

PRESS RELEASE

Singapore, 11 June 2010

Trade credit exposures rise in China and India as businesses relax credit terms

- **Payment Survey by top export insurer Coface exposes need for better risk management**
- **Singapore's risk Coface holds first Country Risk Conference in Singapore on 29 June 2010**

Singapore, 11 June 2010 – Leading international credit insurance and credit management services group Coface said today that businesses in China and India are exposing themselves to more risk as economic optimism and increasing domestic competition give rise to riskier credit terms and policies. According to two Payment Surveys of close to 2,000 companies in China and India by Coface in the fourth quarter of 2009, businesses are increasing their market share in the recovering economy by offering more attractive credit terms and loosening financial controls.

Coface, which has a 60-year track record in global export credit risk, found that 56 percent more companies in China are now offering longer credit terms to customers, while businesses in India have increased their sales of open accounts by 10 to 30 percent in the past year. These riskier forms of credit expose businesses to a greater risk of payment defaults, especially if the economic recovery slows down or stalls.

Jean-Claude Speitel, Regional Managing Director of Coface, said, "The Payment Surveys show that businesses are still dealing with the aftermath of the economic crisis. Extended payment defaults in China increased by 55 percent last year, and up to 95 percent of Indian businesses have had customers who could not pay them. Sector-wise, the textile industry in both markets experienced one of the highest incidences of defaults. Balancing growth with proper risk management will be the success formula for businesses looking to profit from the economy's current growth trajectory."

Coface Payment Surveys

Coface conducts annual Payment Surveys in major markets worldwide to understand the credit management practices of large and established companies across the manufacturing, trade and service sectors. Coface also organises Country Risk Conferences in 16 countries to help global business understand how to tackle trade and country risks more effectively and securely. The conference will be held for the first time in Singapore on 29 June 2010.

Increased domestic competition and optimism leading to riskier policies

The latest Payment Surveys highlight the adoption of longer credit terms or riskier credit policies as a response to the sharp drop in global export demand, which is forcing Chinese and Indian businesses to turn inwards to domestic markets in search of new customers.

Contributing to these risky policies is widespread optimism by businesses about a mid- to end-2010 economic recovery. Businesses across China and India are expecting a reduction in payment defaults this year. In India, 80 percent of businesses are confident that payment defaults will ease by mid- to end-2010. A similar picture is emerging in China, with over 50 percent sharing a similarly positive outlook.

Balancing market share expansion with better credit management practices

A key recommendation of the surveys is for companies to balance their fight for market share with more cautious attitudes towards managing risk, even with euphoria of an impending recovery rising. Measures include imposing shorter credit terms, which reduce the probability of default by customers. The reports also recommend the use of third parties to obtain client information, receivables protection services (i.e. credit insurance) and for debt collection, which will enable companies to better understand and manage the risks that they are exposed to.

Christophe Souquet, General Manager - Risk Business Unit at Coface Singapore, said, "The results of the Payment Surveys reflect the continued uncertainty in global markets and the importance of understanding credit risk. Coface aims to help businesses manage their risk exposure in a comprehensive and reliable way through our expertise in credit insurance, credit management and rating services."

Country Risk Conference 2010 in Singapore

The Country Risk Conference in Singapore will build on Coface's expertise in country risk to provide insights into the global business strategies of companies in the second half of 2010.

Coface's Country @ratings on Singapore and other key ASEAN countries will also be released during the conference. These proprietary ratings reflect the extent to which a country's economic, financial, and political outlook influences financial commitments of local companies.

The half-day event will feature business leaders, economists and risk specialists who will analyse the economic and trade conditions of the region and export markets. Practical advice will be available on how trade can be undertaken more effectively and securely at home and overseas.

The keynote speech will be presented by Minister of Trade and Industry, Mr Lim Hng Kiang while prominent speakers include Dr Rajan Govil from the International Monetary Fund, Mr David Carbon from DBS Bank, as well as Mr Tai Hui from Standard Chartered Bank. The conference is moderated by Mr Melvin Yong from Channel NewsAsia.

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About Coface

Coface's mission is to facilitate global business-to-business trade by offering its 130,000 customers four business lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, factoring, ratings and business information and receivables management. Thanks to the worldwide local service delivered by 6,600 staff in 67 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.

Coface is a subsidiary of Natixis whose share capital (Tier 1) was 12.7 billion Euros end December 2009.

For more details, please visit www.coface.com