4.6 / STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

To the Shareholders of COFACE SA:

/ Opinion

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the COFACE SA consolidated financial statements for the year ended December 31, 2017, as appended to this report.

In our opinion, the consolidated financial statements are, with regard to IFRS as adopted in the European Union, consistent and fair and give a true and fair view of the results from operations over the past year, as well as the company's financial position and assets at the end of the financial year, of the group formed by the persons and entities included in the consolidation.

The opinion expressed below is consistent with the content of our report to the Audit Committee.

/ Basis for opinion

Audit standards

We conducted our audit in accordance with auditing standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are described in the section "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report. In particular we have not provided any services prohibited under Article 5 (1) of EU Regulation 537/2014 or by the statutory auditors' professional code of ethics.

/ Justification of our assessments – Key audit issues

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) regarding the justification of our assessments, we bring to your attention the key audit issues related to the risk of material misstatements which, in our professional judgement, were the most significant for the audit of the consolidated financial statements for the year and our response to those risks.

These assessments were performed as part of the audit of the consolidated financial statements taken as a whole and led to our opinion as expressed above. We express no opinion on the individual elements contained in these consolidated financial statements.

Assessment of provisions for unknown claims

Risk identified	Our response
The Coface group sets up provisions to cover both claims incurred but not reported and shortfalls in estimated provisions for claims reported in respect of its credit insurance business. At December 31, 2017, these provisions amounted to €781 million in the consolidated financial statements. As indicated in the chapter Accounting principles and policies – insurance services expenses, and in Note 40, Risk management, in the notes to the consolidated financial statements, these provisions for claims are determined on the basis of an estimate of the final loss amount. This estimate comes from actuarial analyses performed periodically by the entities and checked by Management. It results on the one hand from the application of actuarial methods based on the use of statistical data, and on the other, from consideration of assumptions about changes in the factors related to the insured party and its debtor, and to the economic, financial, regulatory or political environment based on which Management defines the final loss ratio deemed adequate. The determination of the level of these provisions implies a high degree of judgement on the part of Management and therefore constitutes increased risk necessitating special attention to the implemented audit procedures. As such, and because of the material nature of these provisions at December 31, 2017, we have considered this aggregate as a key audit matter.	To cover the risk associated with estimating these claims provisions, our approach was as follows: ◆ we noted the internal control measures that apply to the process for estimating claims provisions and the expected final expense, and tested the design and operating efficiency of the key controls implemented by Management; ◆ we assessed the relevance of the actuarial methods and parameters used, as well as the assumptions used to determine the expected final expense with regard to applicable regulation, market practices, and the economic and financial context specific to the group; ◆ we verified the consistency of the methods used to estimate provisions at year-end compared with the methods used at the previous year-end; ◆ we analysed the procedure for the provisions recorded for the previous financial year in order to make an a posteriori assessment of the quality of Management's estimates (analysis of liquidation boni-mali); ◆ we tested the reliability of the data on underlying claims used for the actuarial calculations by comparing relevant data with audited financial information; ◆ with the assistance of our actuarial experts, we performed an independent recalculation of credit insurance provisions, based on a sample, and verified that the group methods had been correctly applied.

Assessment of insurance business financial investments

Risque identified	Our response
Insurance business investments represent one of the biggest line items on the consolidated balance sheet. As at December 31, 2017, the carrying amount of these investments stood at €2,876 million. As indicated in the chapter Accounting principles and policies – financial assets in the notes to the consolidated financial statements, insurance business investments are valued at year-end based on their classification related to the management intention used by the group for each asset line. This assessment involves an element of judgement with regard to: ◆ impairment tests conducted by management and ◆ the valuation of unlisted securities, especially unconsolidated investment securities and shares in French non-trading property companies and property investment funds (SCIs and SCIPs). We have identified this issue as a key audit matter with regard to the amounts at stake and the judgement used by management to identify impairment indicators of securities in the portfolio.	To assess the reasonable nature of the valuation of financial investments, our audit mainly consisted in verifying that the values used by management were based on appropriate justification of the valuation method and figures used and, depending on the securities concerned, in: ◆ verifying the stock market prices used; ◆ obtaining the business plans drawn up by management and assessing the appropriateness and justification of the assumptions used; ◆ verifying that the main assumptions used were consistent with the economic environment; ◆ comparing the consistency of the projections used for the previous years against the corresponding actual figures for a sample of securities; ◆ assessing the documentation underlying the analysis of the impairment indicators and checking the figures contained in this documentation against external sources.

Estimate of provisions for pipeline premiums

Risque identified	Our response
Pipeline premiums amounted to €120 million in the consolidated financial statements at December 31, 2017. As indicated in the chapter Accounting principles and policies – gross premiums written in the notes to the consolidated financial statements, pipeline premiums are determined according to an estimate of the premiums expected for the period, less premiums that have been recognised. This estimate includes premiums negotiated but not yet invoiced as well as premium adjustments corresponding to the difference between minimum premiums set contractually and estimated final premiums. The estimate of final premiums relies on the use of statistical methods that draw on historical data and assumptions calling for Management's judgement. Since determining these provisions involves a high degree of judgement, we considered that the assessment of pipeline premiums was a key audit matter.	To cover the risk related to assessing pipeline premiums, we took the following approach to our audit: ◆ we noted the internal control measures that apply to the processes for estimating premiums and tested the operating efficiency of the key controls implemented by Management; ◆ we asked our actuarial experts to assess the appropriateness of the applied methodology and the key assumptions used to determine the final premiums; ◆ we verified the permanent nature of the methods used to estimate pipeline premiums at year-end compared with the methods used at the previous year-end; ◆ we reconciled the calculation bases with accounting data; ◆ we made an independent recalculation on a sample of policies; ◆ we compared the estimates of pipeline premiums recognised at the start of the year with the corresponding actual figures in order to assess the appropriateness of the method applied.

/ Verification of the Group management report

In accordance with the professional standards applicable in France, we also specifically verified the information provided in the Board of Directors' report on group management as required by law.

We have no matters to report concerning its fair presentation or consistency with the consolidated financial statements.

/ Disclosures resulting from other legal and regulatory requirements

Appointment of the statutory auditors

We were appointed Statutory Auditors of COFACE SA by decision of the sole partner dated February 28, 2008 in the case of KPMG and by the general shareholders' meeting of May 3, 2007 in the case of Deloitte & Associés. The previous auditors were Deloitte & Associés or another entity of the Deloitte network, whose original appointment details could not be determined.

As at December 31 2017, KPMG was in its 10th consecutive year as Statutory Auditors and Deloitte & Associés in its 11th year (at least). Four of those years are since the company's shares were admitted for trading on a regulated market.

/ Responsibilities of management and individuals charged with corporate governance in respect of the consolidated financial statements

It is management's responsibility to prepare the consolidated financial statements giving a true and fair view in accordance with IFRS as adopted in the European Union and to implement the internal control procedures it deems necessary in order to ensure that the consolidated financial statements it has prepared are free of material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is incumbent on management to assess the company's ability to continue as a going concern, to include in these statements, where applicable, the information related to continuing as a going concern, and to apply the going concern basis of accounting, except if the company is expected to be wound up or cease operating.

It is incumbent on the Audit Committee to monitor the process for preparing financial information and the effectiveness of internal control and risk management systems, and, where applicable, internal audit systems, as these apply to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

/ Statutory Auditors' responsibilities regarding the audit of the consolidated financial statements

Audit objectives and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will consistently identify any material misstatements. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make based thereon.

As specified in Article L.823-10-2 of the French Commercial Code, our role in certifying the financial statements does not consist in guaranteeing the viability or quality of your company's management.

As part of an audit conducted in accordance with auditing standards applicable in France, the statutory auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, define and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the circumvention of internal control;
- obtain an understanding of internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as related disclosures provided in the consolidated financial statements;
- assess the appropriateness of management's use of the going concern accounting policy and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that could jeopardize the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of their report. However, future events or conditions may cause the company to cease to continue as a going concern. If they conclude that a material uncertainty exists, they will draw attention in their report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, they will either issue a qualified opinion or refuse to certify the statements;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- with regard to the financial information about the persons or entities included in the consolidation scope, collect information that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We provide a report to the Audit Committee which includes information about the scope and timing of our audit and our audit findings. If applicable, we also bring to its attention material weaknesses in internal control that we identified as pertaining to the procedures for preparing and processing accounting and financial information.

The information contained in our report to the Audit Committee includes the risks of material misstatement that we consider to have been the most important to the audit of the 2017 consolidated financial statements and which therefore constitute the audit's key issues. It is our responsibility to describe these in this report.

We also provide the Audit Committee with the statement provided for by Article 6 of EU Regulation 537-2014 confirming our independence, within the meaning of the rules applicable in France as set forth in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the statutory auditors' professional code of ethics. Where applicable, we discuss with the Audit Committee any risks to our independence and the safeguards applied.

Neuilly-sur-Seine and Paris-La Défense, April 4, 2018
The Statutory Auditors

Deloitte & Associés	KPMG Audit *Department of KPMG S.A.*
Jérôme Lemierre *Partner*	Régis Tribout *Partner*

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