PRESS RELEASE

Algeria: 60th Country of Presence for Coface

Paris, October 12, 2006 - Coface announces the establishment of an office in Algeria, which now gives the company direct presence in 60 countries. Coface Algérie Services (CALS) has been opened to provide credit risk management services to businesses in the country. Through policies issued by its partner Cagex, Coface has also launched the first Algerian domestic credit insurance offer in the market.

For several years now, Coface has been committed to an ambitious policy of international expansion. In addition to its direct presence in now 60 countries, Coface is capable of offering its customers local service in 93 countries through its partners in credit insurance and company information, the CreditAlliance network, which was founded over a decade ago.

Within this framework and to strengthen its presence in North African countries, Coface has recently embarked on two major initiatives in Algeria, a country with the vocation to become a market leader in its region (see Appendix), through its great economic potential and its privileged partnership with France.

1. The first project is with the Algerian public credit insurer Cagex, who has maintained close relations with Coface since 1998, when Cagex became a CreditAlliance member. Cagex has had access for several years to all the subscription and reinsurance tools provided by Coface. A new partnership will now enable Cagex to offer the same policy already offered in France and in all other countries where Coface is present, to companies based in Algeria (regardless of the businesses' nationalities). This policy is a key instrument for the development, under optimal conditions, of the trade relations sought by companies in this market.

2. So that this partnership can develop in the best conditions for companies wishing to approach the Algerian market, Coface has set up a services company, Coface Algérie Services (CALS).

   This new company will be in charge of ensuring a local service suited to the needs of Coface customers who have signed a domestic credit insurance policy with Cagex. It will also offer debt management and factoring services, with the support of Natexis Algérie, the Algerian subsidiary of Natexis Banques Populaires.

By taking these steps, Coface will contribute to facilitating business connections in the Algerian market between large French companies and Algerian companies, in key sectors such as automotive, electromechanical equipment and pharmaceuticals.

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About Coface

Coface facilitates global business-to-business trade by offering its clients four product lines to fully or partly outsource trade relationship management and to finance and protect accounts receivable: trade receivable insurance, credit information and corporate ratings, receivables management and factoring. Serving 85,000 clients, Coface has a direct presence in 60 countries and can provide services in 93 countries via its CreditAlliance partner network, organized around an integrated credit risk management tool, the Common Risk System. Coface was founded in 1946 and is a subsidiary of Natexis Banques Populaires and Groupe Banque Populaire whose share capital (Tier 1) was 14.6 billion euros at the end of 2005. Coface is rated Aa3 by Moody's, AA by Fitch and AA- by Standard & Poor's. More information is available at www.coface-usa.com.

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Appendix

Coface Analysis of the Algerian Macro and Microeconomic Situation

Strengths

- The country has important natural resources (i.e., oil and gas).
- Europe ensures that Algeria has a vast market for its oil and gas.
- The Oil Revenue Regulation Fund is destined to face up to the eventuality of a reversal of the present economic situation.
- The country is bound to a process of liberalization and debt reduction (a major part of the debt rescheduled by the Paris Club was repaid by pre-emption in 2006).

Weaknesses

- The economy is still highly dependent on the petroleum sector.
- Budget expenditure continues to be rigid because of the weight of unprofitable over-staffed state companies.
- The high unemployment rate is a source for social tension and its reduction is a priority.
- High social demand is a major constraint on the economy.
- Poor infrastructure, red tape and deficiencies in the banking system penalize investors.

Main Economic Indicators

	2002	2003	2004	2005(e)	2006(p)	2007(p)
Economic Growth (%)	4.1	6.9	5.2	5.3	5.5	5.8
Inflation (%)	1.4	2.6	3.6	2.7	6.0	7
Public Balance/GDP (%)	0.2	7.8	6.9	12.6	14.1	13.5
Exports	18.7	24.5	34.1	43.2	52.9	54.0
Imports	12.0	13.3	18.0	23.0	26.6	32.7
Trade Balance	6.7	11.1	16.1	20.2	26.4	21.3
Current Account Balance	2.5	8.0	10.0	14.2	19.7	14.2
Current Account Balance /GDP (%)	4.4	11.8	11.8	13.8	17.0	11.6
Foreign Debt /GDP (%)	40.5	34.3	25.7	16.3	6.5	4.4
Debt Service/Exports (%)	20.7	16.3	15.5	12.1	19.3	3.9
Foreign currency reserves in months of imports	14.4	19.2	18.1	19.4	21.1	22.8

Risk Appraisal

The increase of oil and gas production capacities, and the high price of hydrocarbons generate substantial external and budgetary wealth. This petroleum 'windfall' allows for the financing of a broad program of growth support through public expenditure and accelerates debt reduction while amassing currency reserves. In 2006 and 2007, growth should stay well-orientated considering the very favorable perspectives of the oil market. An acceleration of public investment as part of a 5-year Growth Consolidation Plan (2005/09) should support the non-petroleum sector activity.

In the long-term, a systematic policy of savings and placing surplus State revenue from petroleum sales into a reserve should allow for stable growth and increased interest in public investments, in the event of a decline in petroleum prices. However, the economy is still dependent on the energy sector and struggles to diversify. There remains a brake on the emerging private sector (out-of-date banking, poor training and administrative red tape).

The authorities have undertaken reforms and have room for maneuver thanks to improved political stability and an advantageous oil situation. Nevertheless, the process will take time considering the numerous obstacles that can have a long-lasting effects.