
Non-controlling interests		401	617
Income tax expense		20,604	41,433
+/- Share in net income of associates		6,850	(1,608)
Finance costs		14,042	13,785
Operating income (A)		56,288	152,502
+/- Depreciation, amortization and impairment losses		17,838	12,696
+/- Net additions to/reversals from technical provisions		108,301	62,660
+ Dividends received from associates	6	1,008	900
+/- Unrealized foreign exchange income / loss		21,013	32,429
+/- Non-cash items		24,476	29,429
Total non-cash items (B)		172,636	138,114
Gross cash flows from operations (C) = (A) + (B)		228,924	290,616
Change in operating receivables and payables		(52,627)	2,724
Net taxes paid		(54,959)	(34,445)
Net cash related to operating activities (D)		(107,586)	(31,721)
Increase (decrease) in receivables arising from factoring operations		3,792	(125,662)
Increase (decrease) in payables arising from factoring operations		(152,471)	62,138
Increase (decrease) in factoring liabilities		82,593	39,662
Net cash generated from banking and factoring operations (E)	5 - 10	(66,086)	(23,862)
Net cash generated from operating activities (F) = (C+D+E)		55,252	235,033
Acquisitions of investments	4	(1,229,023)	(1,682,824)
Disposals of investments	4	1,253,792	1,710,169
Net cash used in movements in investments (G)		24,769	27,345
Acquisitions of consolidated subsidiaries, net of cash acquired			
Disposals of consolidated companies, net of cash transferred			
Net cash used in changes in scope of consolidation (H)			
Disposals of property, plant and equipment and intangible assets		(5,804)	(5,478)
Acquisitions of property, plant and equipment and intangible assets		144	(0)
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)		(5,660)	(5,478)
Net cash used in investing activities (J) = (G+H+I)		19,109	21,867
Proceeds from the issue of equity instruments			
Treasury share transactions		(389)	(4,630)
Dividends paid to owners of the parent		(75,312)	(75,460)
Dividends paid to non-controlling interests		(774)	(697)
Cash flows related to transactions with owners		(76,475)	(80,787)
Proceeds from the issue of debt instruments		0	(0)
Cash used in the redemption of debt instruments		(2,168)	(2,122)
Interests paid		(17,616)	(17,373)
Cash flows related to the financing of Group operations		(19,784)	(19,495)
Net cash generated from (used in) financing activities (K)		(96,259)	(100,282)
Impact of changes in exchange rates on cash and cash equivalents (L)		(2,162)	(1,612)
Net increase in cash and cash equivalents (F+J+K+L)		(24,061)	155,006
Net cash generated from operating activities (F)		55,252	235,033
Net cash used in investing activities (J)		19,109	21,867
Net cash generated from (used in) financing activities (K)		(96,259)	(100,282)
Impact of changes in exchange rates on cash and cash equivalents (L)		(2,162)	(1,612)
Cash and cash equivalents at beginning of period	7	396,837	278,624
Cash and cash equivalents at end of period	7	372,776	433,630
Net change in cash and cash equivalents		(24,061)	155,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at September 30, 2016 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, 2015 for balance sheet items, and for the 9 months ended September 30, 2015 for income statement items.

The notes to the interim financial statements do not contain all of the disclosures required for a complete set of annual financial statements. They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

The accounting principles and policies used for the interim financial statements as at September 30, 2016 are the same as the ones used for the year ended December 31, 2015. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union¹. They are detailed in the note 4 “Applicable Accounting Standards” of the consolidated financial statements for the year ended December 31, 2015.

The condensed consolidated financial statements were reviewed by the Coface Group’s Board of Directors on November 3, 2016.

¹ 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

Note 1. Significant events

Governance evolution

Coface's Board of Directors held a meeting on January 15th 2016, under the chairmanship of Laurent Mignon, and appointed Xavier Durand as new Chief Executive Officer (CEO). This appointment took effect after the Board's meeting of February 9th 2016, which validates the financial statements for the year-end 2015. Mr. Jean-Marc Pillu stayed as Coface's CEO until that date.

The severance payment of Mr. Jean-Marc Pillu, granted by the Board of Directors of January 15th, 2016, amounts to €1,979 thousand and it is recorded on the financial statements of the year-end 2016.

New organization in Europe

Coface Group's Exec team decided to adjust the regional structure in Europe in order to rebalancing the regions and giving them greater geographic coherence.

The regional structure of Coface Group is adjusted as follows:

- Spain and Portugal, previously included in WER will transfer to MAR
- Russia, previously included in NER will transfer to CER

Contingent capital

Coface established with BNP Paribas Arbitrage, on February 9th, 2016, a contingent capital line of €100 million, for a period of three years (that can be reduced to two years at the discretion of COFACE), available in one tranche and that can be exercised in the event of the occurrence of certain extreme events.

This contingent capital line supplements the existing capital management and solvency tools by offering an effective and competitive solution in terms of costs (annual commission of 0.50 %). It is part of a conservative capital management strategy in connection with pillar 2 of Solvency II and allows the Group to strengthen its financial robustness to protect its business against extreme risks.

Management of State export credit guarantees

The French State informed Coface that the transfer of State export credit guarantees can only be completed after the adoption of the 2016 amending Finance Act.

Coface recalls that the French State and the Group have agreed on a pre-tax amount of €89.7 million payable to Coface for the transfer of this activity. The non-recurring gain after deducting immediate impairment provisions (estimated at €16.3 million before tax at December 31, 2015) may be recognised for financial years 2016 or 2017, depending on the effective date of the transfer.

Financial strength affirmed by rating agencies

On May 23 and September 2016, rating agencies Moody's and Fitch reconfirmed the Group's Insurer Financial Strength (IFS) Ratings at A2 and AA- (stable outlook), respectively.

Appointment of directors

In the context of its new strategy deployment, Coface has decided to strengthen its teams within the first half of this year.

Three newly positions have been created:

- Thibaut Surer as Strategy & Business Development Director in charge of strategy, development, marketing and innovation. He is now a member of the management committee and executive committee.
- Valérie Brami as Chief Operating Officer in charge of information systems, organisation and process improvement. She joins the management committee and the executive committee in this capacity.
- Pierre-Emmanuel Albert as Group Head of Business Processes Transformation

As well as:

- Bhupesh Gupta, joining Coface as CEO of the Asia Pacific region (Septembre 2016) and Fredrik Murer joining as CEO of the North America region (September 2016). They both join the Group executive committee.
- Thierry Croiset, joining as Risk director (July 2016) and Thomas Jacquet, joining as Investor Relations and rating agencies director (September 2016). They both report directly to Carine Pichon, Group Chief Financial & Risk Officer.
- Pierre Bévierre joining as Group human resources director (January 2017) and Franck Marzilli as Group compliance director (December 2016). They both report directly to Carole Lytton, Corporate Secretary.

Referendum of June 23rd 2016 : Brexit

The vote that took place on 23rd June 2016 in favour of the United Kingdom leaving the European Union , had for immediate consequence a fall of the exchange rate of the british pound and a rise of the uncertainties and the volatility on financial markets.

In the short term, the Group anticipates that this rise of the risks weakens more particularly certain sectors and took many adjustment measures of its exposures (construction, importers, intermediaries, recruitment). The Group also took adjustment measures of its exposures to financial risks.

In the medium term, Coface considers that the consequences of the referendum, in particular the negotiation of the trade agreement between the United Kingdom and the European Union, will be determining as for the future evolution of the risks;Coface adjust its monitoring of the risk accordingly.

Reduction of the value of shares

The Board of Directors' meeting of July 27, 2016 decided to reduce the par value of the share to €2 from €5. The purpose of this operation is to redefine the value of the share and bring it to a level comparable to that of most peer companies.

Accordingly, the share capital is reduced by €471,744,696 and has dropped from €786,241,160 to €314,496,464. This decision does not change the number of shares comprising the share capital, namely 157,248,232 shares.

***Fit to Win* strategic plan**

The Group presented its new strategic plan called *Fit to Win* during its first Investor day organised in London on September 22, 2016. *Fit to Win* aims at positioning Coface as the most agile global trade-credit partner in the industry, while evolving to a more capital efficient business model.

With a 3-year time horizon, *Fit to Win* aims to restore Coface financial performance through three operational transformation drivers:

- (a) reinforcing our risk management expertise and infrastructure - especially in emerging markets
- (b) driving operational efficiency under a client-centric business model and
- (c) differentiating our approach to growth in each one of the markets we are operating in prioritizing value creation over growth for growth.

Once fully implemented, *Fit to Win* is targeting to position Coface to deliver a return on average tangible equity of above 9% across the cycle.

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

Note 2. Goodwill

The change in goodwill amounted to a positive €5 thousand at September 30, 2016, due to the fluctuation of the exchange rate.

Note 3. Other intangible assets

The change in other intangible assets amounted to a negative €4,273 thousand at September 30, 2016. This change is mainly explained by an increase of the book value of around €3,700 thousand offset by an increase of the provision for depreciation and amortisation of around €7,600 thousand.

Note 4. Insurance business investments

7.1 – Analysis by category

At September 30, 2016, the carrying amount of available-for-sale (AFS) securities totaled €2,499,191 thousand, securities held for trading (“trading securities”) came to €19,776 thousand and held-to maturity (HTM) securities was €3,705 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 September 30, 2016 was as follows:

- Bonds rated “AAA” 17%;
- Bonds rated “AA” and “A” 36%;
- Bonds rated “BBB” 34%;
- Bonds rated “BB” and lower 13%.

(in thousands of euros)	Sept. 30, 2016					Dec. 31, 2015				
	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses
AFS securities	2,344,332	154,859	2,499,191	2,499,191		2,406,577	105,948	2,512,526	2,512,526	
Equities and other variable-income securities	178,768	104,829	283,598	283,598		236,296	104,373	340,669	340,669	
Bonds and government securities	2,036,824	48,632	2,085,456	2,085,456		2,059,275	1,659	2,060,934	2,060,934	
<i>o/w direct investments in securities</i>	<i>1,620,239</i>	<i>48,268</i>	<i>1,668,507</i>	<i>1,668,507</i>		<i>1,675,626</i>	<i>4,595</i>	<i>1,680,221</i>	<i>1,680,221</i>	
<i>o/w investments in UCITS</i>	<i>416,585</i>	<i>364</i>	<i>416,949</i>	<i>416,949</i>		<i>383,649</i>	<i>(2,936)</i>	<i>380,714</i>	<i>380,714</i>	
Shares in non-trading property companies	128,739	1,398	130,137	130,137		111,006	(84)	110,922	110,922	
HTM securities										
Bonds	3,705		3,705	4,520	815	3,721		3,721	4,374	653
Fair value through income – trading securities										
Money market funds (UCITS)	19,776		19,776	19,776		55,468		55,468	55,468	
Derivatives (positive fair value)		5,885	5,885	5,885			6,123	6,123	6,123	
<i>(derivatives negative fair value for information)</i>		<i>(291)</i>	<i>(291)</i>	<i>(291)</i>			<i>(6,752)</i>	<i>(6,752)</i>	<i>(6,752)</i>	
Loans and receivables	81,155		81,155	81,155		69,481		69,481	69,481	
Investment property	716	84	800	800		716	84	800	800	
Total	2,449,684	160,828	2,610,512	2,611,327	815	2,535,964	112,155	2,648,119	2,648,772	653

(in thousands of euros)	Gross Sept. 30, 2016	Impairment	Net Sept. 30, 2016	Net Dec. 31, 2015
AFS securities	2,528,708	(29,517)	2,499,191	2,512,526
Equities and other variable-income securities	312,351	(28,753)	283,598	340,669
Bonds and government securities	2,086,212	(756)	2,085,456	2,060,934
<i>o/w direct investments in securities</i>	1,668,507		1,668,507	1,680,221
<i>o/w investments in UCITS</i>	417,705	(756)	416,949	380,714
Shares in non-trading property companies	130,145	(8)	130,137	110,922
HTM securities				
Bond	3,705		3,705	3,721
Fair value through income – trading securities				
Money market funds (UCITS)	19,776		19,776	55,468
Derivatives (positive fair value)	5,885		5,885	6,123
<i>(for information, derivatives with a negative fair value)</i>	<i>(291)</i>		<i>(291)</i>	<i>(6,752)</i>
Loans and receivables	81,155		81,155	69,481
Investment property	800		800	800
Total	2,640,029	(29,517)	2,610,512	2,648,119

Impairments

(in thousands of euros)	Dec. 31, 2015	Additions	Reversals	Exchange rate effects and other	Sept. 30, 2016
AFS securities	29,696	756	(846)	(89)	29,517
Equities and other variable-income securities	29,688	(0)	(846)	(89)	28,753
Bonds and government securities	(0)	756	(0)	(0)	756
Shares in non-trading property companies	8				8
Total	29,696	756	(846)	(89)	29,517

Reversals are related to the disposal of AFS securities.

Change in investments by category

(in thousands of euros)	Dec. 31, 2015						Sept. 30, 2016
	Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	Carrying amount
AFS securities	2,512,526	677,980	(704,229)	52,100	90	(39,276)	2,499,191
Equities and other variable-income securities	340,669	30,850	(88,911)	3,650	846	(3,506)	283,598
Bonds and government securities	2,060,934	610,130	(598,260)	46,968	(756)	(33,560)	2,085,456
Shares in non-trading property companies	110,922	37,001	(17,058)	1,482		(2,210)	130,137
HTM securities							
Bonds	3,721	(16)					3,705
Fair value through income – trading securities	55,468	498,502	(534,194)				19,776
Loans, receivables and other financial investments	76,404	40,010	(34,521)	7,732		(1,786)	87,840
Total	2,648,119	1,216,476	(1,272,944)	59,832	90	(41,062)	2,610,512

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 2016, 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 includes, 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.

4.2 – Financial instruments recognized at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorizes 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 87% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organized 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 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 3% 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 10% 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 September 30, 2016 by level in the fair value hierarchy

(in thousands of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
			Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	2,499,191	2,499,191	2,236,387	23	262,781
Equities and other variable-income securities	283,598	283,598	150,931	23	132,644
Bonds and government securities	2,085,456	2,085,456	2,085,456		
Shares in non-trading property companies	130,137	130,137			130,137
HTM securities					
Bonds	3,705	4,520	4,520		
Fair value through income – trading securities					
Money market funds (UCITS)	19,776	19,776	19,776		
Derivatives	5,885	5,885	2,460	2,187	1,238
Loans and receivables	81,155	81,155		81,155	
Investment property	800	800			800
TOTAL	2,610,512	2,611,327	2,263,143	83,365	264,819

The analysis of the breakdown of the portfolio by level allowed to detect that bonds and Government securities classified in level 2 on December 31st, 2015 were under the definition of level 1. This reclassification from level 2 to level 1 has been realized during the 1st half-year 2016.

Movements in Level 3 securities as at September 30, 2016

(in thousands of euros)	At Dec. 31, 2015	Gains and losses recognized in the period		Transactions for the period		Exchange rate effects	At Sept. 30, 2016
		In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions		
AFS securities	240,219		7,703	37,630	(17,058)	(5,713)	262,781
Equities and other variable-income securities	129,297		6,221	629	(17,058)	(3,503)	132,644
Shares in non-trading property companies	110,922		1,482	37,001	(17,058)	(2,210)	130,137
Derivatives				1,238			1,238
Investment property	800						800
TOTAL	241,019		7,703	38,868	(17,058)	(5,713)	264,819

Breakdown of financial instrument fair value measurements as at December 31, 2015 by level in the fair value hierarchy

(in thousands of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
			Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	2,512,526	2,512,526	2,096,980	175,326	240,219
Equities and other variable-income securities	340,669	340,669	211,349	23	129,297
Bonds and government securities	2,060,934	2,060,934	1,885,631	175,303	(0)
Shares in non-trading property companies	110,922	110,922			110,922
HTM securities					
Bonds	3,721	4,374	4,374		
Fair value through income – trading securities					
Money market funds (UCITS)	55,468	55,468	55,468		
Derivatives	6,123	6,123		6,123	
Loans and receivables	69,481	69,481		69,481	
Investment property	800	800			800
TOTAL	2,648,119	2,648,772	2,156,822	250,930	241,019

Movements in Level 3 securities as at December 31, 2015

(in thousands of euros)	At Dec. 31, 2014	Gains and losses recognized in the period		Transactions for the period		Exchange rate effects	At Dec. 31, 2015
		In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions		
AFS securities	155,470	1,526	806	83,894	(0)	(1,478)	240,219
Equities and other variable-income securities	125,469	1,526	890	2,718	(0)	(1,307)	129,297
Shares in non-trading property companies	30,001		(84)	81,176	(0)	(171)	110,922
Investment property	923	(123)					800
TOTAL	156,393	1,403	806	83,894	(0)	(1,478)	241,019

Note 5. Receivables arising from banking and other activities

(in thousands of euros)	Sept. 30, 2016	Dec. 31, 2015
Receivables arising from banking and other activities	2,307,716	2,312,352
Non-performing receivables arising from banking and other activities	80,769	78,961
Allowances for receivables arising from banking and other activities	(21,406)	(20,411)
Total	2,367,079	2,370,902

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 6. Investments in associates

The company accounted for by the equity method is Cofacredit, owned at 36%. The change in investments in associates amounted to negative €7,858 thousand at September 30, 2016. This change is Coface's share in Cofacredit's net income deducted from the dividend paid. Cofacredit's net income decreases at the end of September 2016 due to a provisions recorded following significant risk identification.

Note 7. Cash and cash equivalents

(in thousands of euros)	Sept. 30, 2016	Dec. 31, 2015
Cash at bank and in hand	345,707	358,326
Cash equivalents	27,069	38,511
Total	372,776	396,837

Note 8. Share capital

Ordinary shares	Number of shares	Par value	Share capital (in €)
At December 31, 2015	157,248,232	5	786,241,160
Nominal value decrease		(3)	(471,744,696)
At September 30, 2016	157,248,232	2	314,496,464
Treasury shares deducted	(338,170)	2	(676,340)
At September 30, 2016 (excluding treasury shares)	156,910,062	2	313,820,124

Shareholders	Sept. 30, 2016		Dec. 31, 2015	
	Number of shares	%	Number of shares	%
Natixis	64,853,881	41.33%	64,853,870	41.32%
Public	92,056,181	58.67%	92,097,771	58.68%
Total excluding treasury shares	156,910,062	100.00%	156,951,641	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 September 2016, 41.33% of the Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

Note 9. Provisions for liabilities and charges

(in thousands of euros)	Sept. 30, 2016	Dec. 31, 2015
Provisions for disputes	9,221	10,966
Provisions for pension and other post-employment benefit obligations	86,893	84,855
Other provisions for liabilities and charges	24,642	18,413
Total	120,756	114,234

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

Note 10. Financing liabilities

(in thousands of euros)	Sept. 30, 2016	Dec. 31, 2015
Subordinated debt	383,718	387,292
Obligations under finance leases	3,035	5,202
Bank overdrafts and other borrowings	0	100
Total	386,753	392,594

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 September 30, 2016, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €383,718 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs and the issue premium for €4,120 thousand;
- increased by accrued interest of €7,838 thousand.

The impact on consolidated income statement income as at September 30, 2016 mainly includes the interest related to the period for €12,100 thousand.

Note 11. Liabilities relating to insurance contracts

(in thousands of euros)	Sept.30, 2016	Dec. 31, 2015
Provisions for unearned premiums	305,487	285,410
Claims reserves	1,204,791	1,122,211
Provisions for premium refunds	120,244	107,241
Liabilities relating to insurance contracts	1,630,522	1,514,862
Provisions for unearned premiums	(59,489)	(57,558)
Claims reserves	(255,837)	(247,147)
Provisions for premium refunds	(25,347)	(23,281)
Reinsurers' share of technical insurance liabilities	(340,673)	(327,986)
Net technical provisions	1,289,849	1,186,876

Note 12. Payables arising from banking sector activities

(in thousands of euros)	Sept. 30, 2016	Dec. 31, 2015
Amounts due to banking sector companies	434,974	352,379
Amounts due to customers of banking sector companies	328,515	404,218
Debt securities	1,536,296	1,613,065
TOTAL	2,299,785	2,369,662

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 13. Consolidated revenue

(in thousands of euros)

a) By business line	Sept. 30, 2016	Sept. 30, 2015
Premiums – direct business	875,526	912,392
Premiums – inward reinsurance	62,757	66,726
Premium Refunds	(68,233)	(60,376)
Provisions for unearned premiums	(28,544)	(24,633)
Earned premiums net of cancellations c)	841,506	894,109
Fees and commission income	99,946	97,572
Net income from banking activities d)	52,695	53,458
Other insurance-related services	4,173	7,906
Remuneration of public procedures management services	40,126	44,854
Business information and other services	17,309	18,383
Receivables management	9,639	10,066
Revenue or income from other activities	71,247	81,209
Consolidated revenue	1,065,394	1,126,348

(in thousands of euros)

b) By region of invoicing	Sept. 30, 2016	Sept. 30, 2015*
Northern Europe	234,966	248,160
Western Europe	247,460	276,710
Central Europe	91,299	93,657
Mediterranean & Africa	246,612	257,789
North America	104,252	99,441
Latin America	57,361	63,810
Asia-Pacific	83,444	86,781
Consolidated revenue	1,065,394	1,126,348

* The consolidated turnover at September 30, 2015 has been restated according to the new regional organization (see Note 1 – Significant events).

Geographic segmentation by billing location does not necessarily match the debtor's location.

(in thousands of euros)

c) Insurance revenue by type of insurance	Sept. 30, 2016	Sept. 30, 2015
Credit insurance	785,655	829,136
Guarantees	38,088	37,893
Single risk	17,763	27,080
Total insurance revenue	841,506	894,109

(in thousands of euros)

d) Net income from banking activities	Sept. 30, 2016	Sept. 30, 2015
Financing fees	25,803	25,572
Factoring fees	26,760	27,933
Other	132	(47)
Total net income from banking activities	52,695	53,458

Note 14. Claim expenses

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
Paid claims, net of recoveries	(426,408)	(371,798)
Claims handling expenses	(18,199)	(20,509)
Change in claims reserves	(91,909)	(63,077)
Total	(536,516)	(455,384)

Claims expenses by period of occurrence

(in thousands of euros)	Sept. 30, 2016			Sept. 30, 2015		
	Gross	Outward reinsurance and retrocessions	Net	Gross	Outward reinsurance and retrocessions	Net
Claims expenses – current year	(601,728)	128,374	(473,354)	(629,945)	118,900	(511,045)
Claims expenses – prior years	65,212	(7,658)	57,554	174,561	(27,173)	147,387
Claims expenses	(536,516)	120,716	(415,800)	(455,384)	91,727	(363,657)

Note 15. Overheads by function

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
<i>Commissions</i>	(114,092)	(119,190)
<i>Other acquisition costs</i>	(77,297)	(88,599)
Total acquisition costs	(191,389)	(207,789)
Administrative costs	(208,020)	(202,736)
Other current operating expenses	(61,278)	(58,095)
Investment management expenses	(1,376)	(1,544)
<i>o/w insurance investment management expenses</i>	(1,393)	(1,544)
Claims handling expenses	(18,201)	(20,509)
<i>o/w insurance claims handling expenses</i>	(18,226)	(20,509)
Total	(480,264)	(490,675)
<i>of which employee profit-sharing</i>	(3,754)	(7,132)

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
Acquisition, administration costs and other current operating expenses	(480,264)	(490,675)
Expenses from banking activities, excluding cost of risk	(10,134)	(10,098)
Expenses from other activities	(32,008)	(34,740)
Total	(522,406)	(535,512)

Total overheads includes general insurance expenses (by function), expenses from other activities and expenses from banking activities. It came out at €522,406 thousand at September 30, 2016 versus €535,512 thousand at September 30, 2015.

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 16. Income and expenses from ceded reinsurance

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
Ceded claims	106,824	82,671
Change in claims provisions net of recoveries	13,892	9,056
Commissions paid by reinsurers	69,836	71,422
Income from ceded reinsurance	190,552	163,150
Ceded premiums	(201,936)	(206,886)
Change in unearned premiums provisions	3,698	5,139
Expenses from ceded reinsurance	(198,238)	(201,747)
Total	(7,686)	(38,597)

Note 17. Investment income, net of management expenses (excluding finance costs)

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
Investment income	38,071	39,811
Change in financial instruments at fair value through income	7,732	(30,805)
<i>o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds⁽¹⁾</i>	10,556	(32,429)
Net gains on disposals	(529)	1,146
<i>o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds⁽¹⁾</i>	(140)	(418)
Additions to/(reversals from) impairment	(1,175)	(583)
Net foreign exchange gains	1,086	33,113
<i>o/w hedged by currency derivatives on "Colombes" and "Lausanne" mutual funds⁽²⁾</i>	(13,924)	32,005
Investment management expenses	(2,102)	(2,205)
Total	43,083	40,478

- 1) The change of the EUR / USD and the EUR / GBP caused significant impacts on the accounts, despite the hedge of investments by foreign exchange derivatives. The net impact after hedge was - € 3,368 thousand.
- 2) The - € 13,924 thousand foreign exchange gains from Colombes and Lausanne funds consisted of € 14,582 thousand in realised gains and € -28,506 thousand of unrealised gains.

Note 18. Other operating income and expenses

(in thousands of euros)	Sept. 30, 2016	Sept. 30, 2015
Other operating expenses	(2,754)	(4,513)
Other operating income	531	490
Net	(2,223)	(4,023)

At September 30, 2016, other operating expenses concern mainly restructuring fees. The previous year, the other operating income and expenses concerned mainly the compensations paid to sales representatives within the framework of the plan of restructuring and densification of the distribution network led in the United States.

Note 19. 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 September 30, 2016 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	231,084	250,810	93,550	248,161	104,252	57,361	83,444	726,274	20,824		(750,368)	1,065,394
<i>a/w Earned Premium</i>	150,796	178,505	72,166	209,975	93,684	55,257	81,123	726,274			(726,274)	841,506
<i>a/w Factoring</i>	45,906		6,789									52,695
<i>a/w Other insurance-related services</i>	34,382	72,305	14,596	38,186	10,569	2,105	2,321		20,824		(24,094)	171,193
Claims-related expenses (including claims handling costs)	(87,865)	(68,904)	(36,403)	(108,515)	(79,935)	(37,361)	(114,590)	(475,279)		(2,373)	474,710	(536,516)
Cost of risk	(2,701)		(233)									(2,934)
Commissions	(15,706)	(26,241)	(4,075)	(25,074)	(23,088)	(6,310)	(16,900)	(210,507)			213,712	(114,190)
Other internal general expenses	(90,241)	(104,848)	(30,105)	(69,528)	(22,239)	(16,078)	(24,965)		(21,171)	(31,236)	21,706	(388,707)
UNDERWRITING INCOME BEFORE REINSURANCE*	34,571	50,816	22,734	45,043	(21,010)	(2,388)	(73,012)	40,488	(346)	(33,609)	(40,241)	23,048
Income/(loss) on ceded reinsurance	8,707	(34,666)	(374)	1,552	(70)	4,277	10,900	(38,491)			40,479	(7,686)
Other operating income and expenses		(1,963)	1	507		(753)	(15)					(2,223)
Net financial income excluding finance costs	5,882	18,883	3,931	5,703	1,220	3,758	4,675		(102)	(767)	(99)	43,083
Finance costs	(354)	451	(78)	(314)	(699)	(221)	(439)		(140)	(12,100)	(148)	(14,042)
OPERATING INCOME including finance costs	48,806	33,521	26,213	52,491	(20,559)	4,673	(57,891)	1,997	(588)	(46,476)	(9)	42,179
Share in net income of associates		(6,850)										(6,850)
NET INCOME BEFORE TAX	48,806	26,671	26,213	52,491	(20,559)	4,673	(57,891)	1,997	(588)	(46,476)	(9)	35,329
Income tax expense	(16,604)	(2,843)	(5,657)	(15,803)	4,326	(1,559)	1,799	(687)	202	16,002	222	(20,604)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	32,202	23,895	20,556	36,688	(16,233)	3,114	(56,092)	1,309	(386)	(30,474)	213	14,793
Non-controlling interests	(1)	(1)	(422)	(1)		20	2					(402)
NET INCOME FOR THE PERIOD	32,201	23,894	20,135	36,687	(16,233)	3,135	(56,090)	1,309	(386)	(30,474)	213	14,391

* 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 September 30, 2015 net income by segment restated according to the new regional organization

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia-Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	241,897	280,078	98,401	259,239	99,441	63,809	86,608	538,378	21,665		(563,168)	1,126,348
<i>o/w Earned Premium</i>	162,232	202,078	73,766	221,811	88,148	61,399	84,792	538,378			(538,493)	894,110
<i>o/w Factoring</i>	47,041		6,417									53,458
<i>o/w Other insurance-related services</i>	32,624	78,000	18,218	37,428	11,293	2,411	1,816		21,665		(24,675)	178,781
Claims-related expenses (including claims handling costs)	(55,276)	(76,593)	(52,493)	(91,948)	(50,828)	(63,492)	(61,363)	(361,427)		(2,854)	360,888	(455,384)
Cost of risk	(2,716)		(145)									(2,861)
Commissions	(14,683)	(29,943)	(4,280)	(27,263)	(21,156)	(7,351)	(17,190)	(141,931)			144,609	(119,190)
Other internal general expenses	(96,091)	(110,380)	(30,461)	(70,879)	(22,992)	(17,193)	(21,907)		(21,374)	(26,113)	23,121	(394,269)
UNDERWRITING INCOME BEFORE REINSURANCE*	73,131	63,161	11,022	69,149	4,465	(24,226)	(13,852)	35,020	291	(28,967)	(34,550)	154,644
Income/(loss) on ceded reinsurance	(8,334)	(28,610)	412	(7,125)	(873)	4,845	5,361	(39,294)			35,020	(38,598)
Other operating income and expenses	(48)	(1,829)	(94)	(59)	(1,889)	(2)	9				(111)	(4,022)
Net financial income excluding finance costs	10,806	5,328	6,016	10,207	1,045	13,056	(6,000)		813	(466)	(327)	40,478
Finance costs	(470)	543	(66)	(367)	(655)	(120)	(283)		(249)	(12,086)	(31)	(13,785)
OPERATING INCOME including finance costs	75,085	38,593	17,290	71,805	2,093	(6,447)	(14,764)	(4,275)	855	(41,519)		138,717
Share in net income of associates		1,608										1,608
NET INCOME BEFORE TAX	75,085	40,201	17,290	71,805	2,093	(6,447)	(14,764)	(4,275)	855	(41,519)		140,324
Income tax expense	(24,256)	(14,836)	(4,385)	(17,256)	(210)	16	276	1,472	(425)	14,295	3,875	(41,433)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	50,829	25,366	12,905	54,548	1,883	(6,430)	(14,487)	(2,803)	430	(27,224)	3,875	98,892
Non-controlling interests	(2)		(508)	(3)		(105)	1					(617)
NET INCOME FOR THE PERIOD	50,827	25,365	12,398	54,546	1,883	(6,536)	(14,487)	(2,803)	430	(27,224)	3,875	98,275

Note 20. Earnings per share

	Sept. 30, 2016		
	Average number of shares	Net income for the period (in thousand of euros)	Earnings per share (in euros)
Basic earnings per share	156,930,852	14,391	0,09
Dilutive instruments	0	0	0
Diluted earnings per share	156,930,852	14,391	0,09

	Sept. 30, 2015		
	Average number of shares	Net income for the period (in thousand of euros)	Earnings per share (in euros)
Basic earnings per share	156,895,324	98,276	0,63
Dilutive instruments	0	0	0
Diluted earnings per share	156,895,324	98,276	0,63

Note 21. Off-balance sheet commitments

(in thousands of euros)	Sept. 30, 2016		
	TOTAL	Related to financing	Related to activity
Commitments given	957,595	945 234	12 361
Endorsements and letters of credit	945,234	945 234	
Property guarantees	7,500		7 500
Financial commitments in respect of equity interests	4,861		4 861
Commitments received	1,169,749	898 875	270 874
Endorsements and letters of credit	123,927		123 927
Guarantees	144,147		144 147
Credit lines linked to commercial paper	600,000	600 000	
Credit lines linked to factoring	298,875	298 875	
Financial commitments in respect of equity interests	2,800		2 800
Guarantees received	225,113		225 113
Securities lodged as collateral by reinsurers	225,113		225 113
Financial market transactions	30,218		30 218

The endorsements and letters of credit correspond mainly to :

- a joint guarantee of €380,000 thousand in favor of COFACE SA subordinated notes' investors (10 year maturity)
- a joint guarantee of €523,000 thousand euros given to banks financing the factoring business.

The securities lodged as collateral by reinsurers are concerning Coface Ré for €113,358 thousand euros and Compagnie française pour le commerce extérieur for €111,755 thousand euros.

(in thousands of euros)	Dec. 31, 2015			
	TOTAL	Related to scope of entities	Related to financing	Related to activity
Commitments given	924,417	5,569	911,348	7,500
Endorsements and letters of credit	909,853		909,853	
Property guarantees	7,500			7,500
Financial commitments in respect of equity interests	5,569	5,569		
Obligations under finance leases	1,495		1,495	
Commitments received	1,228,810	2,776	958,900	267,134
Endorsements and letters of credit	121,146			121,146
Guarantees	145,989			145,989
Credit lines linked to commercial paper	600,000		600,000	
Credit lines linked to factoring	358,900		358,900	
Financial commitments in respect of equity interests	2,776	2,776		
Guarantees received	409,216			409,216
Securities lodged as collateral by reinsurers	409,216			409,216
Financial market transactions	55,699			55,699

Note 22. Related parties

Natixis holds, at the end of September 2016, 41.33% of the Coface Group's shares excluding treasury shares, and 41.24% including treasury shares.

	Number of shares	%
Natixis	64,853,876	41,33%
Public	92,056,186	58,67%
Total	156,910,062	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 (in thousands of euros)	Sept. 30, 2016		
	Natixis SA	Natixis factor	Ellisphere
Total revenue and income from ordinary activities	(1,556)		
Revenue (net banking income, after cost of risk)	(1,556)		
Total current income and expenses	(9)	49	(130)
Claims expenses		3	
Expenses from other activities		(2)	(130)
Policy acquisition costs	1	24	
Administrative costs	(10)	14	
Other current operating income and expenses		10	
Current operating income/(loss)	(1,565)	49	(130)

Related-party receivables and payables (in thousands of euros)	Sept. 30, 2016					
	BPCE group	Natixis SA	Natixis Factor	Ellisphere	Kompass International	Altus GTS Inc.
Financial investments	11,746	70,072				
Other assets			64		175	15
Cash and cash equivalents		8,664				
Liabilities relating to insurance contracts						82
Payables arising from banking sector activities		137,372				
Other liabilities		59		47		0

The €137,372 thousand in financing liabilities due to banking sector companies, at the end of September 2016, corresponds to borrowings taken out with Natixis to finance the factoring business.

Current operating income (in thousands of euros)	Sept. 30, 2015			
	Natixis SA	Natixis factor	Ellisphere	Altus GTS Inc.
Total revenue and income from ordinary activities	(2,050)	1	(3)	
Revenue (net banking income, after cost of risk)	(2,049)			
Total current income and expenses	(178)	96	(357)	69
Claims expenses	(11)	6	(20)	(8)
Expenses from other activities				(4)
Policy acquisition costs	(89)	49	(167)	
Administrative costs	(50)	26	(118)	81
Other current operating income and expenses	(28)	15	(52)	
Current operating income/(loss)	(2,228)	97	(360)	69

Related-party receivables and payables	Dec. 31, 2015					
(in thousands of euros)	BPCE group	Natixis SA	Natixis Factor	Ellisphere	Kompass International	Altus GTS Inc.
Financial investments	34,757	20,576				
Other assets			56		175	82
Cash and cash equivalents		668				
Liabilities relating to insurance contracts						85
Payables arising from banking sector activities		119,869				
Other liabilities		60		93		0

The €119,869 thousand in financing liabilities due to banking sector companies corresponds to borrowings taken out with Natixis to finance the factoring business in 2015 year-end closing.

Note 23. Events after the reporting period

There is no events after the reporting period.

Appendix: Calculation of operating 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).

Calculation of ratios

(in thousands of euros)	As at September 30		
	Note	2016	2015
Earned premiums excluding policyholders' bonuses and rebates	13	909,739	954,485
Policyholders' bonuses and rebates	13	(68,233)	(60,376)
Earned premiums	13	841,506	894,109
Fee and commission income	13	104,119	105,478
<i>of which Fees and commission income</i>	13	99,946	97,572
<i>of which Other insurance-related services</i>	13	4,173	7,906
Remuneration of public procedures	13	40,126	44,854
Services	13	26,948	28,449
<i>of which Business information and other services</i>	13	17,309	18,383
<i>of which Receivables management</i>	13	9,639	10,066
Net income from banking activities (Factoring)	13	52,695	53,458
Consolidated revenue	13	1,065,394	1,126,348
Claims expenses	14	(536,516)	(455,384)
Income from ceded reinsurance	16	190,552	163,150
<i>of which Ceded claims</i>	16	120,717	91,728
<i>of which Commissions paid by reinsurers</i>	16	69,836	71,422
Expenses from ceded reinsurance	16	(198,238)	(201,747)
<i>of which Ceded premiums</i>	16	(214,090)	(215,221)
<i>of which Ceded policyholders' bonuses and rebates</i>	16	15,852	13,474
Policy acquisition costs	15	(191,389)	(207,789)
Administrative costs	15	(208,020)	(202,736)
Other current operating expenses	15	(61,278)	(58,095)
Investment management expenses	15	(1,376)	(1,544)
<i>of which Insurance</i>	15	(1,376)	(1,544)
Claims handling expenses	15	(18,199)	(20,509)
Expenses from banking activities, excluding cost of risk	15	(10,134)	(10,098)
Expenses from other activities		(32,008)	(34,740)
Overheads including expenses from other activities		(522,405)	(535,511)
<i>of which employee profit-sharing</i>	15	(3,754)	(7,132)

Ratios relating to credit insurance and surety bonds gross earned premium net of cancellation

Loss ratio before Reinsurance
Loss ratio after Reinsurance
Cost ratio before Reinsurance
Cost ratio after Reinsurance
Combined ratio before Reinsurance
Combined ratio after Reinsurance

As at September 30	
2016	2015
63,8%	50,9%
64,6%	52,5%
32,7%	30,7%
31,9%	29,3%
96,5%	81,6%
96,6%	81,8%