

**Coface Shares Insights Into Present Credit Crisis
&
Extends Risk Mitigation Solution to Export Factoring**

Amid the worldwide economic tumult following US sub-prime crisis, Jerome Cazes, CEO of Coface Holding, a leading international credit insurance and credit management services player, came to China to share his insights into Asia open account trade evolution and to announce the launch of export factoring services in China, a strong symbol of Coface's commitment to support China based corporates despite the current worldwide credit crisis.

A worldwide B2B credit crisis has begun

As a leading international credit insurance and credit management services provider, Coface has been closely monitoring world economy for more than 60 years. 2008 is clearly a year of rising risks for corporate payments. Companies face multiple shocks: credit restrictions, slowdown of demand from industrialized countries and rising raw material prices. Coface non payment index has increased by 45% during the first 4 months of the year.

"Coface downgraded US from A1 to A2 early April, because of a clear increase in payment defaults in North America, beyond sectors directly connected to real estate since January 2008." explains Jerome Cazes to trade experts attending a conference on China trade and export finance, "The impact of the crisis outside North America starts to show up, harder conditions for granting credit and a decline in growth are expected. Tougher business relations, with payment delays and a rise in litigations, are also possible. UK, Spain, Ireland, Canada, Mexico and Japan are now on the negative watchlist."

There is not yet a significant increase in payment defaults with Chinese buyers. However China market is seeing longer payment terms, as indicated by the 5th Coface China Payment Survey. "Chinese companies face tough competition on the domestic market and are also hit by rising raw materials prices. Investment-led growth has led to overcapacities. In this context, any downturn of domestic activity would worsen the payment experience in China." highlights Jerome Cazes.

Credit risk management solution helps China companies to avoid trade risk

Jerome Cazes announced the launch of export factoring services for Mainland China, in cooperation with Natixis, Coface parent company. Factoring is non recourse trade financing, and facilitates invoice management and credit risk protection. Compared to other factoring providers, Coface unique advantage is its second to none integrated factoring network. China becomes the 23rd country where Coface can offer factoring, and target is 48 countries by the end of 09. With this line, Coface will be able to accompany Chinese companies, which are more and more international, into all their countries of presence.

This new business line completes Coface offer in China. Companies operating in China can have now one stop solution for all account receivable related problems, from credit information, receivable management to receivable protection and receivable financing, enabled thus to effectively manage the unfriendly economic situation. Banks can obtain the same services and protections on their trade finance business.

Jerome Cazes also announced China, together with Japan, will be the first countries to test Coface new solicited corporate rating. Based on Coface's recognized experience in credit risk management, this new product will allow companies to be rated at reasonable cost, according to internationally accepted standards and in full control of confidentiality. It will help

corporate to inspire confidence to multiple stakeholders, in particular those in overseas markets: suppliers, customers, strategic partners, bankers, ...

As the first international credit insurance and credit management services group that entered the China market, Coface has been investing continuously in development and cooperation with Chinese partners. It supported Ping An to launch the first short-term domestic credit insurance in China five years ago, having covered more than RMB 100 bn domestic trade since the beginning of the cooperation.

Coface (Shanghai) Information Services Co. Ltd offers business information and overseas account receivable management services. Kompass China, Coface's Beijing-based joint-venture provides marketing information to Chinese exporters. Coface Country Risk Guide has been translated into Chinese since 2003 and distributed in Greater China, enabling China-based exporters to have the latest update on country risk.

Having a proactive approach of credit crisis cycles, Coface continues its development projects in China. A credit service platform project is under discussion to enhance the quality & productivity of services for Greater China.

Regarding the China credit risk management market, Jerome Cazes pointed out: "China is a key partner of world trade. China companies understand better and better trade risk and make good use of credit risk services for both domestic and international trade. They will appreciate Coface's worldwide network and the value of our support to clients and partners through numerous economic crises during the last 60 years."