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SOLVENCY AND FINANCIAL CONDITIONS REPORT 2023

coface
FOR TRADE

General comments

COFACE SA is a French public limited company (with a Board of Directors), whose head office is located at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France and registered in the Nanterre Trade and Companies Register under number 432 413 599. It is referred to as the "Company" in this report. Unless stated otherwise, references in this document to the "Group" or the "Coface Group" are references to the Company and its subsidiaries, branches and holdings.

Compagnie française d'assurance pour le commerce extérieur, a French public limited company (with a Board of Directors), whose head office is located at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France and registered in the Nanterre Trade and Companies Register under number 552 069 791, is referred to as "La Compagnie" in this document.

♦ Forward-looking information

This report includes information on the Coface Group's outlook and future areas of development. These forward-looking statements may be identified using the future or conditional tenses, or forward-looking terminology such as "considers", "anticipates", "thinks", "aims", "expects", "intends", "should", "plans", "estimates", "believes", "hopes", "may" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements do not constitute historical data and should not be interpreted as a guarantee that the stated facts and data will take place or be achieved. They appear in a number of sections of the report and include information regarding the Coface Group's intentions, estimates and objectives with regard, in particular, to the Coface Group's market, strategy, growth, results, financial position and cash flow.

These forward-looking statements are based on data, assumptions and estimates that the Coface Group deems reasonable. They may evolve or be modified due to uncertainty linked, in particular, to the economic, financial, competitive or regulatory environment. Furthermore, the forward-looking statements contained in this report also involve risks, both known and unknown, uncertainty and other factors that, were they to occur, could affect the Coface Group's future results, performance and achievements. Such factors may include, in particular, changes in the economic and commercial climate as well as the risk factors presented in Chapter 5 of the Universal Registration Document filed with the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) on April 05, 2024, under the number D.24-0242.

♦ Risk factors

You are strongly encouraged to carefully examine the risk factors described in the above-mentioned paragraphs of the Universal Registration Document filed with the Autorité des Marchés Financiers. The occurrence of all or any of these risks is liable to have an adverse effect on the Coface Group's businesses, financial position or financial results. Furthermore, other risks, that are not yet known or that the Coface Group currently considers immaterial at the date of this report, may have the same adverse impact on the Coface Group, its business, financial position, operating results or growth prospects, as well as on the market price of its shares listed on Euronext Paris (**ISIN: FR0010667147**).

All such information is available on the websites of the Company (www.coface.com/Investors) and the Autorité des Marchés Financiers (www.amf-france.org).

Clarifications relating to the presentation

This report is drawn up pursuant to Chapter XII of the European Commission Delegated Regulation (EU) 2015/35 of October 10, 2014.

Pursuant to Articles L.356-25 and R.356-60 of the French Insurance Code, and in accordance with the ACPR (French Prudential Supervision and Resolution Authority) instruction no. 2015-I-27, this report is a single report on the solvency and financial conditions of COFACE SA (Trade and Companies Register no. 432413599) of Compagnie française d'assurance pour le commerce extérieur (Trade and Companies Register no. 552069791).

Please note that COFACE SA comprises the Coface Group ("COFACE SA" or "the Group"), accounted for on a consolidated basis and Compagnie française d'assurance pour le commerce extérieur (« la Compagnie »), an institution accounted for on a solo basis.

The Coface Group's general scope of consolidation is stated on page 12 of this document and the reader's attention is drawn to the following information:

- The quantitative information relating to COFACE SA was prepared in accordance with IFRS or Solvency II standards, as the case may be.
- In accordance with the regulations, Compagnie française d'assurance pour le commerce extérieur has no obligation to prepare consolidated financial statements and, as a result, the quantitative information in this document is provided on a statutory basis under French accounting standards, in respect of the business and under Solvency II standards for the prudential items.
- The quantitative information for Compagnie française d'assurance pour le commerce extérieur primarily comprises information relating to the parent holding company and to the 35 full-service branches listed in Appendix 1.
- The factoring business and credit insurance or services subsidiaries are not consolidated by Compagnie française d'assurance pour le commerce extérieur but at COFACE SA level: this, for the most part, explains the discrepancies in business revenue and results.
- External reinsurance activities are carried by Coface Re, an entity consolidated at COFACE SA level.
- In the absence of a specific paragraph or note, the qualitative or quantitative information in this document is also valid for this establishment.
- This report has not been reviewed by the Statutory Auditors of COFACE SA or Compagnie française d'assurance pour le commerce extérieur, although it has been approved by the respective Boards of Directors of COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

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Summary

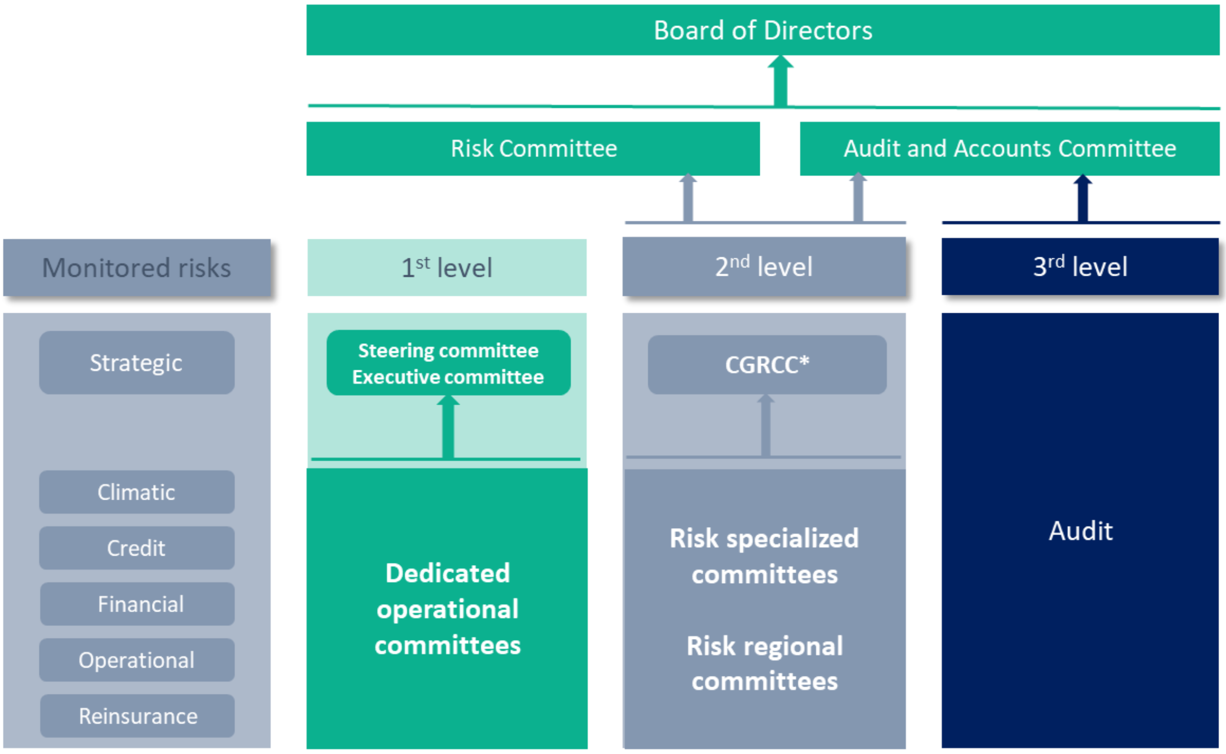
♦ Business and performance

Consolidated turnover amounted to €1,868 million, up 6.0% on 2022 at constant scope and exchange rates. The net combined ratio stood at 64.3%, or 3.3 points below the level recorded in 2022 (67.6%). The loss ratio before reinsurance, including claims-handling expenses, increased slightly, by 0.3 points, to 35.8%. The Group ended the year with net income (Group share) stable compared with 2022, at €240 million and return on equity of 13.4%. As at December 31, 2023, the solvency ratio was 199%, above the target solvency range of between 155% and 175%.

The turnover of Compagnie française d'assurance pour le commerce extérieur, which amounted to €1,433 million, increased by 8.2% (at constant scope and exchange rates) compared with 2022. The loss ratio net of reinsurance improved by 0.6 points, to 33.0%. The gross cost ratio was stable at 41.8%. Compagnie Française d'Assurance pour le Commerce Extérieur ended the year with net income of €369 million (compared with €131 million in 2022), an increase of 181.0%.

♦ Governance system

The Group has implemented a risk management and control system that is based on a clear governance supported by a dedicated organisation based on key functions. This is illustrated by the diagram below, which shows the relationship between the three risk control lines as well as the committees reporting to the Board of Directors and General Management of Coface.



* Coface Group Risk and Compliance Committee (CGRCC)

- ## Risk profile

As a credit insurer, commercial underwriting risk, which is essentially a credit risk for Coface, is the Group's main risk, accounting for a significant proportion of the capital requirements. The latter is nonetheless sensitive to market, liquidity and operational risks. Regarding more efficient management, the Group maintains a sufficiently diversified risk portfolio, both in terms of underwriting risk with geographic or sectoral diversification and in terms of investments. The Group also uses reinsurance to improve its solvency when facing an increase in the loss ratio.

In addition, the Group uses ORSA to measure changes in the Group's solvency when facing unfavourable events.

- ## Valuation for solvency purposes

The Coface Group's Solvency balance sheet was closed as at and for the year ended December 31, 2023, in line with Solvency II regulations. The Coface Group values its assets and liabilities based on a going concern assumption. The methods used to value the prudential balance sheet are the same as those used in 2022, allowing comparisons between changes in the major classes of assets and liabilities. This values the assets of the Coface Group at €5,757 million under Solvency II. Compagnie française d'assurance pour le commerce extérieur has total assets of €4,707 million.

As far as liabilities are concerned, the Group's liabilities amounted to €3,530 million, and the excess of assets over liabilities stood at €2,227 million, while Compagnie française d'assurance pour le commerce extérieur's liabilities totalled €2,763 million, with an excess of assets over liabilities of €1,945 million (*see Part D for further details*).

- ## Capital management

The Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) of the Group are defined using the partial internal model.

The Group has put a capital management policy that it reviews at least once a year in order to meet regulatory requirements, to manage the suitability of its capital with its insurance commitments and to optimise its own funds.

At December 31, 2023, the Group's solvency ratio was 199%.

At December 31,2023, the Compagnie française d'assurance pour le commerce extérieur's solvency ratio was 233%.

/ A. BUSINESS AND PERFORMANCE

A. Business and performance

A.1 Business

A.1.1 General Introduction

♦ **Name and legal form of the companies**

COFACE SA is a public limited company (société anonyme) with share capital of €300,359,584 whose head office is located at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France. It is registered on the Nanterre Trade and Companies Register under number 432 413 599.

Compagnie française d'assurance pour le commerce extérieur is a public limited company (société anonyme) with share capital of €137,052,417 whose head office is located at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France. It is registered on the Nanterre Trade and Companies Register under number 552 069 791.

♦ **Name and contact details of the supervisory authority responsible for financial control**

COFACE SA and Compagnie française d'assurance pour le commerce extérieur are both governed by the French Insurance Code (Code des Assurances) and are subject to prudential supervision by the ACPR (French Prudential Supervision and Resolution Authority) located at 4 Place de Budapest in Paris (75009).

♦ **Name and contact details of the external auditors**

- **Statutory auditors – COFACE SA**

Principal Statutory Auditors	Deloitte & Associés 6, place de la Pyramide 92908 Paris-La-Défense cedex Represented by Damien LEURENT	Mazars 61, rue Henri Regnault 92400 Courbevoie Represented by Jean-Claude PAULY

- **Statutory auditors – Compagnie française d'assurance pour le commerce extérieur**

Principal Statutory Auditors	Deloitte & Associés 6, place de la Pyramide 92908 Paris-La-Défense cedex Represented by Damien LEURENT	Mazars 61, rue Henri Regnault 92400 Courbevoie Represented by Jean-Claude PAULY
Alternate Statutory Auditors	BEAS 6, place de la Pyramide 92908 Paris-La-Défense cedex Represented by Mireille BERTHELOT	

A.1.2 Holders of qualifying stakes in the company

♦ COFACE SA

The following table details changes in the Group's capital and voting rights over the past two years:

	As at December 31, 2023				As at December 31, 2022		As at December 31, 2021	
	Shares	%	Voting rights	%	Shares	Voting rights	Shares	Voting rights
Natixis [1]	-	-	-	-	0	0	15,078,051	15,078,051
Arch Capital Group	44,849,425	29.86%	44,849,425	30.10%	44,849,425	44,849,425	44,849,425	44,849,425
Employees	1,265,554	0.84%	1,265,554	0.85%	1,223,920	1,223,920	857,423	857,423
Public	102,891,911	68.51%	102,891,911	69.05%	102,990,329	102,990,329	88,247,383	88,247,383
Treasury shares [2]	1,172,902	0.78%	0	0.00%	1,116,118	0	1,147,510	0
Other	-	-	-	-	-	-	-	-
Total	**150,179,792**	**100%**	**149,006,890**	**100%**	**150,179,792**	**149,063,674**	**150,179,792**	**149,032,282**

[1] *On January 5, 2022, Natixis announced the sale of 15,078,095 COFACE SA shares, representing 10.04% of the share capital, for €11.55 per share, under an accelerated bookbuild transaction with institutional investors.*

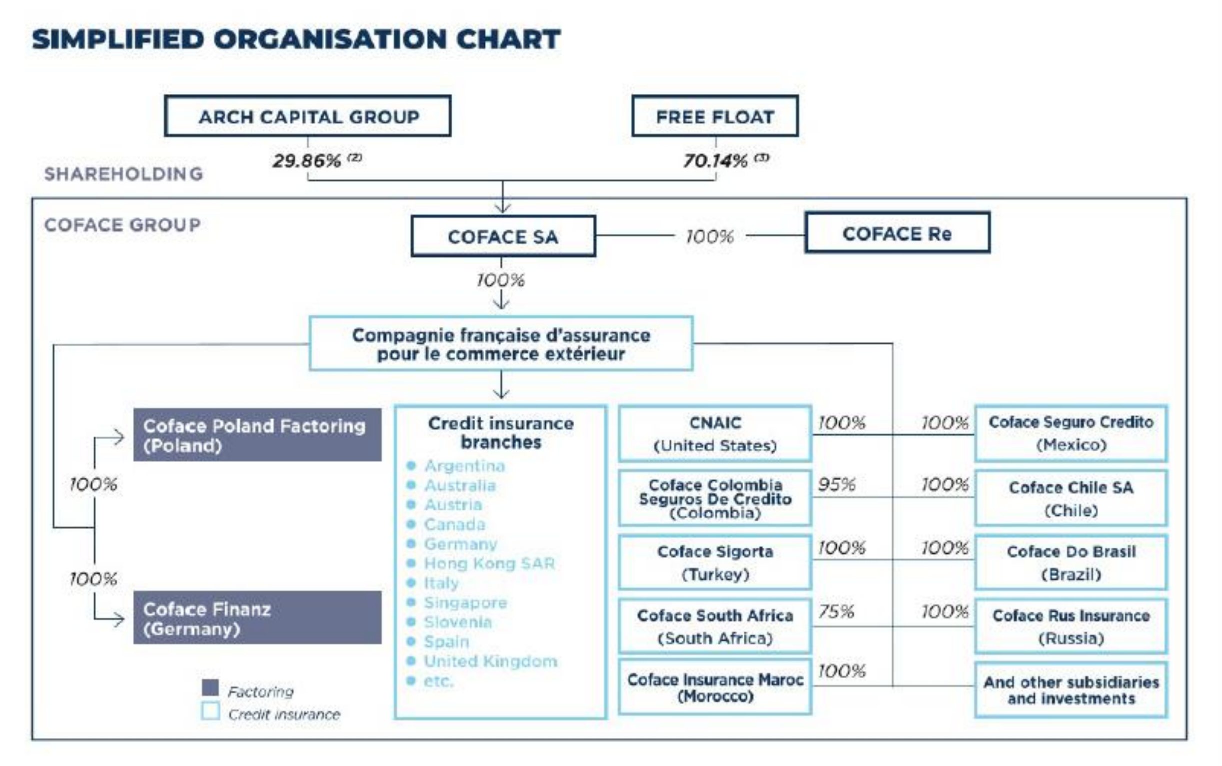
[2] *Independent holding: liquidity contract, treasury share transactions and redemption for cancellation.*

♦ Compagnie française d'assurance pour le commerce extérieur

Compagnie française d'assurance pour le commerce extérieur is fully owned by COFACE SA.

A.1.3 Information on the position occupied by the company in the Group structure

The following diagram represents COFACE SA's legal structure and shows its material subsidiaries and branches (*see Chapter "Overview of Coface" of the Universal Registration Document of the Coface Group*).



A.1.4 Significant business lines and geographical areas where the establishments carry out their activities

The activity of the institutions is mainly focused on credit insurance, which accounted for 90% of COFACE SA's turnover in 2023 (*see Note 22 of Chapter 4 "Revenue" in the 2023 Universal Registration Document*). This entails providing businesses with solutions to protect them against the risk of client debtor insolvency in both their domestic and export markets.

As a general rule, COFACE SA carries out its activities through branches, credit insurance subsidiaries, and two factoring subsidiaries, each fully owned, while the business of Compagnie française d'assurance pour le commerce extérieur is exclusively conducted through its 35 branches.

Both establishments (COFACE SA and Compagnie française d'assurance pour le commerce extérieur) operate in seven operational regions:

- Northern Europe,
- Western Europe,
- Central Europe,
- Mediterranean & Africa,
- North America,
- Latin America,
- Asia-Pacific.

Furthermore, the Group is active in the factoring market, the surety bond market and sells information and debt collection products.

A.1.5 Substantial transactions and significant events in 2023

♦ **Acquisition of Rel8ed, a data analytics boutique in North America**

On January 30, 2023, Coface announced that it had acquired Rel8ed, a North American data analysis company. This acquisition will enrich Coface's databases and increase its analytical capabilities. It will benefit Coface's credit insurance and business information businesses.

♦ **Financial and non-financial rating agency ratings**

- **AM Best confirms the A (Excellent) rating with a stable outlook for Coface's main operating entities**

On May 19, 2023, the AM Best rating agency confirmed the "Insurer Financial Strength – IFS" "A" (Excellent) rating given to Compagnie Française d'Assurance pour le Commerce extérieur (the Company), Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remains stable.

- **Moody's upgrades Coface's financial strength rating to A1, stable outlook**

On September 28, 2023, Moody's upgraded Coface's Insurance Financial Strength (IFS) rating from A2 to A1. The agency also changed Coface's outlook from positive to stable.

- **Fitch confirms Coface's AA- rating with a stable outlook**

On November 9, 2023, the rating agency Fitch Ratings confirmed Coface's AA- Insurer Financial Strength (IFS) rating. The outlook was held at stable.

- **Issuance of Tier 2 subordinated bonds**

On November 28, 2023, COFACE SA also announced the issue of €300,000,000 tier 2 subordinated bonds bearing interest at a fixed rate of 5.750% and maturing on November 28, 2033.

A.1.6 Post closing events at December 31, 2023

There are no post-closing events to be noted.

A.2 Underwriting performance

A.2.1 COFACE SA

COFACE SA's consolidated premium income was €1,868 million in 2023. It increased by 6.0% at constant scope and exchange rates compared to 2022.

The changes at constant scope and exchange rates, presented for comparison purposes in the tables below, take into account the integration of the following entities:

- In the third quarter of 2023: Coface Hungary Services and Coface Service Colombia.
- In the fourth quarter of 2023: Coface Services Japan and Coface Adriatics.

Underwriting income before reinsurance amounted to €454 million at December 31, 2023, up 1.5% in relation to the end of 2022 (€447 million).

Underwriting income after reinsurance, other revenues and the cost of risk amounted to €395 million at December 31, 2023, up 13.0% in relation to the end of 2022 (€349 million).

The €34 million decrease in reinsurance costs to -€104 million at December 31, 2023 (-€139 million at December 31, 2022) can be attributed to the end of government reinsurance schemes (negative impact of €36 million in the first half of 2022).

A more detailed description is available in *Chapters 1.3 – Description of principal activities and 3.3 – Comments on income in the 2023 Universal Registration Document.*

A.2.2 – Compagnie française d'assurance pour le commerce extérieur

- **Turnover**

Compagnie Française d'Assurance pour le Commerce Extérieur's turnover was €1,433 million. It increased by 2.6% from December 2022 (8.2% at constant scope and exchange rates).

The following table illustrates the changes in turnover, for each business line, as at December 31, 2022 and 2023:

Change in consolidated turnover La Compagnie *(in millions of euros)*	**As at Dec. 31**		**Change**		
	2023	**2022**	**as a %**	**as a %: at constant exchange rates**	**%: at constant scope and exchange**
Direct business premiums	1,180	1,167	1.1%	4.7%	4.7%
Premiums accepted	239	216	10.6%	27.1%	27.1%
Earned premiums	**1,420**	**1,384**	**2.6%**	**8.2%**	**8.2%**
Fee and commission income	**13**	**13**	**-1.1%**	**0.7%**	**0.7%**
Other underwriting income	0	0	29.7%	33.1%	33.1%
Other underwriting income	**0**	**0**	**29.7%**	**33.1%**	**33.1%**
Total turnover	**1,433**	**1,397**	**2.6%**	**8.2%**	**8.2%**

Earned premiums were €1,420 million, an increase compared with 2022. Fees and commission income were stable at €13 million as at December 31, 2023. Lastly, other income totalled €51 million, up 33.1% at constant scope and exchange rates compared to December 2022.

♦ Change in turnover by region

The following table shows the changes in revenue of Compagnie française d'assurance pour le commerce extérieur for its seven geographical regions for the financial years ended December 31, 2022 and 2023:

Change in consolidated turnover La Compagnie *(in millions of euros)*	As at Dec. 31		Change			
	2023	2022	(in €m)	as a %	%: at constant exchange rates	%: at constant scope and exchange
Western Europe	285	319	-33	-10.5%	6.0%	6.0%
Northern Europe	269	278	-10	-3.5%	-1.4%	-1.4%
Central Europe	137	133	4	3.1%	0.6%	0.6%
Mediterranean & Africa	420	381	39	10.3%	12.1%	12.1%
Latin America	54	45	9	19.9%	42.4%	42.4%
North America	122	93	28	30.2%	30.6%	30.6%
Asia-Pacific	147	149	-2	-1.1%	3.3%	3.3%
Total turnover	**1,433**	**1,397**	**36**	**2.6%**	**8.2%**	**8.2%**

The regions recorded different changes in revenue at constant scope and exchange rates, ranging from 42.4% for Latin America to 0.6% for Central Europe.

In Western Europe, revenue was down by 10.5% (6.0% at constant scope and exchange rates). Client activities were resilient and information sales increased.

In Northern Europe, revenue was down 3.5%. The region saw a slump in client activity but adjacent activities were on the rise.

Revenue stagnated in Central Europe, increasing by 0.6% at constant scope and exchange rates, due to the reduced level of activity in Russia.

In the Mediterranean and Africa region, which is driven by Italy and Spain, revenue rose 12.1% at constant scope and exchange rates on the back of strong sales performances.

In Latin America, revenue rose by 19.9% (42.4% at constant scope and exchange rates). The region maintained its level of revenue because of its activities in the commodities sectors, despite the consequences of the devaluation of the Argentinian peso.

In North America, revenue increased by 30.2%, driven by the return in client activity and rising commissions.

In the Asia-Pacific region, revenue was stable, despite a fall of -1.1% (3.3% at constant scope and exchange rates). The boost in revenue was driven by past sales performances, which sustained the growth of the portfolio, and high retention rates.

♦ Loss experience

The cost of claims of Compagnie Française d'Assurance pour le Commerce Extérieur was €468 million, up 4.3% from 2022.

La Compagnie *(in millions of euros)*	As at Dec. 31 2023	2022	Change (%)
Claims expenses	**-468**	**-448**	4.3%
Earned premiums	1,420	1,384	2.6%
Loss ratio before reinsurance	**33.0%**	**32.4%**	**1.7%**

The loss ratio before reinsurance and including claims handling expenses increased by 0.6 points, up from 32.4% in 2022 to 33.0% in 2023. This change reflects the major loss experience in Latin America, which was offset by positive prior developments in the Mediterranean & Africa, Central Europe and Northern Europe regions.

- **Overheads**

Overheads La Compagnie *(in millions of euros)*	As at Dec. 31		Change	
	2023	**2022**	**as a %**	**%: at constant scope and rates**
Internal overheads	-358	-344	3.9%	5.7%
o/w claims handling expenses	*-28*	-30	-9.2%	-5.0%
o/w internal investment management expens	-6	-3	91.0%	98.6%
Commissions	-242	-233	3.9%	12.5%
Total overheads	**-600**	**-577**	**3.9%**	**8.5%**

Total overhead costs, which include claims handling expenses and of internal investment management, was up by 3.9% (8.5% at constant scope and exchange rates), from €577 million in 2022 to €600 million in 2023.

Policy acquisition commissions were up 12.5% at constant scope and exchange rates, from €233 million in 2022 to €242 million in 2023.

Internal overheads, which include claims handling expenses and internal investment management expenses, increased by 3.9% (5.7% at constant scope and exchange rates), from €344 million in 2022 to €358 million in 2023.

- **Reinsurance income**

The cost of reinsurance increased slightly by 1.5% in 2023, from €246 million in 2022 to €250 million in 2023.

La Compagnie *(in millions of euros)*	As at Dec. 31		
	2023	**2022**	**Change (%)**
Ceded premiums	-752	-706	6.6%
Ceded claims	200	176	14.0%
Commissions paid by reinsurers	302	284	6.4%
Reinsurance income	**-250**	**-246**	**1.5%**

- **Net underwriting income**

Compagnie française d’assurance pour le commerce extérieur’s underwriting income increased by 156.1%, from €159 million in 2022 to €406 million in 2023.

A.3 Investment performance

A.3.1 Detailed results over the period

♦ **Trends in the financial markets**

Inflation slowed in 2023, although it remained above central bank targets. On the macroeconomic front, growth was surprisingly strong in the United States while Europe avoided the severe recession expected at the beginning of the year. Emerging economies enjoyed strong economic activity despite a disappointing recovery in China. Central banks in advanced economies continued to raise their interest rates, with the cycle widely perceived to be over at the end of the year. Meanwhile, some central banks in emerging economies were already starting to lower theirs. On the financial markets, bond yields reached new highs before falling sharply at the very end of the year, while equity indices rallied strongly. Global disinflation and the resilience of the US economy were the main catalysts in the equity markets.

In 2023, the US economy withstood the sharp rise in interest rates much better than expected. In the first three quarters of the year, GDP grew by 2.3% (with an acceleration in Q3). Job creations averaged more than 200,000 per month over the year, a very high figure, while the unemployment rate remained very low (3.7% in December). The abundant savings accumulated by households during the COVID crisis, companies' financing and cash reserves (which meant they were only gradually affected by higher interest rates) and fiscal measures to encourage investment explain these good figures. However, a slowdown was seen at the end of the year. Inflation fell sharply over the year: in December, the year-on-year increase in the consumer price index was 3.4% (vs. 6.5% in December 2022), while the core index stood at 3.9% (vs. 5.7%). The Federal Reserve raised interest rates four times between February and July, bringing the upper end of the target Fed Funds range to 5.5%. At the end of the year, it indicated that the pace of future rate cuts was now under discussion. Against this background, the US 10-year yield fell sharply, to stand at 3.87% at the end of the year. On the equity side, the S&P 500 gained 24.2% over the year.

In Europe, there were strong fears that economic activity would collapse due to natural gas supply difficulties at the beginning of the year. However, energy prices fell rapidly and the severe recession expected did not materialise. Nevertheless, activity failed to accelerate later in the year, mainly due to headwinds in the industrial sector and rising interest rates. As a result, eurozone GDP was virtually flat over the first three quarters of the year. Over the same period, France and Spain experienced slightly higher growth than Germany and Italy due to the composition of their economies (more services and less industry). Inflation fell sharply: in December 2023, the year-on-year increase in the general consumer price index was only 2.9% (vs. 9.2% in December 2022), while the core index stood at 3.4% (vs. 5.2%). The ECB raised its key interest rates six times from February to September, bringing its deposit rate to 4.0% (vs. 2.0% at end-December 2022). It then kept rates on hold, but made no commitment, at the end of the year, to imminent rate cuts. The end of the year saw a sharp drop in sovereign yields and the German 10-year yield stood at around 2.0% at the end of December. On the equity markets, the Euro Stoxx 50 gained 19.2% over the year.

In 2023, annual growth in emerging economies was stable (GDP growth of around 4%). Overall, emerging countries were resilient in the face of the weak Chinese recovery (especially in Q2), higher global interest rates and geopolitical tensions. The slowdown in domestic demand and the easing of negative supply shocks led to a decline in inflation, which gradually spread from volatile sectors and goods to service prices, which are less flexible. This trend enabled emerging countries' central banks to begin to lower their key interest rates. Latin America led the way (all the major central banks except Mexico), followed by

Central and Eastern Europe. On the equity markets, the MSCI Emerging Markets index ended the year higher (+7.1%) despite the poor performance of the Chinese market (-12.8%).

♦ Financial income from investments – COFACE SA

• Development of the investment portfolio

In this environment of rising interest rates and economic uncertainty, Coface Group continued to reduce the risk in its portfolio in 2023 by lowering its exposure to assets the most at risk from the economic slowdown (credit, emerging markets and real estate) in favour of developed countries' sovereign bonds.

The monetary threshold remained high throughout the year as a precautionary measure. At December 31, 2023, the bond portfolio represented 68.8%, compared with 77.4% at the end of 2022.

Finally, loans, deposits and other financial investments accounted for 23.3% of the Group's portfolio at the end of 2023, compared with 12.2% at the end of 2022.

These investments were all made in a strictly defined risk context; the quality of issuers, the sensitivity of issues, the dispersion of issuer status and geographic region are the subject of specific rules defined in the different management mandates granted to the Group's dedicated managers.

The market value of the portfolio increased by €364 million in 2023, mainly due to the replacement of the €300 million Coface bond issue and the ramp-up of the Equity Infrastructure segment.

The financial portfolio by main asset classes breaks down as follows:

Investment portfolio COFACE SA *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	180	5.4%	220	7.5%
Shares	82	2.5%	86	2.9%
Bonds	2,273	68.8%	2,277	77.4%
Loans, deposits and other financial investments	770	23.3%	358	12.2%
Total financial assets	**3,305**	**100%**	**2,941**	**100%**

• Investment portfolio income

Net financial income from the investment portfolio amounted to +€12 million in 2023, including adjustments to the market value of assets measured at fair value through profit or loss for -€22 million and -€39 million in foreign exchange income. This amount includes -€11 million in expenses related to IAS 29 – hyperinflation (Coface has activities in Argentina and Turkey).

Income from the investment portfolio came to €68 million. Against the backdrop of inflation and high interest rates, the decline in the value of real estate assets was largely offset by capital gains and the rise in recurring accounting income (mainly coupons). These transactions allowed the Group to continue continue reducing the portfolio's risk profile by reducing the exposure to corporate bonds and equities in favour of developed country sovereign bonds.

Income from the investment portfolio COFACE SA *(in millions of euros)*	**As at Dec. 31**		**Change**	
	2023	**2022**	***(in €m)***	***(as a %)***
Investment income	68	46	22	47.7%
Change in fair value of financial instruments at fair value through profit or loss	-22	0	-22	n.a
Capital gains/losses on disposals	18	19	-1	-3.4%
Charges to and reversals of provisions for	0	*0*	0	-74.0%
Currency gains and losses	-39	-16	-23	139.6%
Investment management expenses	-13	-14	0	-0.9%
Net investment income	**13**	**36**	**-23**	**-64.8%**

The portfolio's economic rate of return was positive at 4.0%, unlike in 2022 (-6.5%), mainly due to a positive recovery in revaluation reserves in 2023.

- **Financial income from investments – Compagnie française d'assurance pour le commerce extérieur**

  - **Development of the investment portfolio**

Compagnie française d'assurance pour le commerce extérieur's portfolio followed the same allocation pattern as that of the Group, with a fall in exposure to investment property and corporate bonds in favour of sovereign bonds issued by developed countries.

The investment portfolio of Compagnie française d'assurance pour le commerce extérieur can be broken down as follows:

Investment portfolio La Compagnie *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	146	5.5%	179	7.6%
Shares	82	3.1%	71	3.0%
Bonds	1,626	61.1%	1,665	70.3%
Loans, deposits and other financial investments	809	30.4%	452	19.1%
Total financial assets	**2,663**	**100%**	**2,368**	**100%**

  - **Investment portfolio income**

Compagnie française d'assurance pour le commerce extérieur's financial income amounted to €32 million in 2023, versus €139 million in 2022.

Income from the investment portfolio La Compagnie *(in millions of euros)*	As at Dec. 31		Change	
	2023	**2022**	***(in €m)***	***(as a %)***
Investment income	97	119	-22	-18%
Gains on the realisation of investments	86	117	-31	-26.4%
Total income and gains	**184**	**236**	**-53**	**-22.3%**
Financial expenses	-32	-20	-12	56.7%
Investment management	-6	-3	-3	91.2%
Provision for impairment of investments	-8	-9	1	-12.1%
Other investment expenses	-2	-3	1	-34.5%
Losses on the realisation of investments	-104	-62	-42	68.3%
Total expenses	**-152**	**-97**	**-54**	**56.0%**
Financial income	**32**	**139**	**-107**	**-77.1%**

In this environment of rising interest rates and economic uncertainty, Coface Group continued to reduce the risk in its portfolio in 2023 by lowering its exposure to assets the most at risk from the economic slowdown (credit, emerging markets and real estate) in favour of developed countries' sovereign bonds. Cash levels remained high throughout the year as a precautionary measure.

Regarding real assets, some real estate assets were reallocated from offices and retail to logistics and residential.

In the statutory accounts of Compagnie française d'assurance pour le commerce extérieur, due to the German cash-pooling agreement, the income of the German subsidiaries was recorded in financial income, while in the Group's IFRS accounts these entities were consolidated and contributed to comprehensive income.

Furthermore, French accounting standards do not allow a detailed breakdown of dedicated funds, held by Compagnie française d'assurance pour le commerce extérieur, unlike the IFRS standards for the Group.

A.3.2 Impact on equity

♦ COFACE SA

The two tables below show the impact on equity at December 31, 2023 and, for comparison purposes, at December 31, 2022:

COFACE SA *(in thousands of euros)*	**Technical liabilities / IFE***	**Investment instruments**	**Reserves - Non-recyclable gains and losses (IAS19**)**	**Income Tax**	**Revaluation reserves - Group share**	**Non-controlling interests**	**Revaluation reserves**
Amounts as at December 31, 2022 restated IFRS17	**16,096**	**-72,874**	**-17,637**	**21,435**	**-52,981**	**-91**	**-53,070**
Financial instruments first application of impact IFRS	0	-40,296	0	2,796	-37,500	0	-37,500
Amounts as at January 1, 2023	**16,096**	**-113,170**	**-17,637**	**24,231**	**-90,481**	**-91**	**-90,570**
Fair value adjustments on financial assets reclassified to income	0	-3,618	0	1,879	-1,739	0	-1,739
Fair value adjustments on financial assets recognised in equity and	0	66,813	0	-13,464	53,348	8	53,357
Change in reserves - gains and losses not reclassified to income statement	0	-24,445	-2,794	-1,497	-28,737	0	-28,737
Transactions with shareholders	0	0	0	0	0	0	0
Reevaluation IFRS17 OCI reserves variations recyclable in P&L	-4,620	0	0	1,346	-3,275	-8	-3,267
Amounts as at December 31, 2023	**11,476**	**-74,426**	**-20,429**	**12,498**	**-70,880**	**-79**	**-70,956**

** Insurance Finance Expenses*

*** Provisions for pensions and similar obligations*

COFACE SA *(in thousands of euros)*	**Technical liabilities / IFE***	**Investment instruments**	**Reserves - Non-recyclable gains and losses (IAS19**)**	**Income Tax**	**Revaluation reserves - Group share**	**Non-controlling interests**	**Revaluation reserves**
Amounts as at January 1, 2022	**-6,313**	**250,291**	**-30,652**	**-28,016**	**185,310**	**-115**	**185,195**
Fair value adjustments on available-for-sale financial assets reclassified to income	0	-12,861	0	3,629	-9,232	0	-9,232
Fair value adjustments on on available-for-sale financial assets recognised in equity	0	-310,305	0	54,623	-255,683	-32	-255,715
Change in reserves - gains and losses not reclassified to income statement	0	0	13,015	-3,705	9,310	0	9,310
Transactions with shareholders	0	0	0	0	0	0	0
Reevaluation IFRS17 OCI reserves variations recyclable in P&L	22,409	0	0	-5,095	17,315	57	17,372
Amounts as at December 31, 2022 restated IFRS 17	**16,096**	**-72,874**	**-17,637**	**21,435**	**-52,981**	**-91**	**-53,070**

** Insurance Finance Expenses*
*** Provisions for pensions and similar obligations*

♦ **Compagnie française d'assurance pour le commerce extérieur**

Compagnie française d'assurance pour le commerce extérieur prepares its financial statements in accordance to French GAAP. Profit and loss are not therefore directly recognised as equity.

A.3.3 Securitisation

Not applicable for COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

Indeed, as at December 31, 2023, no institution has investments in securities issued as part of a securitisation in its financial portfolio.

A.4 Income from other activities

A.4.1 Other income and expenses

- **COFACE SA**

Other operating income and expenses represented an expense of €5 million as at December 31, 2023, and principally comprised:

- Provisions for restructuring costs of €2 million;
- Expenses related to the entry of four service entities into the scope of consolidation for €2 million;

The impacts of newly consolidated entities comprise -€932 thousand for the APR region, €1,065 thousand for the CER region and -€227 thousand for the LAR region.

- **Compagnie française d'assurance pour le commerce extérieur**

Extraordinary income and expenses amounted to +€3 million as at December 31, 2023.

Extraordinary income mainly consists of reversals of provisions for restructuring for €2 million as well as reversals of excess depreciation for €5 million.

Extraordinary expenses consist mainly of other provisions for Build to Lead restructuring costs of €3 million as well as expenses relating to the new strategic plan of €1 million.

A.4.2 Rental Agreements

- **Operating leases**

Rental agreements mainly concerned office rentals and computer equipment rental and maintenance contracts.

The main office rental agreements are in respect of the head offices of COFACE SA and of Compagnie française d'assurance pour le commerce extérieur and its Italian branch.

- **COFACE SA**

The Group's registered office is located at 1, Place Costes et Bellonte, 92270, Bois-Colombes, France. The financial terms and conditions of the long-term commercial lease as well as the organisation of occupied surface area were renegotiated in 2018 in the context of the Fit to Win strategic plan. The new 12-year lease granted began on September 1, 2018, and should end on August 31, 2030.

The Italian branch contracted a nine-year lease for its premises effective May 2, 2019, located at Via Lorenteggio n. 240, 20147 Milan, Italy.

- **Compagnie française d'assurance pour le commerce extérieur**

Compagnie française d'assurance pour le commerce extérieur's main office rental agreements are the same as those of the Group.

- **Financial leases**

Not applicable to COFACE SA or Compagnie française d'assurance pour le commerce extérieur.

A.5 Other information

No other material information is to be made publicly available.

/ B. GOVERNANCE SYSTEM

B. GOVERNANCE SYSTEM

B.1 General information on the governance system

B.1.1 Governance structure

♦ **COFACE SA's governance structure**

The Company has a Board of Directors and a Chief Executive Officer.

- **Board of Directors**

As of its meeting on February 27, 2024, the Board of Directors, which approves the parent company and consolidated financial statements, is made up of ten members, of which 50% are women and 60% are independent:

- Bernardo Sanchez Incera, Chairman,
- Janice Englesbe,
- David Gansberg,
- Chris Hovey,
- Isabelle Laforgue,
- Laetitia Léonard-Reuter,
- Nathalie Lomon,
- Sharon MacBeath,
- Laurent Musy,
- Nicolas Papadopoulo.

Detailed information on the operation and governance of the Board of Directors is provided in *paragraph 2.1 – Composition and operation of the Board of Directors and its specialised committees of the 2023 Universal Registration Document*.

- **The Audit and Accounts Committee**

During financial year 2023, the members of the Audit and Accounts Committee were Laetitia Léonard-Reuter (Chair), David Gansberg and Isabelle Laforgue.

At least two-thirds of the members of the Audit and Accounts Committee are independent members of the Board of Directors. It thus conforms to the recommendation of the AFEP-MEDEF Code according to which this committee must have a majority of independent members.

Duties (Article 3 of the Financial Statements and Audit Committee's internal regulations)

The role of the Audit and Accounts Committee is to ensure that matters concerning the development and verification of accounting and financial information are monitored, in order to facilitate the Board of Directors' duties of control and verification. In this regard, the Committee issues opinions and/or recommendations to the Board of Directors.

Accordingly, the Audit and Accounts Committee will, in particular, exercise the following principal functions:

a) Monitoring the preparation of financial information,

b) Monitoring the control of the external audit of financial statements,
c) Selection and renewal of the Statutory Auditors,
d) Approval of the provision by the Statutory Auditors of services other than account certification,
e) Internal control duties,
f) Annual budget.

The opinions and recommendations of the Audit and Accounts Committee will be included in a written report. One copy of the report will be sent to all members of the Audit and Accounts Committee and another, if required, will be sent by the Chairman to the directors of the Company.

More details are available in *the 2023 Universal Registration Document in the paragraph on the Audit and accounts committee in Section 2.1.8 – Specialised committees set up by the Board of Directors*.

- **Risk Committee**

In 2023, the members of the Risk Committee were Nathalie Lomon (Chair), Janice Englesbe, Isabelle Laforgue and Laurent Musy.

The role of the Risk Committee is to ensure that the risk management and monitoring mechanisms are effective and that there are efficient operational internal control measures in place, to review the compliance of reports sent to the regulator and monitor the management of the Group's capital requirements. The Risk Committee carries out all of these duties in order to facilitate the Board of Directors' duties of control and verification. In this regard, the Committee issues opinions and/or recommendations to the Board of Directors.

Accordingly, the principal functions of the Risk Committee include the following:

a) Efficiency of risk management systems,
b) Review of all regulatory reports relating to the company,
c) Monitoring of changes in prudential regulations,
d) Monitoring of the Group's capital requirements,
e) Monitoring of the internal control system,
f) Review of items related to the partial internal model.

More details are available in the *2023 Universal Registration Document in the paragraph on the Risk Committee in Section 2.1.8 – Specialised committees set up by the Board of Directors.*

- **Nominations, Compensation and CSR Committee**

In the 2023 financial year, the members of the Nominations, Compensation and CSR Committee were Sharon MacBeath (Chair), Bernardo Sanchez Incera and Nicolas Papadopoulo.

The Nominations, Compensation and CSR Committee is chaired by an independent director, and two-thirds of committee members are independent members of the Board of Directors. It thus conforms to the recommendation of the AFEP-MEDEF Code according to which this committee must have a majority of independent members.

Detailed information on its composition, powers, operations and activity is set out in the paragraph on the *Nominations and Compensation Committee in Section 2.1.8 – Specialised committees set up by the Board of Directors in the 2023 Universal Registration Document.*

- **Chief Executive Officer and Group General Executive Committee**

In addition to Mr Xavier Durand, the Chief Executive Officer, the Group General Executive Committee comprises the following people:

- Pierre Bevierre, *Human Resources* Director,
- Cyrille Charbonnel, *Underwriting and Claims* Director,
- Declan Daly, *Group Operations* Manager,
- Nicolas Garcia, Commercial Director,
- Phalla Gervais, Chief *Financial and Risk* Officer,
- Carole Lytton, General Secretary,
- Keyvan Shamsa, *Business Technology* Director,
- Thibault Surer, *Strategy and Business Development* Director.

♦ **Governance structure of Compagnie française d'assurance pour le commerce extérieur**

Compagnie française d'assurance pour le commerce extérieur is governed by a Board of Directors. As at December 31, 2023, the Board of Directors comprised eight Directors appointed by the Ordinary Shareholders' Meeting and four Directors representing employees. They were as follows:

- Xavier Durand, Chairman,
- Mary Varkados,
- Pierre Vilalta,
- Bertrand de la Boussinière, employee Board member,
- Cyrille Charbonnel,
- Doris Kukla, employee Board member,
- Katarzyna Kompowska,
- Cécile Paillard,
- Avelino Pereira, employee Board member,
- Carine Pichon,
- Matthias ROLF, employee Board member,
- Oscar Villalonga.

B.1.2 Description of the key functions

In order to manage and prevent risks, and in compliance with Solvency II regulations, the Group has set up a complete and effective governance system, intended to guarantee sound and prudent management for the business. This governance system is based on a clear separation of responsibilities and must be proportionate to the nature, scale and complexity of the Group's operations.

Heads of key functions carry out their roles for both COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

The Solvency II Regulation grants the Chief Executive Officer and, if necessary, the Deputy Chief Executive Officer, the status of effective directors of a Group. It authorises the appointment by the Board of Directors of one or more other executive directors.

It also defines the following four key functions:

- the risk management function,
- the compliance function,
- the internal audit function,
- the actuarial function.

Each key function is controlled by the Chief Executive Officer or the effective manager and operates under the ultimate responsibility of the Board of Directors. It has direct access to the Board for reporting any major problem in the function's area of responsibility. This right is enshrined in the Board of Directors' Rules of Procedure.

The professional qualifications, knowledge and experience of the heads of key functions should be adequate to enable sound and prudent management, and they must be of good repute and integrity.

Key functions are free of influences that may compromise their capacity to carry out the tasks assigned to them in an objective, loyal and independent manner.

Each function is the subject of further development in the following paragraphs (*B.4, B.5 et B.6*).

Regional audit, risk and compliance functions report to managers in charge of these functions at Group level. Similarly, subject to compliance with local regulations, the same reporting line by function has been established between country and regional managers. Further details are provided on each key function in a specific paragraph.

B.1.3 Significant change in governance during the period

There were no significant changes in governance in 2023.

B.1.4 Compensation policy and other benefits for employee

The compensation policy is a key instrument in implementing COFACE SA's strategy.

It seeks to attract, motivate and retain the best talent. It encourages individual and collective performance and seeks to be competitive in the market while respecting the Group's financial balance. and encouraging risk management.

It complies with the regulations in force and guarantees internal fairness and professional equality, particularly between men and women. It incorporates social and environmental issues.

Structured in a clear and transparent way, the compensation policy is tailored to the Group's objectives and aims to support its long-term development. In particular, it ensures that there is no conflict of interest.

Coface's compensation policy is proposed by the Group Human Resources Department in accordance with the principles defined by the regulator and is submitted to the Nominations, Compensation and CSR Committee for approval, and then to the Board of Directors. It is then rolled out by human resources in the various regions and countries to ensure consistency of practices within the Group and their compliance with local rules and their competitiveness on the market.

The regulatory framework, the general principles and the specific provisions applicable to the regulated population and to the company's representatives (Chief Executive Officer and Directors) are set out in a full and transparent manner in the *2023 Universal Registration Document in Chapters 2.3 (Compensation and benefits paid to managers and corporate officers) and 8 (Draft resolutions on the compensation policy and compensation of the Chief Executive Officer and directors submitted to the Combined Shareholders' Meeting)*.

- **Compensation of members of COFACE SA's Board of Directors**

In accordance with the provisions of the Pacte Law, which entered into force in November 2019, the attendance fees policy was replaced by the directors' compensation policy in January 2021. The overall annual budget allocated for directors' compensation amounted to €450,000 for financial year 2023 (excluding compensation of the Chairman of the Board of Directors), split between the Board of Directors, the Audit and Accounts Committee, the Risk Committee and the Nominations, Compensation and CSR Committee.

- **<u>Compensation of members of the Board of Directors of Compagnie française d’assurance pour le commerce extérieur</u>**

On 11 May 2023, the General Meeting of Shareholders of Compagnie Française d’Assurance pour le Commerce Extérieur allocated a total annual budget of €65,000 as remuneration for directors for the 2023 financial year.

Each director is paid €750 per session, and this amount is doubled if they actually attend.

Employee directors of Compagnie Française d’Assurance pour le Commerce Extérieur and/or its subsidiaries who represent the management do not receive any compensation.

B.1.5 Information on significant transactions

For both COFACE SA and Compagnie française d’assurance pour le commerce extérieur, no significant transaction with shareholders, persons exercising significant influence on the company or members of the administrative, management or supervisory body took place in 2023.

B.2 Fit and Proper

The Group has set out a fit and proper policy, applicable to executive officers and heads of key functions at COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

B.2.1 Fit

All persons that perform functions as director, executive manager, head of key functions, general manager of a branch, or who have the authority to sign on behalf of the company, should be fit, under all circumstances, to implement sound and prudent management based on their professional qualifications, knowledge and experience.

The assessment of the fit of these individuals includes an assessment of their degrees and professional qualifications, their knowledge and relevant experience in the insurance sector or in other financial or business sectors; it takes into account the various tasks entrusted to them and, where appropriate, their fit in the fields of insurance, finance, accounting, actuarial sciences and management.

Furthermore, to evaluate the fit of members of the Board of Directors, their training and their experience with respect to their responsibilities are taken into account, in particular the experience acquired as Chairman of a Board or a committee. The assessment of each person also takes into account the fit, experience and responsibilities of the other members of the Board of Directors on which they sit. When terms of office have been previously exercised, fit is presumed owing to the experience acquired. For new members, the assessment considers the training they may receive throughout their term of office.

COFACE SA ensures that directors collectively have the necessary knowledge and experience in the insurance and financial markets, Group strategy and its business model, its governance, financial and actuarial analysis, and the legal and regulatory requirements applicable to the Group, which are suitable to assume the responsibilities conferred to the Board of Directors.

B.2.2 Proper

Evaluating the good character of a person includes an assessment of their honesty and financial stability, based on tangible elements regarding his/her character, personal behaviour and professional conduct, including any information of a criminal, financial or prudential nature relevant for the purpose of this assessment.

Any person who has been subject to a final and binding conviction for any of the following in the past ten years may not carry out the functions of Board member, effective executive officer, head of key functions, general manager of a branch, nor hold the power to sign on the company's behalf:

- a crime,
- an unconditional term of imprisonment or a term of at least six months with a suspended sentence with regard to a crime or a criminal or administrative offence,
- removal from a public or ministerial office.

Persons serving as a Board member, effective manager, head of key functions, general manager of a branch, or who have the authority to sign on behalf of the Company, are required to provide as proof, a declaration of absence of bankruptcy and a police record or, failing that, an equivalent document issued by the relevant judicial or administrative authority of the original Member State of origin of these persons.

This fit and proper policy is applied by all direct or indirect subsidiaries of the Company and may be adapted in line with any stricter local regulations in this area.

The Company's fit and proper policy is subject to annual approval by the Board of Directors of COFACE SA and the Company and Compagnie française d'assurance pour le commerce extérieur, and was most recently approved on February 27, 2024, and March 6, 2024, respectively.

B.3 Risk management system including own risk and solvency assessment

B.3.1 Risk Management

Within the framework of the Group's activity, risk-taking reflects the search for business opportunities and the strategy of developing the Company in an environment intrinsically subject to numerous hazards. The essential goal of the risk management function is to identify the risks to which the Group is exposed and to set up an efficient internal control system to create value.

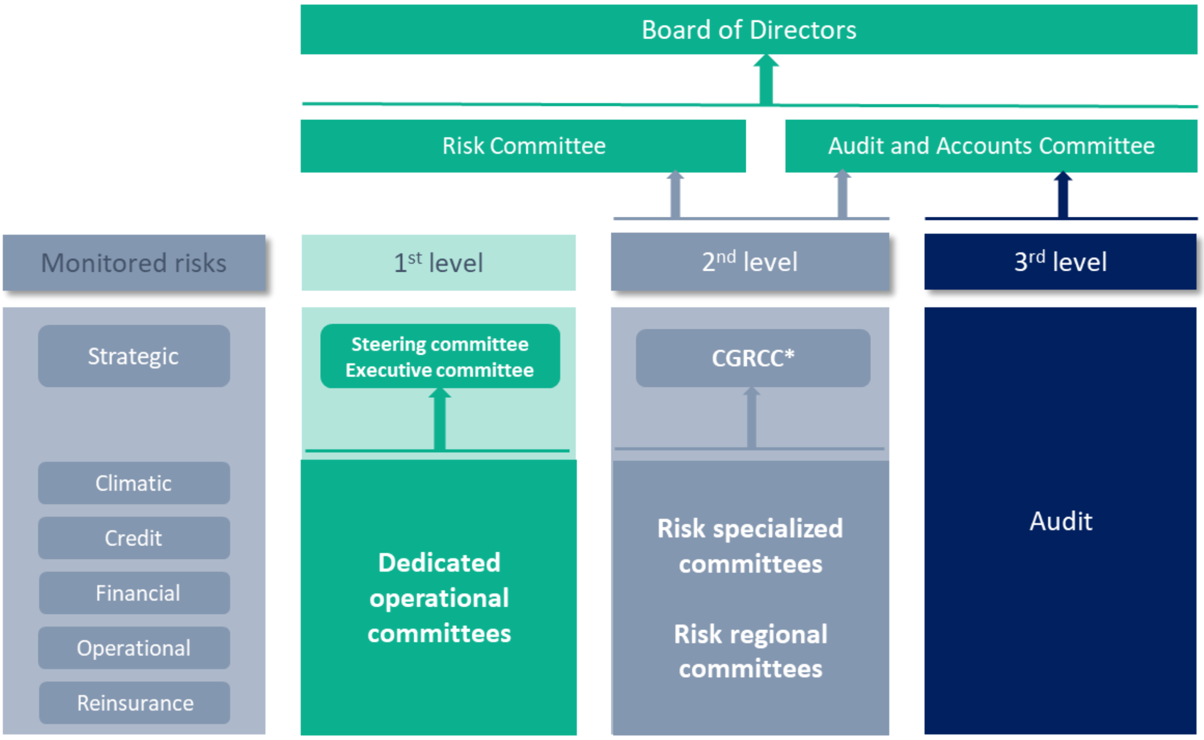
To address these risks, the Group has established a risk management structure which aims to ensure i) the proper functioning of all of its internal processes, ii) compliance with the laws and regulations in all of the countries where it operates, and iii) control of compliance by all operating entities with the Group rules enacted with a view to managing the risks associated with operations and optimising the effectiveness of this control.

The Group defines the internal control system as a set of mechanisms intended to ensure control of its development, profitability, risks and business operations. These mechanisms seek to ensure that i) risks of any kind are identified, assessed and managed; ii) operations and behaviours are in accordance with the decisions made by the management bodies, and comply with the laws, regulations, values and internal rules of the Group; as concerns financial information and management more specifically, they aim to ensure that they accurately reflect the Group's position and business; and iii) these operations are carried out to ensure effectiveness and efficient use of resources.

Lastly, this system provides managers with access to the information and tools required for the proper analysis and management of these risks. It also ensures the accuracy and relevance of the Group's financial statements as well as the information disclosed to financial markets.

- **Governance structure**

The Group has implemented a risk management and control system that is based on a clear governance supported by a dedicated organisation based on key functions. This is illustrated by the following diagram, which shows the linkages between, on the one hand, the three lines of risk control put in place at Coface and, on the other, the committees that report to Coface's Board of Directors and general management.



* Coface Group Risk and Compliance Committee (CGRCC)

A Regional Risk Committee exists for each of the seven regions where Coface operates and where the Group is represented by the Risk Director and the Compliance Director.

- **Management structures and control mechanisms**

The management structures and control mechanisms are based on the *CGRCC (Coface Group Risk and Compliance Committee*). Under the chairmanship of the Chief Executive Officer, the *CGRCC* meets at least every quarter. Its composition and tasks are detailed in the *"Governance structure" paragraph in Chapter 5.3.3 - Governance of the internal control system of the 2023 Universal Registration Document.*

- **Governance of the Partial Internal Model**

COFACE has been using a Partial Internal Model (PIM) since 31 December 2019 to calculate the solvency capital requirement of the Group. The Partial Internal Model follows a specific governance process, supported by successive approval committees that fall within the Group's governance framework. The governance of the PIM is intended to ensure the adequacy of decision-making that impacts the model, adherence to the model-related processes, and that feedback is shared with the Risk Committee of the Board of Directors. The governance framework includes two policies dedicated to the PIM, in particular: the model change policy and the model validation policy.

The partial internal model follow-up committee ensures that the model works properly by overseeing the production, development and approval processes of the model and by approving proposals to the *CGRCC (Coface Group Risk and Compliance Committee*).

In addition, the independent model validation process is based on the principles set out in the validation policy and complies with the Solvency II standards on internal model validation. It aims to independently obtain assurance that the process and results of the partial internal model are complete, solid and reliable, and that they meet all requirements of the Solvency II regulation. Independent approval monitors the adequacy of the PIM specifications over time. The work of the approval team, its conclusions, recommendations and associated action plans are presented to the Partial Internal Model follow-up committee. Finally, an escalation process is in place for independent approval, in order to involve the decision-making level most appropriate for the severity of the issues raised.

No significant change took place in the governance of the Partial Internal Model during the period.

Information on the scope of the Partial Internal Model, its structure, results and use is available in *section E* of this report.

♦ Identification and control of risks

The Group's risk management system is intended to ensure the proper functioning of all of the company's activities and processes, via management and supervision of the risks identified. This system is based on the *CGRCC (Coface Group Risk and Compliance Committee*).

• Identification of risks

The Group has identified six main types of risk: credit risk, financial risk, strategic risk, reinsurance risk, operational and non-compliance risk, and risks linked to climate change.

➢ *Credit risks*

Credit risk is the risk of losses arising from non-payment by a debtor of a receivable owed to one of the Group's policyholders.

Credit risk may increase if exposures are concentrated (by country, sector, debtor, etc.). Traditionally, we distinguish between frequency risk and catastrophe risk:

- frequency risk represents the risk of a sudden and significant increase in unpaid receivables for a multitude of debtors;
- major risk represents the risk of abnormally high losses being recorded for a single debtor or group of debtors, or of an accumulation of losses for a given country.

The Group manages credit risk through numerous procedures, which cover the validation of the terms of the policy relating to the products, pricing, following of credit risk coverage and portfolio diversification.

➢ *Financial risks*

Financial risks include all risks related to the management of assets and liabilities. They include investment portfolio risks, as well as risks related to factoring and the associated refinancing (*see Universal Registration Document, section 5.2.2. Financial risks*).

The risks associated with the investment portfolio can be defined as follows:

- interest rate risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the interest rate curve or the volatility of interest rates;
- currency risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of foreign exchange rates;
- liquidity risk results from the inability to deal with contractual or contingent payment obligations;
- equity risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of equities;
- real estate risk results from the sensitivity in the value of assets, liabilities and financial instruments to changes affecting the level or volatility of the market value of property assets;
- spread risk represents the sensitivity of the value of assets, liabilities and financial instruments to changes affecting the level or volatility of credit spreads against the risk-free yield curve;

- counterparty risk results from the unexpected default, or deterioration in credit status, of the company's counterparties or debtors.

➢ ***Strategic risks***

Strategic risk refers to the risk to the Group's results and solvency caused by changes in market conditions or countries because of geopolitical considerations, poor strategic decisions or inadequate implementation of these decisions, the inability to comply with regulatory changes, new accounting standards or tax reforms and/or a lasting and serious deterioration in our reputation or our image on the market.

➢ ***Reinsurance risks***

Given its risk appetite, COFACE SA and Compagnie française d'assurance pour le commerce extérieur reinsure themselves against the extreme risks they may encounter. Reinsurance risk is defined as the loss incurred by any gap between the Group's risk appetite with respect to extreme credit events and the coverage obtained on the reinsurance market.

Reinsurance generates four types of risk factors:

- residual insurance risk which may originate from differences between the reinsurance requirements and the actual coverage provided for in the treaty;
- counterparty risk that results from the potential inability or refusal of the reinsurer or a treaty party to meet its obligations to the ceding insurer;
- liquidity risk arising from the possible delay between the payment of the benefit by the insurer to its insured and the receipt of the reinsurance benefit;
- operational risk relating to the reinsurance treaty performance.

➢ ***Operational and compliance risks***

Operational risk is defined as a risk of direct or indirect losses due to an inadequacy or failure regarding procedures and internal processes (non-compliance with procedures, data recording errors), persons (skill requirements, unsatisfactory availability or ethics) including the risk of internal or external fraud, internal systems or external events (the political situation, a natural disaster leading to damage or destruction, a pandemic or cyber-attacks).

Operational risk also includes the notion of legal risk, including the risk of dependency. The Group does not consider that its business or profitability is dependent on any trademarks, patents or licences. Indeed, as part of its business selling credit insurance solutions and additional services, the Group does not hold any patent. The name Coface is protected by trademark registration, including in France. Lastly, the Group has registered a number of trademarks, logos and domain names used in its businesses worldwide.

Non-compliance risk is defined as breaches of the laws or regulations applicable to Coface's business activities, its internal procedures, professional and ethical standards, or the guidelines issued by national and European regulators. Such a breach may result in administrative, judicial or disciplinary sanctions, financial losses or damage to the Group's reputation.

At Coface, the risk of external fraud is jointly monitored by the Compliance Department and the Risk Division (for risks related to information systems and social engineering).

➢ *Climate change risks*

For several years, a collective awareness of the issues related to climate risks has emerged, pushing all economic players to integrate the ESG (Environmental, Social and Governance) dimension in the day-to-day management of their company. Climate risks are one of the pillars of Coface's strategy given its double materiality.

Although Coface's exposure to climate change risks seems limited as its business is credit insurance, the Group constantly monitors these risks as climate events are intensifying.

Coface carries risks on companies operating in numerous countries and business sectors. As such, the environmental vulnerability of debtors that may lead to an increase in the volume of claims to be compensated is taken into account in the management of credit risk. Two key risks for companies have been identified in the literature:

- Physical risk: the frequency of occurrence of exceptional weather events (fires, floods, storms, etc.). It depends on the country's exposure to this type of event (measured notably by taking into account long-term projections of agricultural yields, rising temperatures in the country, rising sea levels, etc.) and its sensitivity, measured by indicators of geographical, demographic and social structure (such as the share of the rural population and the population over 65, and the poverty rate) and the dependence on other countries for goods that will become rarer with climate change (share of imports in total farming produce, water and energy). The main threat of climate change is the increase in the frequency and violence of extreme weather events with massive financial consequences;
- Transition risk: faced with climate risk, investors are seeking to protect the long-term value of their assets by positioning themselves as players in the ecological transition to help steer the economy towards a low-carbon model. This has resulted in a selection of entities implementing an increasing decarbonisation strategy, in line with the requirements of the ecological transition. Transition risk includes political risk, regulatory risk, technology risk, reputational risk and market sentiment risk (such as consumer or business preference for products or services that are less damaging to the climate).

As part of the ORSA exercise for the Group and Compagnie française d'assurance pour le commerce extérieur, a stress test on climate risk was performed again in 2023, mainly focused on transition risk. This test confirmed that the environmental impact on Coface's solvency was not material.

B.3.2 Procedure for the own risk and solvency assessment

The ORSA (Own Risk and Solvency Assessment) policy, applicable for COFACE SA and also Compagnie française d'assurance pour le commerce extérieur, describes the process used for the internal assessment of risks and solvency and its integration into the structures of the relevant companies.

COFACE SA's Risk Committee is the body managing all of the ORSA process on behalf of COFACE SA's Board of Directors. It establishes the ORSA assumptions and approves the results, basing itself on the guidelines issued by the *CGRCC (Coface Group Risk and Compliance Committee)*, which acts on behalf of both COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

The ORSA is assessed and approved by the Boards of COFACE SA and Compagnie française d'assurance pour le commerce extérieur on an annual basis but may be requested after any change in the company's risk profile (creation of a new product, change in the reinsurance structure, etc.).

It may also be reviewed in the context of a change in the structure of equity by tier, particularly following buybacks, refunds, or expiries.

Furthermore, the ORSA is integrated into the strategic decisions made by COFACE SA and Compagnie française d'assurance pour le commerce extérieur as a risk appetite management tool. An assessment of the overall solvency needs carried out as part of the ORSA enables the adequacy of the Group's solvency to be analysed on a consolidated and solo basis to cover all risk factors, including those not included in the calculation of the SCR. Finally, the results of the stress tests implemented in the ORSA are taken into account in defining and monitoring the Solvency range communicated as part of the strategic plan, which states the Group's risk appetite.

The ORSA model is identical for COFACE SA (Group) and for Compagnie française d'assurance pour le commerce extérieur (Solo), with the only difference being the scope of exposure to risks. The governance of Group and Solo ORSAs is common to both (except for the approval by their respective Board) and results in a single ORSA declaration within the meaning of *Article 246 of directive 2009/138/EC*.

B.4 Internal control system

B.4.1 Internal control

The internal control system is based on the same functions as the risk management system and is designed to verify the implementation of the rules and principles defined for the risk management system. Details of the mechanism can be found in the paragraph on the Internal control system in chapter 5.3.1 (Internal control system) of the 2023 Universal Registration Document.

B.4.2 Compliance function

The compliance function ensures that the Coface Group remains compliant with the laws and regulations applicable to its business and implements internal rules and standards relating to the main risks of non-compliance listed below:

- Combating money laundering and terrorist financing;
- Compliance with embargoes, asset freezes and other international financial sanctions;
- Prevention of active/passive corruption and influence peddling;
- Managing conflicts of interest, agreements or arrangements between competitors;
- Protection of clients, fair treatment of intermediaries;
- Professional ethics;
- Compliance with the laws and regulations related to insurance activities in connection with compliance issues;
- Vigilance regarding fraud;
- Data protection and confidentiality.

B.5 Internal audit function

♦ **Organisation of the internal audit function**

The Group's Internal Audit Department is placed under the responsibility of the Group Audit Director, who is also in charge of the internal audit key function. The Audit Director attends the Group General Executive Committee meetings in an advisory capacity and reports to the Group's Chief Executive Officer.

The Group Audit Department is in particular in charge of auditing Head Office, regional and local entity functions. It is organised in the following manner:

- A central team, based at the head office in Paris,
- Regional audit officers,
- Local auditors (Region or country).

The Coface Group's audit function is integrated hierarchically (except if local regulations should require an auditor to report to the entity's Board of Directors).

Even if local and regional auditors are more particularly in charge of their specific geographical area, they are now likely to be involved across all of the Group's auditable units, therefore ensuring that resources and skills are pooled.

♦ **Independence of the internal audit function**

The independence of the audit function is inherent in its mission. It must be kept free from all interference in the definition of its scope of intervention, in the performance of its work or in the communication of its results. Independence is strengthened by the hierarchical structure in place.

The Group audit director has every latitude for involving the chairman of the Audit committee and has free access to the Audit committee. Where necessary, and after consulting the chief executive officer and/or the chairman of the Audit Committee, the Group audit director may inform the ACPR (French prudential and resolution control authority) of any breach of which he/she may become aware.

The Group Audit Department has no operational activity. It does not define or manage its controlled mechanisms. In order to avoid any conflict of interests, any new auditor must wait for a minimum period of one year before intervening on a process or entity where he/she has been previously involved. The internal auditors have no other responsibility under any other function. Lastly, the Group Audit Department has access to all information, all systems and all persons required for carrying out its audit assignments. In this context, no professional secrecy or reserved area can be invoked against it.

♦ **Main objectives of the internal audit function**

The key objectives of this function include evaluating all or a selection of the points below, according to the scope of each assignment, and according to a risk-based approach, and reporting on them:

- the quality of the financial position;
- the level of risks effectively incurred;
- the quality of organisation, management and governance;
- the consistency, adequacy and proper functioning of risk assessment and control systems, and their compliance with regulatory requirements;
- the reliability and integrity of accounting information and management information, including information linked to Solvency II issues;

- adherence to the Group's laws, regulations and rules (compliance) and to the main decisions taken by the Board of Directors. The audit checks the quality and relevance of the procedures implemented to ensure compliance with laws, regulations and professional standards applicable to the audited activities in France and abroad, and with the Group's policies, decisions by its corporate bodies, and its internal rules;
- the quality, effectiveness and smooth operation of the permanent control mechanism and other components of the governance system;
- the quality and level of security offered by the information systems;
- the effective implementation of the recommendations of prior audit missions, whether they derive from the proceedings of the Group's audit function or from external audits by the supervisory authorities.

The missions are defined in an audit plan approved by the Audit Committee/Board of Directors and cover the entire Group scope over a limited number of financial years. An audit ends with a written report and recommendations which are implemented under the supervision of the audit function.

B.6 Actuarial function

The actuarial function is performed by the Director of the Actuarial Department, who has reported to the Chief Financial Officer since July 1, 2016. To perform its duties, the actuarial function has direct access to Board meetings.

In accordance with the requirements of the European Solvency II Directive, the actuarial function is in charge of the following:

- coordinates the calculation of technical provisions: the actuarial function organizes the reserving process through the steps described in section 2. In particular, it sends to the entities the reserving guidelines at the beginning of the process;
- ensures the appropriateness of the methodologies, underlying models and assumptions used in the calculation of technical provisions: the methodologies for calculating reserves are analysed annually. The analysis is set out in the actuarial report;
- assesses the sufficiency and quality of the data used in the calculation of technical reserves: a dedicated team is in charge of data quality analysis. Independent tests are performed as part of the actuarial report;
- compares best estimates against experience: an analysis of the boni-mali is made in this report;
- informs the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical reserves: the actuarial report is sent by the actuarial function to the Board of Directors. The actuarial function also informs the management at the quarterly Group Reserving Committees;
- supervises the calculation of technical provisions in the cases specified in *Article 82;*
- expresses an opinion on the overall underwriting policy: the advice given by the actuarial function is documented in the actuarial report on underwriting policy;
- issues an opinion on the appropriateness of measures taken in terms of reinsurance: the opinion given by the actuarial function is documented in the actuarial report on reinsurance;
- contributes to the effective implementation of the risk management system under *Article 44*. In particular, it ensures compliance with reserving and commercial underwriting policies and the correct implementation of reinsurance, through specific studies included in the actuarial report.

The Group Actuarial Director is also responsible for coordinating the processes for IBNR provisioning processes under IFRS. He supervises the methodologies relating to the calculation of capital requirement calculations within the framework of the Solvency II partial internal model for technical reserves and SCR Underwriting. He also carries out the implementation, calibration and production work model as well as the production of the quantitative aspects of the ORSA.

COFACE SA is a group in which the Actuarial Department is integrated into the various decision-making processes, from underwriting to reinsurance, including provisioning.

The actuarial report consisted in 2023 of 3 different reports:

- an actuarial report on the reserving process,
- an actuarial report on reinsurance,
- an actuarial report on the underwriting process.

B.7 Subcontracting

B.7.1 Outsourced activities or functions

Outsourcing important or critical activities or operational functions is subject to a Group internal policy called the “Framework Policy on Outsourcing Coface Group Activities” and is defined in accordance with Articles L. 354-3 and R. 354-7 of the French Insurance Code (Code des assurances) transposing Article 49 of the European Directive 2009/138/EC dated 25 November 2009 called “Solvency II”, Article 274 of the delegated regulation (EU) 2015/35 dated 10 October 2014 and point 12.4 of the “Solvency II - Governance System” notice of the Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution).

This policy was implemented in 2013, has been reviewed annually since then, was overhauled in 2021 and was updated in 2023 following approval by the Boards of Directors of COFACE SA in august and of Compagnie française d’assurance pour le commerce extérieur in December. The outsourcing policy aims to identify significant or critical outsourced services and so-called “standard” services and functions, as well as to define:

(i) the criteria for qualifying the concept of outsourcing;
(ii) the regulatory clauses to be stipulated in the outsourcing contracts for important or critical activities and functions, as well as;
(iii) the process for prior approval by Compagnie française d’assurance pour le commerce extérieur’s Board of Directors and that of COFACE SA of projects to outsource significant or critical activities and functions, as well as the process of notifying the ACPR of such outsourcing projects;
(iv) the control tools at several levels to ensure compliance with the rules and processes established by this policy.

The policy deems the following activities and/or functions important or critical:

- the four key functions mentioned in Article L.354-1 of the French Insurance Code (Code des assurances):
  - the risk management function,
  - the compliance function,
  - the internal audit function,
  - the actuarial function, as well as
- the functions, where interrupting them, once outsourced, could have a significant impact on the company’s business or on its ability to manage risks effectively, or which could negate the conditions of its approval with regards to the following items:
  - the cost of the outsourced activity,
  - the financial and operational impact or the impact on the company’s reputation due to the service provider’s inability to accomplish the service within the given deadline,
  - the difficulty of finding another provider or taking over the activity directly within a timeframe deemed acceptable,
  - the company’s ability to meet regulatory requirements if the company encounters issues with the service provider,
  - the potential losses for the policyholders, underwriters, or beneficiaries of policies or the reinsurance companies if the service provider fails.

To date, the main material or critical activities outsourced by the Group concern (i) the Company's financial investment management activity and (ii) the hosting of information systems. Key functions are rarely outsourced: Key functions are rarely outsourced with the exception of the Know Your Customer (KYC) process, which has been outsourced internally by certain Group entities. ertain actuarial services are also outsourced by various Group entities.

B.7.2 Service provider quality

When certain activities or functions are outsourced, Compagnie française d'assurance pour le commerce extérieur and all its branches located within the EU have committed to selecting service providers who meet high-quality service standards and have the qualifications and skills necessary to handle the outsourced service, whilst avoiding any conflicts of interest and respecting the commitments of confidentiality applying to Coface Group entitles. Where important or critical activities are concerned, they have also undertaken to inform the ACPR (the French Prudential Supervision and Resolution Authority) of any outsourcing project approved by the Company's Board of Directors and that of COFACE SA, no later than six weeks before the date of entry into force of the contract, in accordance with the applicable regulations. Finally, any outsourcing contract to be signed with a chosen service provider must include the mandatory clauses imposed by the outsourcing policy.

B.8 Other information

No other material information is to be made publicly available.

/ C. RISK PROFILE

C. Risk profile

C.1 Underwriting risk

The main risk for Coface is the risk associated with the commercial underwriting of insurance policies offered to its clients. It occurs when the amount of claims deviates from the estimates.

The Group's main business line is credit insurance. The Group also carries out factoring activities in Germany and Poland. Consequently, the commercial underwriting risk borne by Coface corresponds to a credit risk, as defined in *section B.3.1*.

C.1.1 Exposure

The exposure to credit risk arises mainly from the following risk factors:

- **Risk of poor exposure management:** Exposure to certain countries with high corporate default rates or the concentration of exposures in fragile economic sectors could have a material impact on the Group's loss ratio, operating income, liquidity and solvency margin.
- **Risk of debtor insolvency**: An overestimation of the quality of our debtors, poor management of the concentration of debtors or a delay in assessing certain adverse economic developments could lead to the granting of inappropriate limits to companies that may encounter financial difficulties and potentially default on their payment obligations towards our policyholders, thereby increasing the claims submitted to the Group.
- **Risks related to the constitution of technical insurance provisions:** To establish technical provisions for claims, the Group makes estimates, which are primarily based on widely used actuarial methods (mainly the Chain-Ladder and Bornhuetter Ferguson methods), which are applied to past data triangles. Experience differences may be observed retrospectively between the Group's estimates and the final cost of observed claims. Poor quality data or a deterioration in the economic environment not reflected in projections may make estimates inadequate and have an adverse effect on the Group's financial position or solvency margin.

The overall level of exposure to underwriting risk is measured by the non-life underwriting SCRs of COFACE SA and Compagnie française d'assurance pour le commerce extérieur, which are detailed in *Section E* of this document.

C.1.2 Risk mitigation techniques

Since January 2015, the Group's external reinsurance has been carried out by Coface Re on behalf of the Group's entities. The Coface Group's external reinsurance is intended to cover both the frequency of claims, catastrophe risk (on a debtor group or on the whole portfolio) and the risk of recession.

Catastrophe risk is addressed by means of one quota share treaties (which also cover frequency risk) and excess of loss treaties (by debtor and by country).

Risk of recession is also addressed by a stop-loss treaty against the disproportionate change in the frequency of claims.

These claims may also be limited by "disbursement limits". This means a compensation cap for each policy expressed as a percentage of premiums (30 times the premium for example).

The annual stop loss treaty was not triggered in the 2023 financial year.

In addition, for the first time since implementing its reinsurance treaties in 1990, the Coface Group, in the first three quarters of 2023, triggered the lower tranche of its excess of loss by risk treaty. As the loss ratio changed favourably at the very end of the year, the claims expense fell below the trigger threshold set out in the treaty, resulting in the reimbursement of the sums received.

C.1.3 Risk concentration

COFACE SA and Compagnie française d'assurance pour le commerce extérieur have put indicators in place to monitor concentration risks (debtors or group of debtors, sectors and geography) which are managed at least quarterly and fully integrated into the risk appetite of the companies.

Regarding risks on major debtors, a specific body periodically monitors the cumulative risks of more than €500 million on a debtor or a group of debtors and these are then subject to coverage by the Group's XS[1] reinsurance programme.

Furthermore, through the operational management of their activities, COFACE SA and Compagnie française d'assurance pour le commerce extérieur are implementing procedures making it possible to manage debtor risks in the event of deterioration of the claims rate together with reinsurance programmes as described in *chapter E*.

[1] *Claims excess.*

C.2 Market risk

C.2.1 Exposure

Market risk covers all financial risks related to changes in the market value of the investment portfolio. These risks include interest rate, currency, equity, property and spread fluctuations.

Since May 2013, COFACE SA has centralised the management of its investments and delegates a major part of this management to various delegated representatives under the aegis of a single investment service provider - the Amundi management company. Coface Re, an entity created in September 2014 and the Group's dedicated reinsurance company, has also delegated the management of its investments to various delegated representatives under the aegis of the Amundi management company, in a dedicated manner and under its own governance.

This platform allows the management of the Group's overall portfolio in line with a target allocation of the various asset classes determined by including (i) risk and liquidity constraints, (ii) regulatory and insurance-related constraints, (iii) capital expenses and compatibility of investments in terms of risk and duration with the Group's liabilities.

This organisation allows the Group access to diversify asset classes and management techniques with the aim of looking for a steady performance for its investment portfolio in the long term while at the same time maintaining a high level of quality and liquidity in underlying assets. It also ensures better monitoring of financial risks, reduces operational risks and allows a more responsive and fine-tuned management of the Group's financial income in a context of general risk that is managed and in line with current and future regulatory requirements.

In terms of governance and control of the policy on investments, the organisation is as follows:

- the Board of Directors ensures compliance with rules relating to insurance regulation: representation of regulated commitments, diversification of assets, congruity, solvency;
- twice a year, the Strategic investment committee reviews the Group's strategic allocation proposed by the manager in consultation with the Group's investments, financing and cash management department. The body therefore defines and reviews the general strategies that are desirable in terms of policy on investment and exposure to various asset classes, dictated by the market situation, the evolution of the Group's funds inflow and liabilities, the optimisation of returns and the evolution of enforceable regulatory constraints.

In addition to these two bodies which govern the general organisation of the Group's investment policy, other specialised committees enable a constant monitoring of the management of investments and its results:

- the monthly investment committee: deals with the evolution of financial markets and the detailed review of the Group's investments. Macroeconomic scenarios and underlying risk factors are presented by the manager together with an analysis of the investment strategies and possible tactical recommendations;
- the half-yearly risk committee: is dedicated to the coverage and management of risks, in relation with the manager's services. It therefore covers investment risks (market risk, spread risk (including counterparties and derivatives), liquidity risk) and operational risks. These risks are considered in particular with regard to the meaning given to them by the Solvency II Directive;

- the quarterly ALM Committee is responsible for ensuring that all interest rate, liquidity and exchange rate risks are effectively identified, measured, managed and controlled, across all COFACE's businesses and geographical areas.

The Group has introduced an investment policy that takes into account the management of financial risk in its strategic allocation, the regulations applicable to insurance companies, and the investment constraints resulting from the management of its liabilities. The investment strategy applied must enable the Group to honour its commitments to its policyholders, while optimising the investments and their performance within a defined risk framework.

The investment strategy applied must enable the Group to honour its commitments to its policyholders, while optimising the investments and their performance within a defined risk framework. The allocation defined each year is based on analysis of the liabilities, simulations and stress on the risk/return behaviour of the various asset classes in the portfolio and on the compliance with defined parameters associated with the Group's business and commitments: target sensitivity, use of shareholders' equity, maximum loss in line with the behaviour of financial markets, quality and liquidity of the investment portfolio.

The purpose of asset and liability management is to manage all financial risks and maintain control over changes in financial income. It seeks to reflect changes in the company's liabilities (provisions, disbursements, sensitivity to interest rate risk, currencies) in managing and optimising assets (liquidity, sensitivity, currencies, congruence, interest rate risk and credit risk).

The management of financial risks is therefore based on a strict system of standards and checks that is constantly under review.

As an insurance company, the Group retains an allocation predominantly focused on fixed-income instruments offering more recurrent and stable revenues[2].

Investment portfolio COFACE SA *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	180	5.4%	220	7.5%
Shares	82	2.5%	86	2.9%
Bonds	2,273	68.8%	2,277	77.4%
Loans, deposits and other financial investments	770	23.3%	358	12.2%
Total financial assets	**3,305**	**100%**	**2,941**	**100%**

Investment portfolio La Compagnie *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Investment property	146	5.5%	179	7.6%
Shares	82	3.1%	71	3.0%
Bonds	1,626	61.1%	1,665	70.3%
Loans, deposits and other financial investments	809	30.4%	452	19.1%
Total financial assets	**2,663**	**100%**	**2,368**	**100%**

As at December 31, 2023, bonds accounted for 68.8% of the Group's total investment portfolio. The same observation can be made at the level of Compagnie française d'assurance pour le commerce extérieur

[2] *The figures presented may differ from those in the Universal Registration Document. This difference is due to a Solvency II presentation in this document and an IFRS presentation in the Universal Registration Document.*

where the bond portfolio represented the largest part of the investment portfolio (61.1%), while allocations in equities and property remained substantially similar to those of the Group.

Specific limits applied to the whole investment portfolio are also defined in terms of the portfolio's rating, counterparty and country limits. A regular follow-up is carried out on the credit portfolio's liquidity, the evolution of spreads and the Group's cumulative exposure to the main asset/liability exposures. Hedging operations are finally carried out where appropriate.

As at December 31, 2023 and 2022, the main features of the bond portfolio were as follows:

Breakdown of the bond portfolio by geographical region	**As at Dec. 31**			
COFACE SA	**2023**		**2022**	
(in millions of euros)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
Asia	182	8.0%	211	9.3%
Emerging countries	224	9.8%	220	9.7%
Europe	180	7.9%	200	8.8%
North America	425	18.7%	450	19.8%
Eurozone	1,262	55.5%	1,195	52.5%
Other	1	0.0%	1	0.0%
Total	**2,273**	**100%**	**2,277**	**100%**

The investment portfolio is primarily exposed to developed countries in the eurozone and in North America. Exposures to Greek sovereign debt remain at zero. In terms of international diversification, 2023 was identical to 2022.

The breakdown by geographical area over the scope of consolidation of Compagnie française d'assurance pour le commerce extérieur remained in line with that of the Group with a strong leaning towards the eurozone (57.2%).

Breakdown of the bond portfolio by geographical region	**As at Dec. 31**			
La Compagnie	**2023**		**2022**	
(in millions of euros)	***(in €m)***	***(as a %)***	***(in €m)***	***(as a %)***
Asia	167	10.3%	196	11.8%
Emerging countries	113	7.0%	113	6.8%
Europe	145	8.9%	165	9.9%
North America	270	16.6%	290	17.4%
Eurozone	929	57.2%	900	54.1%
Other	1	0.1%	1	0.0%
Total	**1,626**	**100%**	**1,665**	**100%**

The interest rate risk incurred by the Group on its financial portfolio is limited, with the maximum authorised modified duration of the bond asset class deliberately capped at 5. As at December 31, 2023, the bond portfolio's sensitivity stood at 2.9 for the Group and 2.8 for Compagnie française d'assurance pour le commerce extérieur.

Subsidiaries or branches whose accounts are drawn up in euros and which underwrite in other currencies must comply with the same matching principles (matching of assets and liabilities denominated in a currency other than the accounting reference currency).

Exceptionally, open positions in other currencies may be hedged. The Group does not make foreign currency investments for speculative purposes.

The great majority of the Group's investment instruments are denominated in euros. Exposure to foreign exchange risk in respect of the investment portfolios is limited: as at December 31, 2023, 80.4% of investments were therefore denominated in euros.

Breakdown of the investment portfolio by currency COFACE SA *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
EUR	2,656	80.4%	2,226	75.7%
USD	278	8.4%	295	10.0%
Other (<3%)	371	11.2%	421	14.3%
Total	**3,305**	**100%**	**2,941**	**100%**

For Compagnie française d'assurance pour le commerce extérieur, we find the same high exposures to the EUR (82.5%) and the USD (5.4%).

Breakdown of the investment portfolio by currency La Compagnie *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
EUR	2,196	82.5%	1,843	77.8%
USD	143	5.4%	145	6.1%
Other (<3%)	324	12.2%	380	16.0%
Total	**2,663**	**100%**	**2,368**	**100%**

C.2.2 Risk mitigation techniques

The Group's investment department, in charge of supervising investments and managing the investment portfolio, may authorise the use of hedges on the risk of rising interest rate or equities, by means of forward financial instruments (swaps, futures, options) that can be liquid on a regulated market or privately with counterparties rated A- or more.

These transactions are carried out exclusively for hedging purposes and in strict compliance with the regulations applicable to insurance companies. The nominal amount of the hedge is then strictly limited to the amount of underlying assets held in the portfolio (equities or fixed income products) in order to hedge assets actually held in the portfolio.

C.2.3 Sensitivity to risk

Monthly simulations are also carried out on the invested portfolio of the Group, Compagnie française d'assurance pour le commerce extérieur and Coface Re and presented at investment committee meetings. Over different periods, these cover the expected maximum loss in terms of economic performance asset class by asset class with special attention to interest rate and spread risks in particular.

Such sensitivity tests cover all asset classes where the Group is invested and allow each month to appraise the portfolio overall risk exposure in the event of adverse scenario and to take possible precautions for reducing this risk as applicable (reduced exposure to certain risk factors, introduction of hedging strategies, protection of the economic result over a given period, etc.).

It is desirable for results to be representative of the various risks relating to investments made but, like any quantitative analysis, they present limitations associated with the data and models used.

Rising interest rates causes the market value of the bond portfolio to fall, which may lead the Group to realise losses. The tables below show that the sensitivity of the portfolio, at December 31, 2023, is lower on equities than in 2022 due to a reduction in equity exposure.

Sensitivity of the portfolio to changes in stock and bond markets as of December 31, 2023

Sensitivity of the portfolio to changes in equity and bond markets COFACE SA *(in millions of euros)*	**As at December 31, 2023**			
	Market value	**Impact of 100 bp interest rate hike**	**Impact of a 10% fall in the equity market**	**Impact of a 20% fall in the equity market**
Bonds	2,273	-66	0	0
Shares	82	0	-8	-16
Total	**2,356**	**-66**	**-8**	**-16**

Sensitivity of the portfolio to changes in equity and bond markets La Compagnie *(in millions of euros)*	**As at December 31, 2023**			
	Market value	**Impact of 100 bp interest rate hike**	**Impact of a 10% fall in the equity market**	**Impact of a 20% fall in the equity market**
Bonds	1,626	-47	0	0
Shares	82	0	-8	-16
Total	**1,708**	**-47**	**-8**	**-16**

Sensitivity of the portfolio to changes in stock and bond markets as of December 31, 2022

Sensitivity of the portfolio to changes in equity and bond markets COFACE SA *(in millions of euros)*	**As at December 31, 2022**			
	Market value	**Impact of 100 bp interest rate hike**	**Impact of a 10% fall in the equity market**	**Impact of a 20% fall in the equity market**
Bonds	2,277	-72		
Shares	86		-9	-17
Total	**2,364**	**-72**	**-9**	**-17**

Sensitivity of the portfolio to changes in equity and bond markets La Compagnie (in millions of euros)	**As at December 31, 2022**			
	Market value	**Impact of 100 bp interest rate hike**	**Impact of a 10% fall in the equity market**	**Impact of a 20% fall in the equity market**
Bonds	1,665	-54		
Shares	71		-7	-14
Total	**1,737**	**-54**	**-7**	**-14**

The recognition of shares at FV OCI NR[3] limits the impact of changes in the value of shares in the portfolio on the balance sheet. This approach is justified as these are long-term investments bearing significant dividends. As a result, the equity portfolio is extremely stable and has no impact on the Group's financial income besides the dividends received.

[3] *Fair Value OCI (Other Comprehensive Income) non-recyclable:* unrealized capital gains or losses are recorded directly in shareholders' equity and will not be recycled to the income statement at the time of resale.

C.3 Credit risk

C.3.1 Exposure

Credit risk is the probability of financial loss resulting from the inability of issuers or other counterparties to meet their financial commitments. It may be worsened by the concentration of exposures to a single counterparty, sector or country in the investment portfolio. This risk is taken into account in the investment policy with an imposed portfolio diversification but also a management of the outstanding amounts divided between several asset managers.

Investments in corporate bonds account for 42.2% of the Group's bond portfolio, with more than 96% in investment grade companies. For Compagnie française d'assurance pour le commerce extérieur, corporate bond securities represent 43.4% of the bond portfolio and are concentrated over 95% on companies of investment grade quality (rating >= BBB-). The non-sovereign portion fell by 2.4% across the Group and 2.3% for Compagnie française d'assurance pour le commerce extérieur between 2022 and 2023, as a result of greater investment in government bonds of developed markets.

Breakdown by type of debt in the bond portfolio COFACE SA *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Sovereign	1,313	57.8%	1,261	55.4%
Non-sovereign	960	42.2%	1,016	44.6%
Total	**2,273**	**100%**	**2,277**	**100%**

Breakdown by type of debt in the bond portfolio La Compagnie (in millions of euros)	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
Sovereign	921	56.6%	905	54.3%
Non-sovereign	705	43.4%	761	45.7%
Total	**1,626**	**100%**	**1,665**	**100%**

These investments were all made within a strictly defined risk framework. Issuer credit quality, issue sensitivity, and the spread of risk across issuers and geographic regions are covered by clear rules set out in the investment mandates granted to the Group's dedicated asset managers.

The bond portfolios of the Group and Compagnie française d'assurance pour le commerce extérieur remain primarily invested in rated companies and countries rated in investment grade[4] category. The breakdown by rating for Compagnie française d'assurance pour le commerce extérieur is very similar to that of the Group with a significant proportion on bonds having AA-A and BBB ratings.

[4] *According to the Standard & Poor's rating scale, all bonds with a rating of at least BBB- are considered investment grade and bonds with a rating of BB+ or lower are considered high yield.*

Breakdown of the bond portfolio by rating COFACE SA *(in millions of euros)*	As at Dec. 31			
	2023		2022	
	(in €m)	*(as a %)*	*(in €m)*	*(as a %)*
AAA	235	10.3%	307	13.5%
AA - A	1,257	55.3%	1,134	49.8%
BBB	682	30.0%	730	32.1%
BB - B	94	4.1%	105	4.6%
< CCC	4	0.2%	2	0.1%
Total	**2,273**	**100%**	**2,277**	**100%**

Breakdown of the bond portfolio by rating La Compagnie (in millions of euros)	As at Dec. 31			
	2023		2022	
	(in €m)	*(as a %)*	*(in €m)*	*(as a %)*
AAA	155	9.5%	176	10.6%
AA - A	900	55.4%	871	52.3%
BBB	517	31.8%	559	33.6%
BB - B	50	3.1%	58	3.5%
< CCC	4	0.2%	2	0.1%
Total	**1,626**	**100%**	**1,665**	**100%**

Within the Group investment policy, which therefore applies to Compagnie française d’assurance pour le commerce extérieur, the Group has defined maximum authorised exposure thresholds. Such thresholds apply to exposures other than sovereign and make it possible to limit the risk on a single issuer. These limits are set in line with the rating associated with the issuers.

Limits are also set on sovereign bonds in order to limit the risk on specific countries. Such exclusions or limits are defined according to the current events, the Coface country risk rating and the rating produced by rating agencies.

One finds mainly sovereign exposures and Groups recognised worldwide.

C.3.2 Risk mitigation techniques

Within the introduction of its investment policy, the Group has defined specific limits applying to the whole investment portfolio in terms of rating of the portfolio, limits by counterparties and countries. A regular follow-up is carried out on the credit portfolio’s liquidity, the evolution of spreads and the Group’s cumulative exposure to the main asset/liability exposures. Hedging operations can also be carried out in a discretionary basis on the spread risk. However, as at December 31, 2023, the portfolio of the Group and of Compagnie française d’assurance pour le commerce extérieur were not party to any.

C.4 Liquidity risk

Liquidity risk corresponds to the risk that COFACE SA and Compagnie française d'assurance pour le commerce extérieur are not able to deal with their payment obligations using their respective liquid financial resources.

The liquidity risk is subject to specific risk limits monitored in the context of the risk appetite of COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

C.4.1 Exposure

Follow-up of the liquidity risk is framed by the liquidity and concentration risk policy whether for COFACE SA or Compagnie française d'assurance pour le commerce extérieur.

The insurance business functions with a reverse production cycle: premiums are collected before the payment of claims. Furthermore, the liquidation period of a provision is less than three years, and all such provisions are covered by liquid assets. Accordingly, the liquidity risk relating to the insurance business is considered to be low.

Liquidity risk is monitored through analysis of cash flow availabilities and forecasts from the various entities across the whole scope of consolidation. This data is subject to constant analyses allowing cash to be managed for monetary or financial investment purposes in the event of recurring excess liquidity.

The majority of other fixed-income products and all equities in the Group's portfolio are listed on OECD markets and present a liquidity risk deemed to be low at this time.

The Group's bond portfolio presents a short maturity, in line with its liabilities. The breakdown of bond maturities is shown below:

Breakdown of the bond portfolio by maturity COFACE SA *(in millions of euros)*	**As at Dec. 31**			
	2023		**2022**	
	(in €m)	***(as a %)***	***(in €m)***	***(as a %)***
< 1 year	425	18.7%	318	14.0%
1-3 years	941	41.4%	854	37.5%
3-5 years	450	19.8%	674	29.7%
5-10 years	372	16.4%	350	15.4%
> 10 years	84	3.7%	81	3.5%
Other	-	0.0%	-	0.0%
Total	**2,273**	**100%**	**2,277**	**100%**

60.1% of securities in the bond portfolio had a maturity of less than three years as at December 31, 2023.

The liquidity position of an insurance company is valued by standards which measure the Company's ability to meet its financial obligations.

The breakdown by maturity over the scope of consolidation of Compagnie française d'assurance pour le commerce extérieur is in line with that of the Group:

Breakdown of the bond portfolio by maturity La Compagnie *(in millions of euros)*	As at Dec. 31			
	2023		2022	
	(in €m)	*(as a %)*	*(in €m)*	*(as a %)*
< 1 year	297	18.3%	190	11.7%
1-3 years	692	42.6%	632	38.9%
3-5 years	324	19.9%	518	31.9%
5-10 years	257	15.8%	264	16.2%
> 10 years	55	3.4%	62	3.8%
Other	-	0.0%	-	0.0%
Total	**1,626**	**100%**	**1,665**	**102%**

For Compagnie française d'assurance pour le commerce extérieur, 60.9% of securities in the bond portfolio had a maturity of less than three years as at December 31, 2023.

C.4.2 Risk mitigation techniques

The portfolio's liquidity via the breakdown by maturity, the maximum threshold of average maturity written into Group rules and through the high monetary level within the allocation give natural protection against an illiquidity peak.

Depending on the results of liquidity monitoring carried out by the Risk and ALM committees, the Group may decide to increase the portfolio's liquidity by focusing primarily on two areas: increasing the cash component of the asset allocation and/or reducing the portfolio's average maturity.

C.4.3 Sensitivity to risk

The liquidity of the portfolio of OECD credit bonds and sovereign bonds from emerging markets is monitored on a regular basis via market indicators (evolution of flows, spreads, purchase and sale spreads) and the manager carries out regular analyses on liquidation time frames and costs of lines in portfolios (duration of partial / total liquidation, cost of immediate liquidity and liquidity under stressful market conditions, etc.). These studies are presented in the context of the Risk committee which meets on a half-year basis.

Regarding factoring, the average duration of factoring receivables is very short (less than six months), which reduces the liquidity risk attached to these activities. The Group has put several financing programmes in place: a securitisation programme for its factoring trade receivables, bilateral credit lines with various partners together with a commercial paper issuance program.

C.4.4 Expected profits in future premiums

For the Coface Group, expected profits included in future premiums in 2023 were €94 million, compared to €49 million for Compagnie française d'assurance pour le commerce extérieur.

They are calculated in accordance with *Article 260(2) of delegated regulation EU/2015/35*, as, in part, the difference between technical provisions excluding risk margin with and without future premiums.

Expected profits in future premiums are valued in the prudential balance sheet in the Best Estimate premium provisions. They are estimated using the following formula: $Futures\ premiums * ((1 - ULR - CR) - QS * (1 - ULR - Comm_{Rate})) * \sum_k Cad_k * \delta_k$

With:

- Futures premiums: A statistical estimate of future premiums in line with the definition of the contract boundary
- ULR: Ultimate Loss Ratio
- QS: Quota share
- $Comm_{Rate}$: Commission rate
- CR: Cost Ratio
- Cad_k: Liquidation rate for year k
- δ_k: Discount factor for year k

C.5 Operational risk

Operational risk is defined in *Section B.3 of this report*. It includes in notably the following categories:

- Risks related to information systems and cybersecurity: The risk related to information systems and cybersecurity arises from all internal or external risks of a malicious or non-malicious nature related to the use of digital technologies and affecting the confidentiality, integrity or availability of data and information systems.
  Like any company, the Group is exposed to cyber attacks or other security vulnerabilities in its IT systems and infrastructure, or in those of its third-party service providers, which could disrupt its activities, cause significant financial losses, harm its reputation and expose it to possible sanctions from the regulatory authorities. More details on risk management are available in *section 5.2.5 (Operational and non-compliance risks) of the Universal Registration Document*.
- Fraud and Compliance risk: This risk is defined as the risk of non-compliance with laws and regulations or internal policies and rules that may lead to sanctions, financial losses and damage the Group's reputation.
  Through its international activities, the Group could be exposed to the risk of violation of economic sanctions and the breach of laws and regulations covering corruption, money laundering and terrorist financing, or external fraud, which could expose it to regulatory fines, financial losses and reputational harm. More details on risk management are available in *section 5.2.5 Operational and non-compliance risks of the Universal Registration Document*.

Managing and mitigating operational risks relies on a Level 1 and Level 2 control plan, which covers all the Group's entities. All the controls, anomalies revealed and related action plans are managed within a single software programme, made available to all Group entities. The management of risks and controls is carried out at the level of each legal entity in order to ensure compliance with the requirements of regulators at "Solo" and "Group" level. The Group has also set up a risk map, managed by unique risk management software that covers all the Group's insurance entities, the entities that are supervised or regulated, and the main service entities.

C.6 Other material risks

Reputational, strategic or regulatory risks and emerging are the subject of special processes.

These types of risk are incorporated into the risk mapping but are not quantified in the standard SCR formula. Their assessment and the definition of an appetite for such risks pass through appraisal criteria of a qualitative nature and their monitoring takes the form of a surveillance system.

C.6.1 Reputational risk

Reputational risk corresponds to the negative impact that an internal or external event could have on the reputation of Compagnie française d'assurance pour le commerce extérieur or COFACE SA.

The Group has developed a mechanism to reduce this risk in particular through the compliance policy and a code of conduct together with a training and communication programme. Reputational risk is also mitigated by the control mechanism put in place within the Compliance function.

C.6.2 Strategic risk

Strategic risk refers to the risk to the Group's results and solvency caused by changes in market conditions, poor strategic decisions or inadequate implementation of these decisions, the inability to comply with regulatory changes, new accounting standards or tax reforms and/or a lasting and serious deterioration in our reputation or our image on the market.

The Group Strategy and Development Department manages the strategic planning process by working with the General Executive Committee. They meet on a regular basis to assess the plan's effectiveness and determine necessary changes, where applicable. The Board of Directors is ultimately responsible for monitoring strategic risk.

C.6.3 Emerging risks

Emerging risks cover new situations that may lead to increased exposure to risks already identified or to new risks, and for which the impacts on the company's earnings or equity, on its reputation or on the achievement of its strategic objectives are not always quantifiable.

C.6.4 Climate change risks

Climate risks are one of Coface's strategic priorities as they affect its activities at two levels (the impact of Coface's operations on the climate and the impact of climate risks on the company's operations and profitability). Details are set out in *section B.3.1 of this document*.

C.7 Other information

The sensitivity to different risk factors is monitored on a recurring basis by the Group. Firstly, sensitivities to risk factors taken individually are measured. Secondly, scenarios making it possible to measure the sensitivity of the solvency ratio to combined shocks from risk factors.

C.7.1 Sensitivity to financial factors

Section C.2.3 shows the investment portfolio's sensitivity downwards on equity markets and upwards on interest rates.

As detailed in *Section C.2.3*, the Investment Committees monitor sensitivity to financial factors on a monthly basis for all of the Group's asset classes.

The sensitivities of the SCR coverage ratio to rates, spread and equity factors are also monitored on a regular basis in capital management committee and presented to investors. The results communicated to the markets show the low sensitivity of the Solvency ratio to instantaneous market shocks as at December 31, 2023:

Central scenario	199%[5]
+ 100 basis points interest rates	-5.1 points
+100 basis points spreads	-3.8 points
-25% equities	-1.3 points

C.7.2 Sensitivity to other risk factors

In the context of the ORSA process, the sensitivity of the coverage ratio to factors relating to underwriting risk (evolution of the ratio for losses, earned premiums, reinsurance assignment rates), or to other specific factors (tax rate, interest rates, cost ratio, etc.) is measured. Accordingly, the sensitivity of the SCR to a fluctuation of +1% in premiums or +1% in the loss ratio is less than 2%.

C.7.3 Scenarios measuring the sensitivity to risks

Scenarios drawn up in the context of ORSA measure the evolution of the solvency of COFACE SA and Compagnie française d'assurance pour le commerce extérieur, on the horizon of the strategic plan, in response to unfavourable events. Such events may correspond to a specific risk or cover many risk factors in a combined stress shock.

For example, the scenario replicating the 2008 crisis on the Group's current portfolio stresses the market and underwriting risks in combination, by replicating the markets and claims deviations observed in 2008. In this same scenario, the impacts on the portfolio's liquidity, the reinsurance structure and the loss of revenue are also taken into account. Furthermore, a scenario reflecting a global recession and long-term rises in interest rates also included a combined impact on loss experience, turnover and financial market performance. The assessment produced at the time of the 2022 ORSA has made it possible to ensure that the solvency of COFACE SA and Compagnie française d'assurance pour le commerce extérieur was not compromised by these scenarios.

[5] *The solvency ratio disclosed to the market on February 16, 2024 was an estimated ratio.*

C.7.4 Environmental, Social and Governance risk

Non-financial risks have been mapped in several steps:

1/ The first step consisted in identifying a fairly broad spectrum of risks that could affect the Group or the Company in the broad sense through the Group's activities. This initial risk inventory was prepared based on an in-house review of CSR issues and CSR data collected in previous fiscal years, internal consultations, particularly with the Risk Department, as well as an external benchmark, analysing in particular the non-financial disclosures of other players in the financial sector together with best practices in the management of non-financial risks. Discussions with investors, rating agencies, clients and employees also helped to enrich the list of these issues.

This step resulted in the identification of just over 20 risks in four areas: environmental risks (responsible company), social risks (responsible employer), risks related to our core business (responsible insurer) and governance risks.

Risk identification is an ongoing process that involves the business line managers with the assistance of risk managers. This identification is based on:

- the experience and knowledge of the business lines of the processes for which they are responsible, as well as the analysis of events that may negatively or positively affect these activities;
- the analysis of failures and incidents having occurred during the year, in particular by identifying the root causes of these events.
- Risks may also be detected when analysing new projects, products or new regulations.

2/ Risks are also assessed on an ongoing basis, i.e. at least once a year with the business line manager during risk identification and assessment meetings, and whenever a significant risk event occurs requiring an update of the assessment (major incident or significant failure identified during internal controls or external audits).

Each risk was assessed using an approach consistent with that implemented by the Group Risk Department for all risk mapping. The completeness of ESG risks has been compared with those present in the company's risk management tool (operational or strategic risks) to ensure that risks with an ESG aspect are identified and that the results of the assessments obtained for these risks in annual risk analysis campaigns are transposed. The other risks not assessed were quantified and prioritised using a method based on that used in the risk management tool. Each non-financial risk was analysed in depth based on two criteria:

- the level of intrinsic risk qualified as inherent risk: the assessment is carried out by cross-referencing the impact (the most unfavourable scenario of the financial impact, the client impact and the regulatory and legal impact) with an assessment of the risk occurrence frequency. An inherent risk matrix determines the level of inherent risks assessed on a scale of four levels: high, important, moderate and low;
- the level of control of this risk based on the effectiveness of Level 1 and 2 controls, internal and external audit results, documentation, governance and monitoring of key performance indicators, IT and staff.

3/ Based on the assessments, the Group prioritised ten non-financial risks, which were approved by the relevant departments. An initial prioritisation is carried out to define the level of residual risk resulting from the cross-referencing of the inherent risk with risk mitigation according to a risk matrix resulting in one of four assessment levels: High, Important, Moderate and Low. A second prioritisation is also carried out using the same residual risk scale taking into account the most important inherent impact, then the level of mitigation; consequently, the highest inherent risk will remain riskier.

All of the non-financial risks selected were then included in the Group's overall risk map.

As with the other risks monitored by the Group, the non-financial risks selected will be reassessed every year ahead of the drafting of the *Universal Registration Document*. The Group's policies to protect itself against them, and details of the actions and results, are presented throughout this document.

Three ESG indicators, each one representing a major category of non-financial (environmental, social and governance) risks, were then presented to the Risk Committee and integrated into Coface's *Risk Appetite*:

- an Environmental KRI on the coverage rate in the ESG rating of the investment portfolio as well as the share of the lowest-rated companies,
- a Social KRI on gender equality within the company,
- a Governance KRI that measures client and partner satisfaction.

These indicators have therefore been monitored since 2022 by the Management Committee and, as with other risk appetite indicators, presented to Coface's Board of Directors and its risk and compliance sub-committee.

D.Valuation for solvency purposes

D.1 Assets

D.1.1 Intangible assets

Intangible assets represent information technology research and development expenses. Information technology development expenses can only be recorded and measured at a value other than zero if they can be sold separately and if there is a price quoted on an active market for similar intangible assets. The book value of COFACE SA’s assets corresponds to the recognition of expenses in respect of internally created software for which it is difficult to justify a market value; this is therefore reduced to zero in the Solvency II prudential balance sheet.

The value of intangible assets is therefore also zero for Compagnie française d’assurance pour le commerce extérieur.

D.1.2 Investments

At the time of their initial recordings, financial assets and financial liabilities are generally assessed at their fair value (adjusted for directly attributable transaction costs if the instruments are not classified at fair value through the income statement).

Likewise, for certain of the Coface Group’s financial assets for which there is no active market or when observable values are low or unrepresentative, fair value is measured by valuation techniques using methodologies or models having access to assumptions or appraisals that make up a significant part of the ruling.

It cannot be guaranteed that fair value estimates based on such valuation techniques represent the price at which a security may ultimately be disposed of or at which it may be disposed of at a specific time. Assessments and estimates are revised when conditions change or when new information becomes available. In the light of such information and in compliance with the objective principles and methodologies objectives itemised in its consolidated and combined financial statements, the governing bodies of the Coface Group analyse, assess and arbitrate, on a regular basis and in line with their appraisal, the causes of a decrease in the estimation of the fair value of securities, its prospects of recovery in the short term and the level of resulting provisions for impairment deemed to be adequate.

It cannot be guaranteed that any impairment losses or additional provisions recognised will not have a material adverse effect on the Group’s results, financial position and solvency margin.

- investment property: Investment properties are recorded at their fair value;
- other financial assets: Shares, bonds and investment funds are recorded at their fair value in the *Solvency II* prudential balance sheet;
- funds are recorded under the transparency system in accordance with *Solvency II* principles;
- derivatives are measured at market value under *Solvency II* standards.

Change in financial assets	**As at Dec. 31**		
COFACE SA *(in millions of euros)*	**2023**	**2022**	**Change**
Real estate (other than where held for own use)	0	0	-
Shares	82	86	- 4
Listed shares	75	*78*	- *4*
Unlisted shares	*7*	*8*	- *0*
Bonds	2,273	2,277	- 5
Government bonds	1,313	*1,261*	*51*
Corporate bonds	*960*	*1,016*	- *56*
Undertakings for collective investment	800	470	330
Fixed assets	180	*220*	- *40*
Shares	27	*0*	*26*
Bond and money market	*593*	*249*	*344*
Derivatives(*)	4	3	1
Deposits other than cash equivalents	144	104	40
Other investments	*2*	1	0
Total financial assets	**3,305**	**2,941**	**363**

The market value of COFACE SA's portfolio increased by €363 million in the 2023 financial year, mainly due to the reinvestment of Coface's €300 million bond issue and the rise of the Equity Infrastructure segment.

Change in financial assets	**As at Dec. 31**		
La Compagnie *(in millions of euros)*	**2023**	**2022**	**Change**
Real estate (other than where held for own use)	0	0	-
Shares	82	71	11
Listed shares	*75*	*63*	*12*
Unlisted shares	*7*	*8*	- *1*
Bonds	1,625	1,665	- 40
Government bonds	*920*	*903*	*17*
Corporate bonds	*706*	*762*	- *57*
Undertakings for collective investment	717	395	322
Fixed assets	*146*	*179*	- *33*
Shares	*23*	*0*	*23*
Bond and money market	*548*	*215*	*333*
Derivatives(*)	3	2	1
Deposits other than cash equivalents	54	53	1
Other investments	182	182	0
Total financial assets	**2,663**	**2,368**	**295**

The balance sheet structure of Compagnie française d'assurance pour le commerce extérieur is similar to that of the Group, with the same fluctuations.

D.1.3 Interests

Investments in unconsolidated companies were valued under the corrected equity method. This method is based on revalued net assets. The revalued net assets retained were determined for each entity by adding up the corporate equity at the end of N-1 increased by the provisional result for financial year N produced by the Group management control department.

COFACE SA *(in millions of euros)*	As at Dec. 31		
	2023	**2022**	**Change**
Holdings in affiliated companies, including equity interests	127	106	21

La Compagnie **(in millions of euros)**	As at Dec. 31		
	2023	**2022**	**Change**
Holdings in affiliated companies, including equity interests	358	379	-21

D.1.4 Receivables

♦ **Receivables arising from insurance and reinsurance operations**

Receivables are valued at their face value. A provision for write-downs is raised in order to take into account the recovery difficulties that are likely to arise.

Accounts receivable for insurance and reinsurance are not subject to current value accounting due to the low impact (very short-term receivables).

In the IFRS statutory accounts, earned premiums not yet written are presented in receivables arising from insurance and reinsurance operations, while in the prudential balance sheet they are reclassified into underwriting reserves in liabilities (best estimates).

COFACE SA *(in millions of euros)*	As at Dec. 31		
	2023	**2022**	**Change**
Receivables arising from insurance operations and amounts receivable from intermediaries	330	327	3
Receivables arising from reinsurance operations	209	99	110
Total Receivables arising from insurance and reinsurance operations	**539**	**426**	**113**

La Compagnie *(in millions of euros)*	As at Dec. 31		
	2023	**2022**	**Change**
Receivables arising from insurance operations and amounts receivable from intermediaries	289	288	1
Receivables arising from reinsurance operations	300	126	174
Total Receivables arising from insurance and reinsurance operations	**589**	**414**	**175**

♦ **Other receivables (trade, not insurance)**

Other receivables are valued at their face value and are therefore not subject to discounts due to the low impact (very short-term receivables). A provision for write-downs is raised in order to take into account the recovery difficulties that are likely to arise.

COFACE SA		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Other receivables (trade, not insurance)	982	911	71

La Compagnie		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Other receivables (trade, not insurance)	248	246	2

D.1.5 Cash and cash equivalents

Cash and cash equivalents are mainly composed of very short-term level 1 financial assets and bank deposits, which fell over the 2023 financial year for the Group and for Compagnie française d'assurance pour le commerce extérieur.

COFACE SA		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Cash and cash equivalents	403	462	-59

La Compagnie		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Cash and cash equivalents	275	282	-7

D.1.6 Other assets

♦ **Goodwill**

In accordance with the Solvency II principles, goodwill is considered to be worthless in the prudential balance sheet and its value is therefore reduced to zero.

♦ **Deferred acquisition expenses**

In accordance with the Solvency II principles, deferred acquisition expenses are considered to be worthless in the prudential balance sheet and their value is therefore reduced to zero. Future premiums include a proportion of expenses that such acquisition expenses cover, and which can be seen in the calculation of technical reserves as best estimate.

♦ **Deferred tax assets**

The items taken into account in calculating material deferred tax assets are:

- information on the origin of the recognition of deferred tax asset,
- the amount,
- the maturity date,
- and any deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the balance sheet.

The impact of deferred taxes is noted in the prudential balance sheet on the differences between the tax balance sheet and the statutory balance sheet as well as on all restatements that reconcile statutory accounts with prudential accounts.
The main restatements on which a deferred tax asset is recorded are as follows:

- recording of employee-related commitments under the IAS19 revised method,
- cancellation of intangible assets,
- cancellation of deferred acquisition expenses,
- adjustment of subordinate debt to market value,

- recording of best estimates and the risk margin,
- the differences between the statutory balance sheet and tax balance sheet.

Each restatement being impacted on the relevant entity, the corresponding deferred tax charge is calculated using the tax rate applicable in the entity's country.

COFACE SA	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Deferred tax assets	34	65	-31

The timetable for deferred tax assets as at December 31, 2023 is as follows:

Schedule of deferred tax assets **COFACE SA** *(in millions of euros)*	**As at December 31, 2023**			
	< or equal to 1 year	**1 to 4 years**	**> or equal to 5 years**	**TOTAL**
Total deferred tax assets	**29**	**2**	**3**	**34**

The main component of deferred tax assets involves cancellation of IFRS technical reserves as well as the impact of the Best Estimate for premiums and claims.

Unused tax losses for which no deferred tax asset is recorded in the balance sheet as at December 31, 2023 came to €228 million over the Group scope of consolidation.

La Compagnie	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Deferred tax assets	67	67	0

The timetable for deferred tax assets as at December 31, 2023, in the solo scope of consolidation is as follows:

Schedule of deferred tax assets **La Compagnie** *(in millions of euros)*	**As at December 31, 2023**			
	< or equal to 1 year	**1 to 4 years**	**> or equal to 5 years**	**TOTAL**
Total deferred tax assets	**60**	**4**	**4**	**67**

Compagnie française d'assurance pour le commerce extérieur's deferred tax assets remained stable between 2022 and 2023.

Unused tax losses for which no deferred tax asset is recorded in the balance sheet as at December 31, 2023 totalled €147 million over Compagnie française d'assurance pour le commerce extérieur's scope of consolidation.

♦ Tangible fixed assets for own use

Buildings and land used in the business are valued at their fair value.

The buildings used in the business are the head office of Coface Deutschland. This was acquired by financial lease (pursuant to the Standard IAS 17, an asset (building used in the business) is recorded to assets in return for a financial debt to liabilities).

COFACE SA	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Tangible fixed assets held for own use	124	144	-20

La Compagnie	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Tangible fixed assets held for own use	111	129	-18

D.2 Technical provisions

There are two types of technical provisions: provisions for claims and provisions for premiums, to which a separately calculated risk margin is added under Solvency II. The best estimate of provisions for premiums is valued using the entity* product cross-tabulation, by adapting the simplified method described in the April 2014 technical specifications.

Regarding the best estimate for provisions for claims, this is produced separately on the various products. The Chain Ladder, Bornhuetter-Ferguson and Loss Ratio actuarial methods were used on the basis of accounting triangles (premiums, charges and settlements) in order to determine the best estimate for the technical reserves.

The risk margin determined in accordance with the Solvency II standard as for the cost of liquidation of capital needs. It is calculated directly after reinsurance.

The technical provisions in the financial statements are valued with a quantile level greater than 90% while it is the expectancy that is used in the prudential balance sheet. The methods for assessment of technical reserves have not been significantly changed since the previous financial year.

The assumptions used for the estimation of Best Estimates are objective assumptions based on the Group's past and present experience as well as on projections of the future environment and context. Best estimates are also based on expert opinions that incorporate assumptions relating to the Group's pricing, provisioning, marketing, recovery and arbitration.

The aggregated results at the end of 2023 are given below, for best estimates and the margin for risk.

D.2.1 Best estimates

Before reinsurance	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Group	942	970	-28
La Compagnie	885	882	3

Ceded reinsurance	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Group	235	252	-17
La Compagnie	385	399	-14

Details by business line for the Group:

Before reinsurance by line of business **COFACE SA** *(in millions of euros)*	**As at Dec. 31** **2023**	**2022**	**Change**
Credit insurance	763	791	-28
Bonding	109	122	-13
Single Risk insurance	71	57	14
Other	0	0	0
Total	942	970	-28

Ceded reinsurance by line of business **COFACE SA** *(in millions of euros)*	**As at Dec. 31** **2023**	**2022**	**Change**
Credit insurance	181	205	-23
Bonding	34	34	1
Single Risk insurance	19	14	6
Other	0	0	0
Total	235	252	-17

Details by business line for Compagnie française d'assurance pour le commerce extérieur :

Ceded reinsurance by line of business **La Compagnie** *(in millions of euros)*	**As at Dec. 31** **2023**	**2022**	**Change**
Credit insurance	708	706	2
Bonding	106	121	-15
Single Risk insurance	71	55	16
Other	0	0	0
Total	885	882	3

Cession en réassurance par ligne d'activité **La Compagnie** *(in millions of euros)*	**As at Dec. 31** **2023**	**2022**	**Change**
Credit insurance	303	320	-17
Bonding	46	51	-5
Single Risk insurance	35	27	8
Other	0	0	0
Total	385	399	-14

Regarding the BE for claims, the estimation process and methodology have changed as part of the transition to IFRS 17.

Unmargined (Best Estimate) and margined (for IFRS) ULR calculations are determined by the Group actuarial department based on statistical methods and following an economic anticipation committee comprising the operational departments (underwriting, litigation and sales), marketing, management control, risk management, economic research and the actuarial department. Provisions are evaluated by the Group Actuarial Department's provisioning team and validated by the Group Actuarial Director.

These valuations are then reconciled at a dedicated meeting between the Group Actuarial and Group Management Control departments in preparation for the Group Reserving Committee, the final decision-making body for IFRS technical provisions that will analyse the margin in the provisions and the BE.

D.2.2 Risk margin

The risk margin determined in accordance with the Solvency II standard as for the cost of liquidation of capital needs. It is calculated directly after reinsurance.

Risk margin	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Group	98	73	25
La Compagnie	97	84	13

D.3 Other liabilities

D.3.1 Provisions other than technical reserves

This item corresponds to provisions for liabilities and charges excluding provisions for pensions and other benefits.

Provisions for liabilities and charges excluding provisions for pensions and other benefits **COFACE SA** *(in millions of euros)*	**As at Dec. 31**		
	2023	**2022**	**Change**
Provision for disputes	1	2	-1
Provision for risk to subsidiaries	10	10	0
Provisions for restructuring	4	6	-2
Provisions for bonus share plans	0	0	0
Provision for taxes (excl. corporate taxes)	6	1	5
Other provisions for risks	4	3	2
Total provisions other than technical reserves	**25**	**21**	**4**

Provisions for liabilities and charges excluding provisions for pensions and other benefits **La Compagnie** *(in millions of euros)*	**As at Dec. 31**		
	2023	**2022**	**Change**
Provision for disputes	0	1	-1
Provision for risk to subsidiaries	10	10	0
Provisions for restructuring	4	6	-2
Provisions for bonus share plans	-3	-3	0
Provision for taxes (excl. corporate taxes)	6	0	6
Other provisions for risks	4	3	2
Total provisions other than technical reserves	**21**	**17**	**5**

The changes for liabilities and charges varied little between 2022 and 2023.

D.3.2 Provisions for pensions and other benefits

The employees of COFACE SA in a number of countries are entitled to short-term benefits (such as annual paid leave), long term benefits (such as long-service awards) and post-employment benefits (such as statutory retirement benefits).

Short-term benefits are considered as liabilities in the accounts of the various COFACE SA companies granting them.

Other benefits (long term benefits and post-employment benefits) are subject to various coverage arrangements as defined below:

- defined contribution schemes (or plans): these are characterised by payments to agencies releasing the employer from any subsequent obligation, with the agency taking charge of paying to employees the amounts due to them. This generally involves public pension systems such as those seen in France;
- defined benefit schemes (or plans) for which the employer has an obligation towards its employees.

In accordance with IAS 19, COFACE SA shows in its balance sheet the amount corresponding to its commitments mainly in terms of:

- allowances and pre-retirement paid leave;
- early retirement and supplementary pension payments;
- employer contributions to be paid into post-employment health insurance schemes;
- long service awards.

On the basis of the internal regulations for each scheme and in each of the countries concerned, independent actuaries calculate:

- the present value of future benefits, corresponding to the present-day value of all benefits to be paid out. This present-day value is mainly based on:
  - the known characteristics of the population concerned;
  - the benefits to be paid out (end of career allowances, long-service awards, etc.);
  - the probabilities of occurrence of each event;
  - the evaluation of each of the factors entering into calculation of the benefits (changes in salaries, etc.);
  - the interest rates making it possible to work out future benefits at the date of the evaluation.
- the actuarial value of benefits related to service cost (including the impact of future salary increases), determined using the projected unit credit method which spreads the actuarial value of benefits evenly over the expected average remaining working lives of the employees participating in the plan.

In the case of the defined benefit schemes of Coface Austria, Coface Debitoren and Coface rating de (Germany), the payment of contributions is used to finance the scheme's assets. The scheme's assets are composed of the scheme's investments, mainly government bonds held by funds and insurance policies incorporating a counter-guarantee.

According to IAS19, the scheme's assets are recorded at their fair value in deduction of the amount recorded to liabilities in respect of the defined benefits.

COFACE SA	As at Dec. 31		
(in millions of euros)	**2023**	**2022**	**Change**
Provisions for pensions	46	45	1

La Compagnie	As at Dec. 31		
(in millions of euros)	**2023**	**2022**	**Change**
Provisions for pensions	47	45	2

D.3.3 Deferred tax liabilities

The items taken into account in calculating deferred tax liabilities are:

- information on the origin of the recognition of deferred tax liabilities,
- the amount,
- the maturity date,
- and any deductible temporary differences.

The impact of deferred taxes is noted in the prudential balance sheet on the differences between the tax balance sheet and the statutory balance sheet as well as on all restatements that reconcile statutory accounts with prudential accounts.
The main restatements on which a deferred tax liability is recognised are as follows:

- recording of technical provisions: best estimate and risk margin,

- cancellation of deferred acquisition expenses,
- bringing financial assets and buildings used in the business up to market value,
- the differences between the statutory balance sheet and tax balance sheet.

Each restatement being impacted on the relevant entity, the corresponding deferred tax charge is calculated using the tax rate applicable in the entity's country.

COFACE SA	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Deferred tax liabilities	207	226	-19

The timetable for deferred tax liabilities as at December 31, 2023, for the Group is as follows:

Schedule of deferred tax assets **COFACE SA**	**As at December 31, 2023**			
(in millions of euros)	**< or equal to 1 year**	**1 to 4 years**	**> or equal to 5 years**	**TOTAL**
Total deferred tax liabilities	**174**	**19**	**13**	**207**

The principal components of deferred tax liabilities are cancellations of technical provisions and the netting of taxes.

La Compagnie	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Deferred tax liabilities	180	158	22

The timetable for deferred tax liabilities as at December 31, 2023, for Compagnie française d'assurance pour le commerce extérieur is as follows:

Schedule of deferred tax assets **La Compagnie**	**As at December 31, 2023**			
(in millions of euros)	**< or equal to 1 year**	**1 to 4 years**	**> or equal to 5 years**	**TOTAL**
Total deferred tax liabilities	**154**	**14**	**12**	**180**

The main item in deferred tax liabilities involves a cancellation of technical provisions and the recording of Best Estimate provisions ceded by Compagnie française d'assurance pour le commerce extérieur to reinsurers.

D.3.4 Financial debt owed to non-credit institutions

For the Group, this item corresponds to commercial papers issued by COFACE SA for the purpose of financing the factoring business.

COFACE SA	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Financial debt owed to non-credit institutions	640	614	26

La Compagnie	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Financial debt owed to non-credit institutions	0	0	0

The solo scope of consolidation did not include COFACE SA, the holding company that issues the commercial papers. In addition, there is no equivalent item in the balance sheet of Compagnie française d'assurance pour le commerce extérieur.

D.3.5 Payables arising from insurance and reinsurance operations

The main changes between 2022 and 2023 related to:

- the €30 million increase in liabilities arising from insurance transactions and amounts due to Group intermediaries (including €28 million resulting from accounting reclassifications carried out as a result of *IFRS 17* entering into force): This increase stemmed from debts arising from accepted insurance operations, which increased from zero to €31 million, and fees, which increased from €18 million to €33 million, offset by the fall in intra-group accounts, which fell from €9 million to zero in 2023.
- the €50 million increase in the Group's reinsurance liabilities in connection with the business.
- the €68 million increase in liabilities arising from insurance transactions and amounts due to Compagnie française d'assurance pour le commerce extérieur's intermediaries (including €64 million resulting from accounting reclassifications carried out as a result of *IFRS 17* entering into force): This increase stemmed from debts arising from accepted insurance operations, which increased from zero to €54 million, and fees, which increased from €17 million to €33 million, partially offset by the €2 million fall in debts arising from direct insurance operations.
- the increase in debts to Compagnie française d'assurance pour le commerce extérieur's reinsurers (+€69 million, including €37 million relating to reclassifications carried out as a result of IFRS 17 entering into force and €32 million relating to the business).

COFACE SA		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Debts arising from insurance operations and amounts payable to intermediaries	109	79	30
Debts arising from reinsurance operations	189	140	50
Total payables arising from insurance and reinsurance	**298**	**219**	**79**

La Compagnie		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Debts arising from insurance operations and amounts payable to intermediaries	122	54	68
Debts arising from reinsurance operations	284	216	69
Total payables arising from insurance and reinsurance	**406**	**270**	**137**

D.3.6 Subordinated liabilities

Financial liabilities are recognised at fair value.

COFACE SA		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Subordinated liabilities	625	515	110

La Compagnie		**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**	**Change**
Subordinated liabilities	504	445	59

The subordinated debt is valued using the methodology described in Article 75 of Directive 2009/138/EC: "When valuing liabilities […], no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking shall be made". The value of the subordinated debt is therefore obtained by updating the EIOPA risk-free interest rate curve, since the spread relating to the Coface credit status remains constant after initial recognition of the debt.

The Group's subordinated debt amounted to €856 million at December 31, 2023. In anticipation of the refinancing of the subordinated notes maturing on March 27, 2024, COFACE SA carried out a new fixed-rate issue of subordinated notes (5.750%) on November 28, 2023, for a nominal amount of €300 million, maturing on November 28, 2033.

The SCR coverage ratio, and particularly the amount of the Group's SCR, does not allow all subordinated debts to be recognised as own funds eligible to cover the SCR. This temporary situation was motivated by dynamic capital management, enabling the Group to take advantage of good market conditions and attractive interest rates to refinance the subordinated securities maturing on March 27, 2024, early.

The Group's subordinated debts eligible to cover the SCR amounted to €625[6] million at December 31, 2023, broken down as follows:

- a fixed-rate issue (at 4.125%) of subordinated notes by COFACE SA on March 27, 2014, for a nominal amount of €380 million, maturing on March 27, 2024.
  The securities are irrevocably and unconditionally guaranteed on a subordinated basis by Compagnie française d'assurance pour le commerce extérieur, the Group's main operating entity.
  COFACE SA redeemed €153 million of the subordinated bonds issued in 2014 at a fixed price of 103.625% on September 21, 2022.
  The nominal amount after this redemption stands at €227 million, still maturing on March 27, 2024. It is valued at €233 million and is eligible Tier 2 basic own funds under the transitional measures referred to in Article 308b (10) of Directive 2014/51/EU.
- a fixed-rate issue (at 6.000%) of subordinated notes by COFACE SA on September 22, 2022, for a nominal amount of €300 million, maturing on September 22, 2032. It is valued at €315 million and is eligible for Tier 2 capital.
- a fixed-rate issue (at 5.750%) of subordinated notes by COFACE on November 28, 2023, for a nominal amount of €300 million, maturing on November 28, 2033. It is valued at €309 million and is eligible for Tier 2 capital. The amounts raised through this issue will mainly be used to refinance the subordinated notes maturing on March 27, 2024.

The Coface Group is not currently planning any new bond issues.

The Company's subordinated debts amount to 504[7] million euros at December 31, 2023. These debts correspond to subordinated loans granted by COFACE SA, eligible for SCR coverage in accordance with Article 82 of the Delegated Regulation 2009/138/EC.

The characteristics of the subordinated loans correspond to those of the subordinated debt issued by COFACE SA *(see above)*.

D.3.7 Other payables

The table below sets out the other liabilities of the Coface Group and Compagnie française d'assurance pour le commerce extérieur:

[6] [9] *Amount after capping of subordinated debt not available in application of Article 82 of Delegated Regulation no. 2015/35.*

COFACE SA	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Other payables (trade, not insurance)	415	442	-27

La Compagnie	**As at Dec. 31**		
(in millions of euros)	**2023**	**2022**	**Change**
Other payables (trade, not insurance)	323	458	-135

The change for the Group between the two financial years was mainly due to the €22 million fall in corporate income tax items and the €8 million fall in miscellaneous creditors.

The change for Compagnie française d'assurance pour le commerce extérieur between the two financial years was mainly due to the €93 million fall in the current accounts of related companies, the €24 million fall in corporate income tax items and the €6 million fall in liabilities under property leases.

D.4 Alternative valuation methods

COFACE SA and Compagnie française d'assurance pour le commerce extérieur do not use other alternative valuation methods.

D.5 Other information

No other material information is to be made publicly available.

/ E. CAPITAL MANAGEMENT

E. CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Own funds management policy

In accordance with directive 2009/138/EC, the Coface Group has a capital management policy which applies to the whole Group, including its main operational insurance company – Compagnie française d'assurance pour le commerce extérieur. This policy is subject to approval from the Board of Directors of COFACE SA and Compagnie française d'assurance pour le commerce extérieur and is re-examined at least once per year.

Since the Group carries out its activities in various countries of the world, it is subject to different levels of control depending on the country in which it is located:

- group head office (France): the business is governed, to a significant degree, by European Directives (i.e. Solvency II) and by internal French regulations on non-life insurance;
- the Group's insurance entities: insurers with their registered office in a European Union country (like the Group) are subject to Solvency II regulations; however, in some countries, the insurance business is subject to supervision by local regulators;
- the factoring business in Germany and Poland: this business is governed by the regulations in those countries.

The capital management policy mainly deals with the following points:

a) Risk of deterioration of the Group's solvency and non-compliance of the solvency capital requirement (SCR) or minimum capital requirement (MCR);
b) Risk of deterioration of solvency and non-compliance with prudential ratios applicable by the Group's regulated subsidiaries (in particular for Compagnie française d'assurance pour le commerce extérieur);
c) Risk of error in the classification or characterisation of regulatory own fund items for the Group or Compagnie française d'assurance pour le commerce extérieur;
d) Risk of insufficient consideration of the quantitative limits applied to own fund items in line with the different categories;
e) Risk of non-effectiveness of own fund items in the event of crisis;
f) Risk of insufficient fungibility of own funds;
g) Risk of failing to consider the Group's solvency in the dividend distribution policy;
h) Risk of failing to consider stress-test scenarios in structuring equity.

E.1.2 Structure and quality of own funds

♦ **COFACE SA**

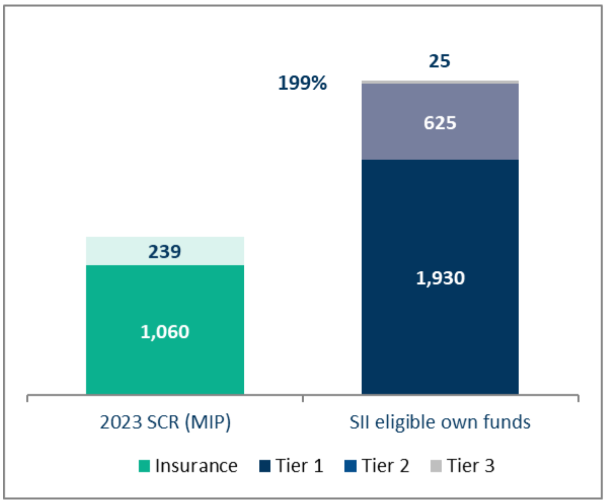
In accordance with regulations, as at December 31, 2023, the Coface Group calculated its available own funds necessary for complying with two levels of capital requirements: minimum capital requirement, MCR, and solvency capital requirement, SCR *(see Chapter E.2.)*.

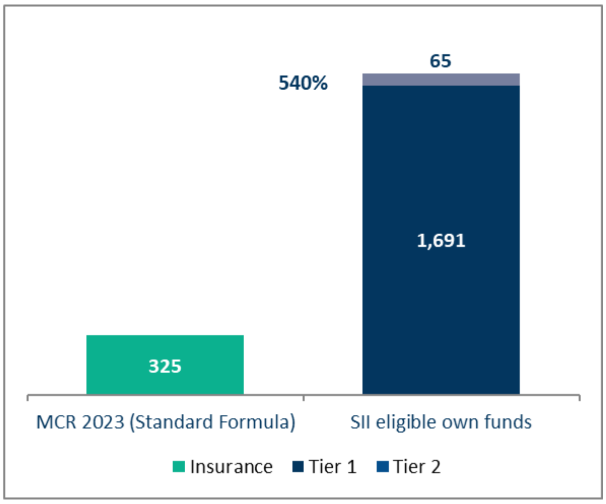
For insurance activities, in accordance with the *Solvency II* regulations that came into force on January 1, 2016, the Group calculated the Solvency Capital Requirement (SCR) as at December 31, 2023, using its partial internal model, introduced by *European Directive No. 2009/138/EC*.

For factoring activities, the Group has deferred its capital requirements under the standard approach of banking regulations since December 31, 2019. It should be noted that the local regulators for Germany and Poland (the two countries in which the Group operates its factoring business) have not defined specific mandatory capital requirements for factoring companies.

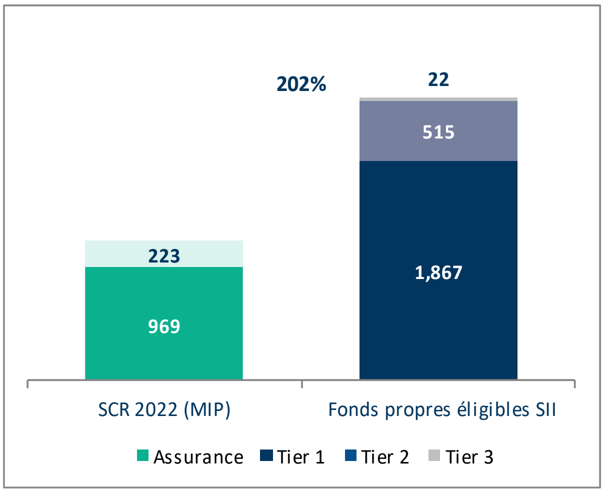
As at December 31, 2023, the Group meets the capital requirements, which amounts to €1,300 million in respect of SCR, as represented in the following chart.

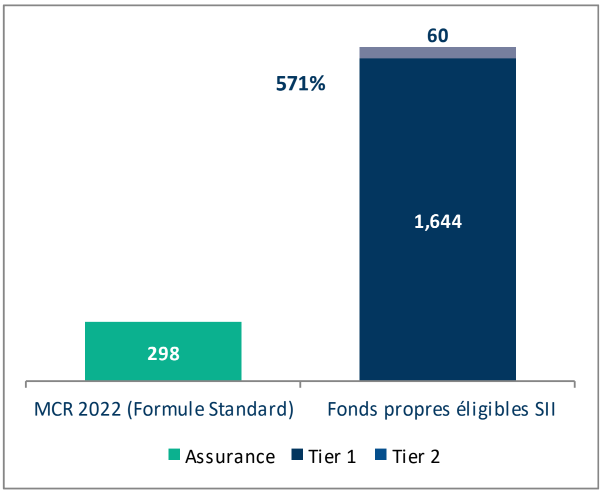
At December 31, 2023:





At December 31, 2022:





The own funds eligible to cover the SCR amounted to €2,580 million as at December 31, 2023. In accordance with the Solvency II directive, own funds are classified into three categories or "tiers". This classification is based on their quality, which is assessed by reference to their availability, their degree of subordination and their duration or permanence. The breakdown is as follows:

- ***Tier 1:*** €1,930 million (75% of available own funds), corresponding to the net amount of assets in the Group's prudential balance sheet minus the amount of own funds classified in the other two categories.
- ***Tier 2:*** €625 million (24% of available own funds), corresponding to the value of the three subordinated debts eligible to cover the SCR, in accordance with Article 82 of Delegated Regulation 2009/138/EC. A summary of the main characteristics of these subordinated debts is set out below:

	Coface EUR380m subordinated debt Tier 2 2024
Issuer	Coface SA
Garantor	Compagnie française d'assurance pour le commerce extérieur
Type of guarantee	Joint surety
Instrument	Dated subordinated debt and collateral eligible for tier 2 capital under the transitional measures referred to in Article 308b 10 of Directive 2014/51/EU
Maturity	10 years without depreciation
Issue date	27-mars-14
Maturity date	27-mars-24
Coupon payment obligation	Except in case of SCR non-compliance
Coupon deferral option	In the event of SCR non-compliance occurring in the period prior to the payment of interest
Early buyback	At par, subject to redemption conditions
Quoting	EURONEXT PARIS
Applicable law	French Law
Issue amount	EUR 380m
Garantor rating	A2 / AA- (Moody's / Fitch) - IFS
Issue rating	Baa1 /A (Moody's / Fitch)
Coupon	4.125% fixed annual
ISIN	FR0011805803

	Coface EUR300m subordinated debt Tier 2 2032
Issuer	Coface SA
Garantor	NA
Type of guarantee	NA
Instrument	Dated subordinated debt and collateral eligible for tier 2 capital
Maturity	10 years without depreciation
Issue date	22-sept-22
Maturity date	22-sept-32
Coupon payment obligation	Report in case of SCR non-compliance
Coupon deferral option	na
Early buyback	At par, subject to redemption conditions
Quoting	EURONEXT PARIS
Applicable law	French Law
Issue amount	EUR 300m
Garantor rating	A2 / AA- (Moody's / Fitch)
Issue rating	Baa2/BBB+ (Moody's/ Fitch)
Coupon	6.00% Fixed annual
ISIN	FR001400CSY7

	Coface EUR300m subordinated debt Tier 2 2033
Issuer	Coface SA
Garantor	NA
Type of guarantee	NA
Instrument	Dated subordinated debt and collateral eligible for tier 2 capital
Maturity	Expected maturity 10 years without depreciation
Issue date	28-nov-23
Maturity date	28-nov-23
Coupon payment obligation	Report in case of SCR non-compliance
Coupon deferral option	na
Early buyback	At par, subject to redemption conditions
Quoting	EURONEXT PARIS
Applicable law	French Law
Issue amount	EUR 300m
Garantor rating	A1 / AA- (Moody's / Fitch/A.M Best)
Issue rating	Baa1/BBB+ (Moody's/ Fitch)
Coupon	5.750% Fixed annual
ISIN	FR001400MI8W6

- ***Tier 3:*** €25 million (1% of available own funds), representing the proportion of Solvency II own funds made up of the sum of each tax entity's net deferred tax assets, after implementation of the eligibility test for those net deferred taxes at the local level.

As at December 31, 2023, the breakdown of own funds eligible to cover the MCR amounted to €1,756 million, was as follows:

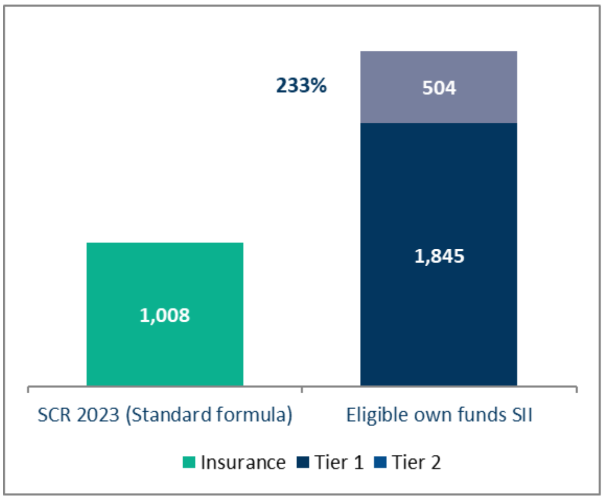
- **Tier 1**: €1,691 million (96% of available own funds), corresponding to the amount of net assets on the prudential balance sheet in accordance with the Solvency II Directive.
- **Tier 2**: €65 million (4% of available own funds), corresponding to the value of the subordinated debts eligible to cover the MCR, in accordance with Article 82 of Delegated Regulation 2009/138/EC (i.e. 20% of the MCR).

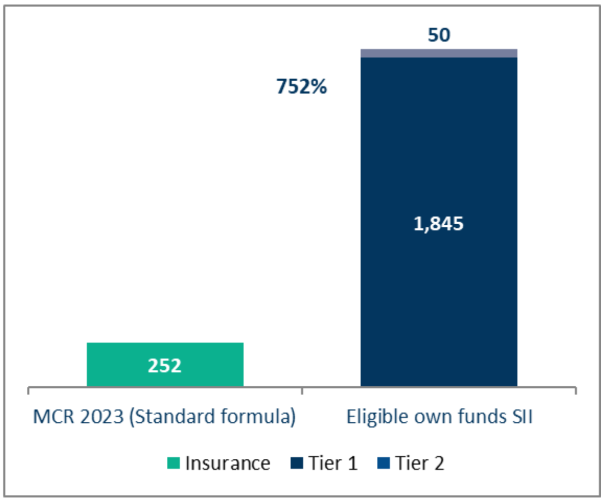
For more information on this section, please see the corresponding section in QRT 23.01 *(see Appendix F.2)*.

♦ Compagnie française d'assurance pour le commerce extérieur

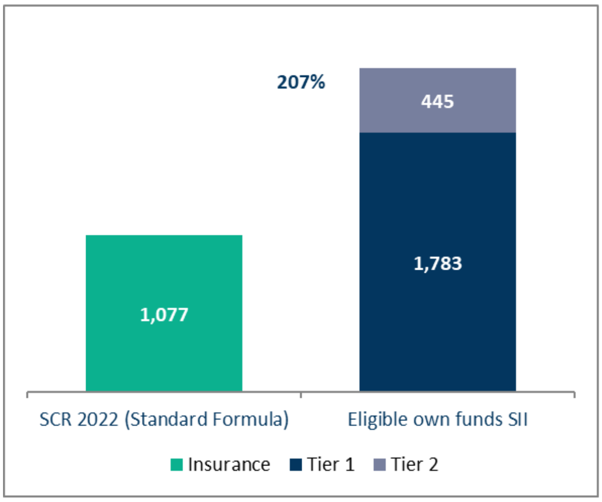
In accordance with regulations, as at December 31, 2022 and 2023, Compagnie française d'assurance pour le commerce extérieur calculated, according to the standard formula, its available own funds necessary to meet the requirements with two levels of capital requirements: the minimum capital requirement and the solvency capital requirement, SCR *(see Chapter E.2.)*.

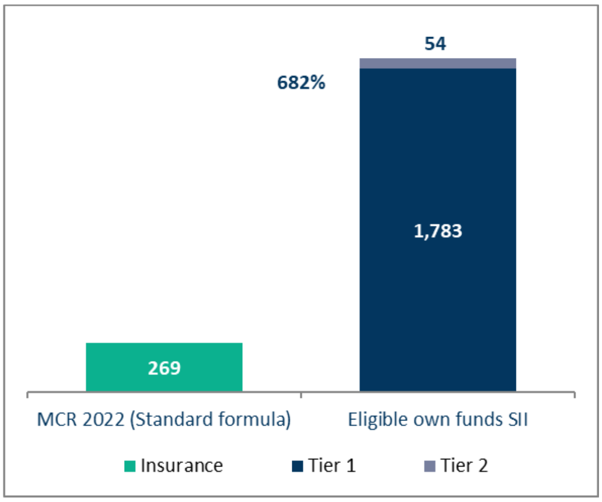
At December 31, 2023:





At December 31, 2022:





As at December 31, 2023, Compagnie française d'assurance pour le commerce extérieur met the capital requirements, which amounted to €252 million for MCR and €1,088 million with respect to SCR, as represented in the above chart.

In accordance with the Solvency II directive, own funds are classified into three categories or "tiers". This classification is based on their quality, which is assessed by reference to their availability, their degree of subordination and their duration or permanence.

The own funds eligible for coverage of the SCR on December 31, 2023, amounted to €2,349 million, made up as follows:

- ***Tier 1:*** €1,845 million (79% of available own funds), as indicated in the previous paragraph;
- ***Tier 2:*** €504 million (21% of available own funds), corresponding to the total value of the subordinated loans eligible to cover the SCR. Like the Group SCR, the amount of Compagnie

française d'assurance pour le commerce extérieur's SCR does not allow all three subordinated debts to be recognised temporarily as own funds eligible to cover the SCR. Accordingly, all Compagnie française d'assurance pour le commerce extérieur's subordinated loans are valued at €782 million, with €504 million eligible to cover the SCR.

Following the fixed-rate issue (4.125%) of subordinated notes on March 27, 2014 for a nominal amount of €380 million, COFACE SA granted a subordinated intra-group loan to Compagnie française d'assurance pour le commerce extérieur in the amount of €314 million, maturing on March 26, 2024 with an annual interest rate of 4.125%.

COFACE SA repaid €153 million of the subordinated bonds issued in 2014 on September 21, 2022. The subordinated loan was therefore repaid up to the amount needed to repay the subordinated bonds (≈40%). After this transaction, the amount outstanding under the loan was €187 million and is valued at €192 million.

COFACE SA carried out a fixed-rate issue of subordinated notes (6.000%) on September 22, 2022, for a nominal amount of €300 million, maturing on September 22, 2032. This issue was the subject of an intragroup subordinated loan of €268 million at an annual interest rate of 6.000%, and is valued at €281 million.

In anticipation of the refinancing of the subordinated notes maturing on March 27, 2024, COFACE SA carried out a new fixed-rate issue of subordinated notes (5.750%) on November 28, 2023, for a nominal amount of €300 million, maturing on November 28, 2033. This new issue was also the subject of an intragroup subordinated loan of €300 million at an annual interest rate of 5.750%, and is valued at €309 million.

The subordinated loan is valued in accordance with the same principle as described for proceeding with the valuation of the Group's subordinated debt.

As at December 31, 2023, the breakdown of own funds eligible for covering the MCR amounted to €1,895 million was as follows:

- ***Tier 1:*** €1,845 million (97% of available own funds), corresponding to the net amount of assets in the prudential balance sheet minus the amount of own funds classified in the other two categories.
- ***Tier 2:*** €50 million (3% of available own funds). Under Article 82 of Delegated Regulation 2009/138/EC, the amount corresponds to the portion of the subordinated loans taken out by Compagnie française d'assurance pour le commerce extérieur eligible to cover the MCR (i.e. 20% of the MCR).

The characteristics of the subordinated loans are identical to those of the subordinated debt issued by COFACE SA (see table above), and are all eligible Tier 2 capital, subject to the requirements set out in Article 82 of Delegated Regulation (EU) 2015/35 supplementing the Solvency II Directive.

The subordinated loans are valued in accordance with the same principle as described for valuing the Group's subordinated debts.

For more information on this section, please see the corresponding section in *QRT 23.01 (see Appendix F.2).*

E.1.3 Basic own funds

At December 31, 2023, COFACE SA's and Compagnie française d'assurance pour le commerce extérieur's own funds are exclusively made up of basic own funds, pursuant to Solvency II standard criteria.

E.1.4 Ancillary own funds

At December 31, 2023, COFACE SA and Compagnie française d'assurance pour le commerce extérieur do not have ancillary own funds.

E.1.5 Availability of own funds

The own funds required to cover the Group's SCR is obtained after verification of eligibility and availability:

- At the level of each Group tax entity: Test of the possible limitation of Tier 3 elements (net IDA) to 15% of the entity's SCR,
- Under Article 330 of delegated regulation (EU) 2015/35, the Coface Group is introducing a test in order to determine the availability, at Group level, of the eligible own funds of affiliated companies. As a first step, the test consists of determining the surplus of each entity's Solvency II own funds above and beyond its SCR then, as a second step, comparing that surplus with the total of own fund items available for the Group's requirements:
  - As soon as the surplus of an entity's own funds can be entirely represented by fungible and transferable own fund items, no adjustment of the Group's own funds is considered for this entity;
  - Otherwise, the proportion of the surplus not represented by fungible and transferable items gives rise to an adjustment in the Group's own funds.

The own funds available for Group purposes is then equal to total shareholders' equity after elimination of intra-group transactions, less the following amounts: (i) shareholders' equity consisting of net ineligible IDA at entity level, (ii) shareholders' equity not available for Group purposes by application of *Article 330 of the Delegated Regulation*, and (iii) shareholders' equity that may be ineligible for Group purposes by global application of the Tiering rules.

As at December 31, 2023, the impact of the above eligibility and availability tests is as follows:

- €7 million for net IDA eligibility test for the tax entities concerned,
- €71 million for the capital availability test.

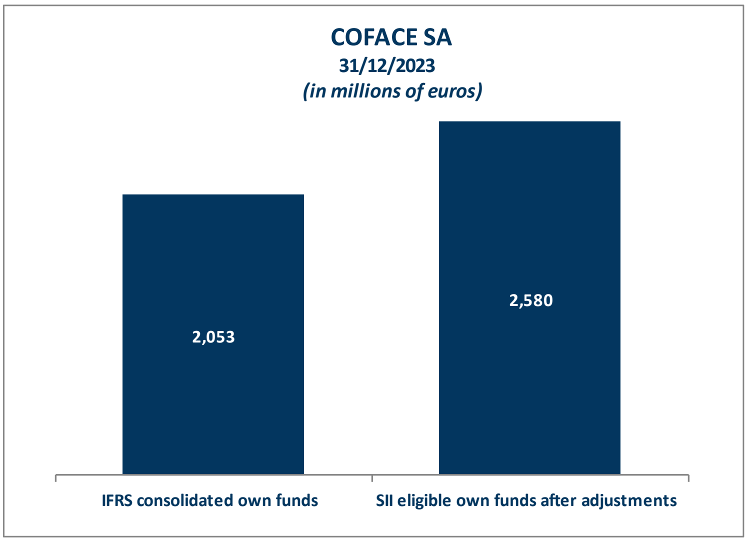
E.1.6 Absorption of losses by capital

Not applicable to the Coface Group. This is explained by the fact that no component of the Tier 1 own funds is represented by preference shares, subordinated mutual member accounts or subordinated liabilities.

E.1.7 Reconciliation reserve

♦ **COFACE SA**

The following chart illustrates the difference between the Group's own funds that are eligible to cover the solvency capital requirement at December 31, 2023, and the consolidated own funds as shown in the Group's financial statements.



For more information on this section, please see the corresponding section in QRT 23.01 *(see Appendix F.2)*.

The Group's eligible Solvency II equity was €2,580 million at December 31, 2023.

Eligible own funds at December 31, 2023, included:

- Share capital of €300 million,
- Issue premiums relating to share capital for €724 million,
- A reconciliation reserve[8] of €977 million classified as Tier 1,
- Subordinated debt of €625 million in Tier 2.

Regarding the breakdown of shareholders' equity, the analysis of the nature of original own funds has led to their classification for the most part as Tier 1. The subordinated debt issued in the form of bonds by COFACE SA in March 2014 and partially redeemed in September 2022, amounted to €233 million at December 31, 2023, and is classified as Tier 2 by applying the so-called *"grandfathering" mechanisms set out in Article 308b (10) of the Solvency II Directive*. Subordinated debts issued in September 2022 and November 2023 amounted to €315 million and €309 million respectively. €625 million of these debts are also classified as Tier 2, in accordance with Article 82 of Delegated Regulation 2009/138/EC.

Lastly, unavailable own funds were assessed at €78 million at December 31, 2023.

The Board of Directors of COFACE SA plans to propose to shareholders at the Annual General Meeting of May 16, 2024, the distribution of a dividend of €1.30 per share, bringing the payout ratio to 81% of net income.

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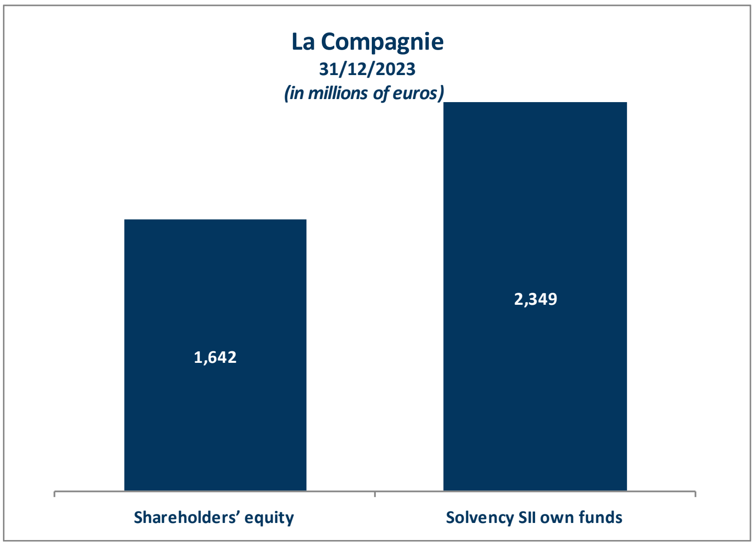
[8] *The reconciliation reserve as presented in the statement (S.23.01.t - ex OF-B1Q) is defined as equity excluding capital and premiums related to capital, less dividends payable.*

♦ **Compagnie française d'assurance pour le commerce extérieur**



The amount of eligible Solvency II shareholders' equity was €2,349 million at December 31, 2023.

Eligible own funds at December 31, 2023 included:

- Share capital of €137 million,
- Issue premiums relating to share capital for €620 million,
- A reconciliation reserve[9] of €1,087 million classified as Tier 1.
- Subordinated debt of €504 million in Tier 2.

Regarding the breakdown of shareholders' equity, the analysis of the nature of original own funds has led to their classification for the most part as Tier 1. In addition, the subordinated loans taken out with COFACE SA for a total of €782 million have characteristics identical to the subordinated debt issued by COFACE SA, and €504 million of those loans are classified as Tier 2 capital, in accordance with Article 82 of *Delegated Regulation 2009/138/EC*.

The Board of Directors of Compagnie française d'assurance pour le commerce extérieur planned to propose the distribution of a dividend of €2.78 per share at the Annual Shareholders' Meeting on May 13, 2024.

E.1.8 Additional ratios

Not applicable to either the Coface Group or Compagnie française d'assurance pour le commerce extérieur.

[9] *The reconciliation reserve as presented in the statement (S.23.01.t - ex OF-B1Q) is defined as equity excluding capital and premiums related to capital, less dividends payable.*

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Annual requirements

♦ **Standards used**

The calculations[10] were made in line with the most recent specifications in effect *(the Commission's delegated EU regulation 2015/35 of October 10, 2014)* in the SAS IRM software which enabled the Coface Group to generate the QRTs in XBRL format. Calculations for the partial internal model scope were made in line with specifications described in the approval file.

The risk-free rate curve used is the curve, without volatility adjustment, published by EIOPA applicable at the end of December 2023.

♦ **SCR**

The Group SCR at December 31, 2023 and 2022 breaks down as follows:

COFACE SA	**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**
Overall SCR (1)	**1,300**	**1,192**
Insurance SCR	1,060	969
SCR financial companies	239	223
Total eligible own funds (2)	**2,580**	**2,404**
S2 consolidated ratio (3) = (2)/(1)	**199%**	**202%**

Compagnie française d'assurance pour le commerce extérieur's SCR at December 31, 2023 and 2022 breaks down as follows (the amount of own funds does not take into account the adjustment for unavailable own funds):

La Compagnie	**As at Dec. 31**	
(in millions of euros)	**2023**	**2022**
Overall SCR (1)	**1,008**	**1,077**
Insurance SCR	1,008	1,077
SCR financial companies	0	0
Total eligible own funds (2)	**2,349**	**2,228**
S2 consolidated ratio (3) = (2)/(1)	**233%**	**207%**
S2 insurance ratio	233%	207%
MCR	**252**	**269**

[10] *The "transport", "legal protection" and "pecuniary losses" categories are non-material (less than 0.1% of gross earned company premiums and are included in the credit insurance LOB).*

E.2.2 Calculation methods used

The calculation methods **Compagnie** française d'assurance pour le commerce extérieur used are as follows:

- ♦ **Compagnie française pour le commerce extérieur**
- ♦ **Non-life SCR**

- **Premium and reserve SCR**

Volumes of premiums and reserves have been defined in accordance with article 116 of the Commission's delegated regulation (EU) 2015/35 of October 10, 2014.

- **Volume of reserves**

The volume of reserves used when calculating the own funds requirement is equal to the Best Estimate for reserves calculated in the balance sheet.

- **Volumes of premiums**

The volume measurement for Compagnie française d'assurance pour le commerce extérieur's premium risk is provided using the following formula (for an assessment date at 12/31/N):

Volume of premiums = Max (Earned premiums (N); Earned premiums (N+1)) + existing FP + future FP

The premiums used are net of policyholders' bonuses and rebates and net of reinsurance. The existing FP and future FP are calculated for each product line (Credit, Single Risk and Surety) in line with the following definitions:

- Existing FP represents the expected actual value of premiums to be acquired by Compagnie française d'assurance pour le commerce extérieur after the coming 12 months for existing contracts;
- Future FP represents the expected actual value of premiums to be acquired by Compagnie française d'assurance pour le commerce extérieur for contracts whose date of initial recognition occurs within the coming 12 months, excluding premiums to be acquired during the 12 months that follow 12/31/N.

- **Aggregation of premium and reserve risk**

The standard variances used correspond to those of the credit sector, i.e.:

- 19% applied to the volume of premiums,
- 17.2% applied to the volume of reserves.

The overall standard variance to be used in the context of the premiums and reserves risk is then obtained by allowing for a 50% correlation between these two risks.

The final value of the premiums and reserves risk is then obtained directly by taking three times the value of the overall standard variance multiplied by the volume of overall risk (sum of the volumes of reserves and premiums) in accordance with article 115 of the *Commission's delegated regulation (EU) 2015/35 of October 10, 2014*.

Indeed, it should be recalled that:

- Compagnie française d'assurance pour le commerce extérieur only works in a single segment ("6. Credit insurance and proportional reinsurance"), and therefore there is no correlation with other segments to be taken into account.
- Despite the wide geographical dispersion of Compagnie française d'assurance pour le commerce extérieur's activities, the Credit branch cannot take account of the correction factor in respect of geographical diversification, so there is no calculation of "DIV" to be made.

- **Catastrophe SCR**

Catastrophe risk for the "credit insurance and surety bond" business line takes into account two scenarios:

- A major risk corresponding to a plummet in the two largest portfolio exposures with a 10% loss rate, in accordance with regulations.
- A risk of recession corresponding to a deterioration in the overall economic climate and a mass loss experience.

Calculating Catastrophe SCR for credit and surety bond risks is described in Article 134 of the EU delegated regulation 2015/35 dated October 10, 2014.

- **Description of the external reinsurance program**

The Coface Group's external reinsurance is intended to cover frequency risk and the risk of recession. Frequency risk is addressed through quota-share treaties. Catastrophe risk is addressed by means of quota share treaties and two excess of loss treaties (by debtor and by country).

Risk of recession is addressed by quota share treaties and the stop-loss treaty against the disproportionate change in the frequency of claims.

- **Surrender risk**

In accordance with Article 118 of the European Commission delegated regulation EU 2015/35 of October 10, 2014, Compagnie française d'assurance pour le commerce extérieur measured net winding up SCR at €11 million at the end of 2023.

- **Aggregation of Non-life SCR**

The aggregation of these various risk modules is performed in accordance with article 114 of the Commission's delegated regulation (EU) 2015/35 of October 10, 2014, taking the various levels of correlation into account.

These calculations are also made gross of reinsurance so as to take into account the effect of mitigation of the risk relating to reinsurance in the type 1 default risk.

♦ Market SCR

- **Organisation**

For financial assets, COFACE SA and Compagnie française d'assurance pour le commerce extérieur use the PICIM platform managed by Amundi to supply SAS IRM. The service is intended to provide COFACE SA and Compagnie française d'assurance pour le commerce extérieur with portfolio inventories enhanced with unitary SCR characteristics and calculations per instrument at December 31, 2023. The PICIM portfolio represents 98% of the investment portfolio excluding equity investments and operating property.

The files provided correspond to book inventories supplied by the asset servicing provider to COFACE SA and Compagnie française d'assurance pour le commerce extérieur "CACEIS"'s financial assets portfolio and enriched by Amundi. Amundi supplies COFACE SA and Compagnie française d'assurance pour le commerce extérieur with Equity, Interest (only on financial assets), Spread and Property SCRs on its scope of consolidation.

The Concentration, Change and Interest SCRs (excluding financial assets) were calculated directly by SAS IRM, as were the shocks to be applied on the equity investments held.

- **Classification of securities**

The CIC field used for the accounting classification of each security is populated by Amundi in the files provided to COFACE SA and Compagnie française d'assurance pour le commerce extérieur.

- **Look-through of funds**

Asset classifications and SCR calculations were carried out on a line-by-line basis for most of the investment portfolio. The ultimate look-through principle has been applied for UCITS managed by Amundi (primarily money market UCITS). For UCITS not managed by Amundi, we have:

- either used the aggregate SCR calculated by the management companies,
- or applied the maximum SCR expense (Equity type II) for the seven UCITS for which calculation on a line-by-line basis was either unavailable or irrelevant.

- **Equities SCR**

Regarding equities held in portfolio, COFACE SA decided not to use the "grandfathering equity" clause for 2023, as in 2022.

- **Property SCR**

The scope of consolidation on Property SCR consists of 19.9% operating property, 0.1% investment property and 80.0% supports whose underlying assets are property assets.

♦ Default SCR

Default SCR is calculated to assess counterparty risk. It is based on the provisions ceded to the Group's reinsurers at their Best Estimate value (market value) minus the amount of financial sureties (cash deposits, pledges of securities or letters of credit) provided by reinsurers for the Company's benefit.

♦ Simplifications used

- **Capacity for absorption by deferred taxes**

For Compagnie française d'assurance pour le commerce extérieur, we calculated the adjustment related to the capacity to absorb shock via deferred taxes (SCR adjustment) based on the net deferred tax liability position for each entity limited to a maximum capacity assessed as (BSCR_2023 + Operational SCR_2023) *Tax rate_2023. Entities in a net deferred tax asset position have a zero SCR adjustment.

♦ Problems and difficulties encountered

Certain risk reduction mechanisms used by Compagnie française d'assurance pour le commerce extérieur cannot be taken into account in the standard formula even though they represent a major challenge for the Company. This involves:

- The possibility of reducing exposure at any time without waiting until the end of the policy,
- Disbursement limits.

COFACE SA

The calculation method for COFACE SA is described below.

The premium, natural disaster, and reserve SCR for the "credit insurance" scope is estimated using a partial internal model developed by the Coface Group. The partial internal model developed by the Coface Group covers non-life underwriting risk for credit insurance activities of the Group's accounting scope of consolidation. The purpose of this model is two-fold:

- to gain a clear understanding of this risk when calculating the regulatory capital requirement,
- to run a tool that enhances existing technical analyses in various operational processes.

The capital requirement (SCR rated) of non-life underwriting risk for the partial internal model is calculated as a Value-At-Risk for the underwriting income (as an economic view) over one year.

$$SCR_{Souscription\ Non-Vie,Crédit} = -\mathbb{V}aR_{0.5\%}[Résultat\_Technique]$$

Both the financial and management data used for Coface's partial internal model are fit for purpose. To guarantee it, Coface practices dedicated governance for data quality, including controls that meet three data quality criteria: completeness, consistency, and appropriateness. These controls are reviewed on a quarterly basis by all the regional data quality agents and local points of contact.

Non-life SCR

Premium, reserve and natural disaster SCR

The partial internal model is structured according to the following modules and sub-modules:

- "Reserves risk" module, which models the risk of the claims provision best estimate to pay sliding in one year;
- "Risk of premiums and natural disasters" module, which breaks down as follows:
  - "Default generator", which simulates exposure at default among all COFACE SA's exposures;
  - "Portfolio loss ratio", which estimates claims paid, net of recourse, using exposure at default;
  - "Premiums, fees, exposure and profit-sharing", which models the other items in the underwriting income statement.
- "Reinsurance" module, which models COFACE SA's external reinsurance agreements.

These different modules simulate a large number of underwriting income statements net of reinsurance at one year, then help obtain the solvency capital required for covered risks via the 99.5% quantile of the distribution of underwriting income net of reinsurance.

The premium, natural disaster, and reserve SCR within the scope of "other income" is estimated using the standard formula according to the method described for Compagnie française d'assurance pour le commerce extérieur.

Description of the external reinsurance program

The Coface Group's external reinsurance is intended to cover frequency risk and the risk of recession. Frequency risk is addressed through quota-share treaties. Catastrophe risk is addressed by means of quota share treaties and two excess of loss treaties (by debtor and by country).

Risk of recession is addressed by quota share treaties and the stop-loss treaty against the disproportionate change in the frequency of claims.

- **Winding-up risk**

In accordance with Article 118 of the European Commission delegated regulation EU 2015/35 of October 10, 2014, COFACE SA measured winding-up SCR at the end of 2023 at €22 million.

- **Aggregation of Non-life SCR**

The diversification effects in the Internal Model result from the application of aggregation methods for different risks, portfolios and entities (with different geographical locations).

Diversification between premium, reserve and catastrophe risks in the partial internal model is achieved in simulation within the projection model via Gaussian copulas.

Premium, reserve and natural disaster risks of the other insurance activities are calculated using the standard formula and estimate non-life underwriting risk (excluding disposal) of other insurance activities. The capital requirement for non-life underwriting risks (excluding winding up) of Coface's insurance activities is obtained by aggregating the requirement of its credit insurance activities (measured using the partial internal model) and the requirement of the insurance activities excluding credit (measured using the standard formula) using a correlation coefficient calibrated on historical data.

The winding-up risk for all products is estimated then combined with a correlation of 0% in accordance with regulatory provisions.

- **Market SCR**

Market SCR is obtained via the standard formula, the same way as the method described for Compagnie française d'assurance pour le commerce extérieur.

- **Default SCR**

The counterparty default SCR is obtained via the standard formula, the same way as the method described for Compagnie française d'assurance pour le commerce extérieur.

- **Simplifications used**

  - **Capacity for absorption by deferred taxes**

For COFACE SA and Compagnie française d'assurance pour le commerce extérieur, we calculated the adjustment related to the capacity to absorb shock via deferred taxes (SCR adjustment) based on the net deferred tax liability position for each entity limited to a maximum capacity assessed as (BSCR_2023 + Operational SCR_2023) *Tax rate_2023. Entities in a net deferred tax asset position have a zero SCR adjustment.

E.2.3 Minimum capital requirement

The minimum capital requirement is calculated as follows:

$MCR=\max(MCR_{combined}; AMCR)$

Where:

(a) $MCR_{combined}$ represents the combined minimum capital requirement;

(b) *AMCR* represents the absolute floor referred to in article 129(1)(d) of Directive 2009/138/EC and article 253 of these regulations.

The combined minimum capital requirement is calculated as follows:

$MCR_{combined}=\min(\max(MCR_{linear}; 0.25*SCR); 0.45*SCR)$

Where:

(a) MCR_{linear} represents the linear minimum capital requirement, calculated in accordance with articles 249 to 251;

(b) *SCR* represents the solvency capital requirement, calculated in accordance with chapter V, or chapter VI if the use of a full or partial internal model has been approved.

The data used to calculate the minimum capital requirement is as follows:

- SCR,
- Best estimate,
- Net reinsurance premiums for the financial year.

Detailed capital requirement calculation La Compagnie *(in millions of euros)*		**As at Dec. 31**	
		2023	**2022**
A	Technical provisions without a risk margin for non-life insurance and reinsurance commitments after deducting recoverable amounts under reinsurance contracts	500	484
B	Written premiums net of reinsurance	675	678
C	Solvency Capital Requirement - SCR	1,008	1,077
D=0.25*C	0.25*Solvency Capital Requirement	252	269
E=0.45*C	0.45*Solvency Capital Requirement	453	485
F	Risk factor relating to technical provisions for the Credit Insurance segment α	17.7%	17.7%
G	Risk factor relating to written premiums for the Credit Insurance segment β	11.3%	11.3%
H=(A*F)+(B*G)	Minimum Non-Life Capital Requirement	**252**	**269**
I=H	Minimum Linear Capital Requirement	165	162
J	Non-Life AMCR Level (absolute floor threshold)	4	4
K	**Combined MCR=min(max(I;0.25*C);0.45*C)**	**252**	**269**
Overall MCR	MCR=max (K;J)	252	269

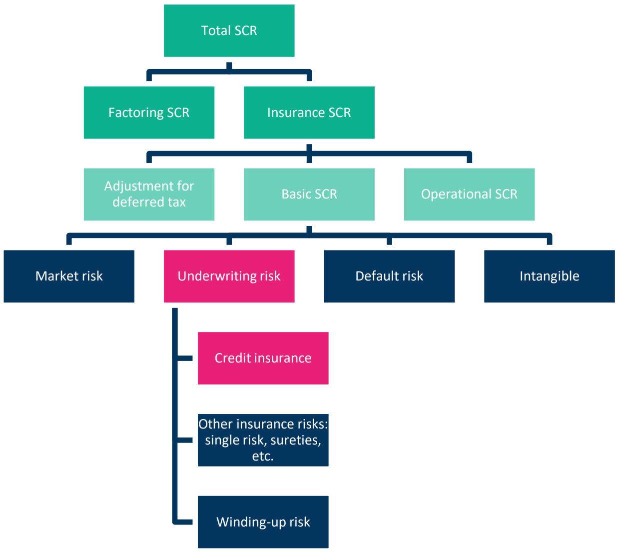
E.3 Use of the duration-based equity risk sub-module to calculate the solvency capital requirement

COFACE SA and Compagnie française d'assurance pour le commerce extérieur do not use the equity risk sub-module based on duration.

E.4 Difference between the standard formula and any internal model used

- **COFACE SA**

The diagram below summarises the various modules used to calculate the Coface Group's capital requirements for all businesses. The modules that use the internal model are highlighted in red.



The internal model has a different structure and calculation method from the standard formula. The capital requirement (SCR rated) of non-life underwriting risk for the partial internal model is calculated as a Value-At-Risk for the underwriting income (as an economic view) over one year.

$$SCR_{Souscription\ Non-Vie,Crédit} = -\mathbb{V}aR_{0.5\%}[Résultat\_Technique]$$

To this end, the partial internal model breaks down the income statement to understand credit insurance risks:

- Reserve risk, meaning losses related to having insufficient provisions to cover claim events that have taken place during previous financial years that have not yet been paid;
- Premium and natural disaster risk, meaning losses related to not having enough in premiums to cover the loss ratio in the coming year, based on measuring the main income statement items for the next year, namely:
  - premiums, net of profit-sharing,
  - claims for the current year (settlements, claim management fees and provisions),
  - administrative, sales and marketing expenses,

- reinsurance balance.

The partial internal model involves generating a large number of simulations (reflecting probable economic situations at one year) and calculating the related income statement. Based on these simulations, the distribution of net income is obtained. The VaR at 99.5% of this distribution represents the Credit Insurance Underwriting SCR.

More specifically, for the premium risk and catastrophe risk:

- the default exposure is simulated by the buyer using a Merton model integrated by global risk factors, countries and sectors.
- the final part of the certificate rendered by default is simulated by the successive application of three factors:
  - simulation of a UGD (Usage Given Default) factor which represents the change from defaulted exposure to the unpaid amount: DTS - Declaration of Threat of Sinister, or NOA - notification of Overdue Amount
  - CS Factor (Contractual Specificities), which represents the reduction of loss experience from contractual clauses: simulation of a claims ratio without further action taken and applying a determining factor to the first reserve amount.
  - simulation of a LGD (Loss Given Default) factor, which represents moving a first reserve to ultimate loss net of recourse.
- the ultimate loss simulation is based on segmentation and calibration specific to each phenomenon: PD (Probability of Default), UGD, CS, LGD. A classification tree approach associated with expert judgements is used.
- to this ultimate loss is added the claims experience for which the exposure is unknown: unspecified claims (or Blind Cover) and DCL (or Discretionary Credit Limit); unrelated claims.
- the other phenomena necessary to feed the income statement are projected: premiums, premiums and claims costs, premium accessories, profit sharing clauses (PS or Profit Sharing), evaluation of the Best Estimate (BE) of premiums at end N+1.

For the reserve risk, a distribution representing the variability of the 1-year Best Estimates is projected by a Bootstrap approach over six segments. A Gaussian copula is used to aggregate the distributions of the different segments; finally, the premium and reserve risk distributions are in turn aggregated by Gaussian copula.

The various reinsurance treaties, in QS (Quota-Share), XS (excess of loss) and SL (Stop Loss) are applied simulation by simulation. Distributions net of reinsurance feed into the distribution of the net income statement at the end of N+1, of which the VaR (Value-at-Risk) at 0.5% constitutes the credit insurance subscription SCR valued in the Partial Internal Model.

Thus, unlike the modelling of underwriting risk in credit insurance using the standard formula, the Internal Partial Model makes it possible to reflect Coface’s risk profile:

- projection of the required capital from the volume of exposure broken down into segments differentiated by level of risk, according to the quality of the exposure;
- taking into account the dependence between the risk factors world, countries and sectors, allowing to jointly model the risks of premiums and catastrophe, which vary simply by the intensity of the defaults.

Insofar as the Internal Partial Model applies to a limited scope of underwriting risk (credit insurance excluding termination risk and excluding single risk and surety business lines), the default integration methods proposed by the regulations are not suitable. The integration of the MIP in the standard formula can be summarized as follows:

- aggregation of the MIP SCR with the non-life SCR of other products, using a specifically calibrated correlation parameter;
- calculation of a MIP BSCR by aggregating the SCRs relating to the MIP perimeter with a specifically calibrated correlation matrix;
- calculation of a Standard BSCR Formula by aggregating the SCR relating to the Standard Formula scope with a correlation matrix of the standard formula;
- calculation of the total SCR by adding the two BSCR (PIM and Standard Formula scopes), adjusting for taxes and the SCR relating to operational risk.

Finally, the appropriateness of the data used in the MIP is monitored by a data quality system whose governance principles are defined within the data quality policy. This policy is approved by the Board of Directors.

The operational implementation of the policy is carried out by the data quality department:

- managed by the data quality manager, attached to the Business Technology Department;
- operated by data quality agents appointed within each of the seven regions, measured by qualitative and quantitative indicators and shared during ad hoc meetings (quarterly Data Quality Steering Committee).

♦ **Compagnie française d'assurance pour le commerce extérieur**

Compagnie française d'assurance pour le commerce extérieur does not use any internal model to calculate its requirements in prudential own funds.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

During the 2023 financial year, neither COFACE SA nor Compagnie française d'assurance pour le commerce extérieur failed to comply with the minimum capital requirement or the solvency capital requirement.

E.6 Other information

None.

/ F. APPENDICES

F. Annexes

F.1 Details of parent company-subsidiary relationships

Country	Entity	Consolidation Method	Percentage			
			Control DEC. 31,	Interest DEC. 31,	Control DEC. 31,	Interest DEC. 31,
Northern Europe						
Germany	Coface, Niederlassung in Deutschland (ex Coface Kreditversicherung)	-	Branch*		Branch*	
Germany	Coface Finanz GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Debitorenmanagement GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Rating Holding GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Coface Rating GMBH	Full	100.00%	100.00%	100.00%	100.00%
Germany	Kisselberg KG	Full	100.00%	100.00%	100.00%	100.00%
Germany	Fct Vega (Fonds de titrisation)	Full	100.00%	100.00%	100.00%	100.00%
Netherlands	Coface Nederland Services	Full	100.00%	100.00%	100.00%	100.00%
Netherlands	Coface Nederland	-	Branch*		Branch*	
Denmark	Coface Danmark	-	Branch*		Branch*	
Denmark	Coface Norden Services (Danmark Services)	Full	100.00%	100.00%	-	
Sweden	Coface Sverige	-	Branch*		Branch*	
Sweden	Coface Sverige Services AB (Sweden Services)	Full	100.00%	100.00%	-	
Norway	Coface Norway - SUCC (Coface Europe)	-	Branch*		Branch*	
Western Europe						
France	COFACE SA	Parent company	100.00%	100.00%	100.00%	100.00%
France	Compagnie française d'assurance pour le commerce extérieur	Full	100.00%	100.00%	100.00%	100.00%
France	Cofinpar	Full	100.00%	100.00%	100.00%	100.00%
France	Cogeri	Full	100.00%	100.00%	100.00%	100.00%
France	Fimipar	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 2 bis	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 bis	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 ter	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 3 quater	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 4	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 5 bis	Full	100.00%	100.00%	100.00%	100.00%
France	Fonds Colombes 6	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgium Services	Full	100.00%	100.00%	100.00%	100.00%
Belgium	Coface Belgique	-	Branch*		Branch*	
Switzerland	Coface Suisse	-	Branch*		Branch*	
Switzerland	Coface Services Suisse	Full	100.00%	100.00%	-	
Switzerland	Fonds Lausanne 2	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 2	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 2 bis	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 3	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 3 bis	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 5	Full	100.00%	100.00%	100.00%	100.00%
Switzerland	Fonds Lausanne 6	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK Holdings	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK Services	Full	100.00%	100.00%	100.00%	100.00%
UK	Coface UK	-	Branch*		Branch*	
Ireland	Coface Ireland	-	Branch*		Branch*	
Central Europe						
Austria	Coface Austria Kreditversicherung Service GmbH	-	0.00%	0.00%	100.00%	100.00%
Austria	Coface Central Europe Holding AG	Full	100.00%	100.00%	100.00%	100.00%
Austria	Compagnie francaise d´assurance pour le Commerce Exterieur SA Niederlassung Austria	-	Branch*		Branch*	
Hungary	Compagnie francaise d´assurance pour le commerce extérieur Hungarian Branch Office	-	Branch*		Branch*	
Hungary	Coface Hungary Insurance services	Full	100.00%	100.00%	Non consolidated	
Poland	Coface Poland Insurance Services	Full	100.00%	100.00%	100.00%	100.00%
Poland	Coface Poland Factoring Sp. z o.o.	Full	100.00%	100.00%	100.00%	100.00%
Poland	Compagnie francaise d'assurance pour le commerce exterieur Spólka Akcyjna Oddział w Polsce	-	Branch*		Branch*	
Czech Republic	Compagnie francaise d'assurance pour le commerce exterieur organizační složka Česko	-	Branch*		Branch*	
Romania	Coface Romania Insurance Services	Full	100.00%	100.00%	100.00%	100.00%
Romania	Compagnie francaise d'assurance pour le commerce exterieur S.A. Bois - Colombes – Sucursala Bucuresti	-	Branch*		Branch*	
Romania	Coface Technologie - Roumanie	-	Branch*		Branch*	
Slovakia	Compagnie francaise d´assurance pour le commerce extérieur, pobočka poisťovne z iného členského štátu	-	Branch*		Branch*	
Slovenia	Coface PKZ	-	Branch*		100.00%	100.00%
Lithuania	Compagnie Francaise d'Assurance pour le Commerce Exterieur Lietuvos filialas	-	Branch*		Branch*	
Lithuania	Coface Baltics Services	Full	100.00%	100.00%	-	
Bulgaria	Compagnie Francaise d'Assurance pour le Commerce Exterieur SA – Branch Bulgaria	-	Branch*		Branch*	
Russia	CJSC Coface Rus Insurance Company	Full	100.00%	100.00%	100.00%	100.00%
Croatia	Coface Adriatics	Full	100.00%	100.00%	Non consolidated	

Country	Entity	Consolidation Method	Percentage Control Dec. 31, 2020	Interest Dec. 31, 2020	Control Dec. 31, 2019	Interest Dec. 31, 2019
Mediterranean & Africa						
Italy	Coface Italy (Succursale)	-	Branch*		Branch*	
Italy	Coface Italia	Full	100.00%	100.00%	100.00%	100.00%
Israel	Coface Israel	-	Branch*		Branch*	
Israel	Coface Holding Israel	Full	100.00%	100.00%	100.00%	100.00%
Israel	BDI – Coface (business data Israel)	Full	100.00%	100.00%	100.00%	100.00%
South Africa	Coface South Africa	Full	75.00%	75.00%	75.00%	75.00%
South Africa	Coface South Africa Services	Full	100.00%	100.00%	100.00%	100.00%
Spain	Coface Servicios España,	Full	100.00%	100.00%	100.00%	100.00%
Spain	Coface Iberica	-	Branch*		Branch*	
Portugal	Coface Portugal	-	Branch*		Branch*	
Greece	Coface Grèce	-	Branch*		Branch*	
Greece	Coface Services Grèce	Full	100.00%	100.00%	100.00%	100.00%
Turquey	Coface Sigorta	Full	100.00%	100.00%	100.00%	100.00%
North America						
United States	Coface North America Holding Company	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface Services North America	Full	100.00%	100.00%	100.00%	100.00%
United States	Coface North America Insurance company	Full	100.00%	100.00%	100.00%	100.00%
Canada	Coface Canada	-	Branch*		Branch*	
Latin America						
Mexico	Coface Seguro De Credito Mexico SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Holding America Latina SA de CV	Full	100.00%	100.00%	100.00%	100.00%
Mexico	Coface Servicios Mexico. S.A.DE C.V.	Full	100.00%	100.00%	100.00%	100.00%
Brazil	Coface Do Brasil Seguros de Credito	Full	100.00%	100.00%	100.00%	100.00%
Chile	Coface Chile SA	Full	100.00%	100.00%	100.00%	100.00%
Chile	Coface Chile	-	Branch*		Branch*	
Argentina	Coface Argentina	-	Branch*		Branch*	
Argentina	Coface Sevicios Argentina S.A	Full	100.00%	100.00%	100.00%	100.00%
Ecuador	Coface Ecuador	-	Branch*		Branch*	
Colombia	Coface Service Colombia Ltda.	Full	94.98%	100.00%	Non consolidated	
Asia-Pacific						
Australia	Coface Australia	-	Branch*		Branch*	
Hong-Kong	Coface Hong Kong	-	Branch*		Branch*	
Japan	Coface Japon	-	Branch*		Branch*	
Japan	Coface Services Japan	Full	100.00%	100.00%	Non consolidated	
Singapore	Coface Singapour	-	Branch*		Branch*	
New Zealand	Coface New Zealand Branch	-	Branch*		Branch*	
Taiwan	Coface Taiwan	-	Branch*		Branch*	

*Branch of Compagnie française d'assurance pour le commerce extérieur

F.2 Quantitative reporting templates

Public disclosure QRTs Public Disclosure are declined in euros.

• S.02.01.02 Balance sheet – COFACE SA

S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	R0010	0.00
Deferred acquisition costs	R0020	0.00
Intangible assets	R0030	0.00
Deferred tax assets	R0040	34,390,004.42
Pension benefit surplus	R0050	
Property, plant & equipement held for own use	R0060	124,177,771.42
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,429,956,758.61
Property (other than for own use)	R0080	288,000.00
Participations and related undertakings	R0090	126,917,190.76
Equities	R0100	82,044,928.00
Equities - listed	R0110	74,621,961.00
Equities - unlisted	R0120	7,422,967.00
Bonds	R0130	2,272,841,450.11
Government Bonds	R0140	1,312,536,860.22
Corporate Bonds	R0150	960,304,589.89
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	800,109,078.30
Derivatives	R0190	3,910,471.00
Deposits other than cash equivalents	R0200	143,845,640.44
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	1,776,433.00
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	1,776,433.00
Reinsurance recoverables from:	R0270	234,903,533.59
Non-life and health similar to non-life	R0280	234,903,533.59
Non-life excluding health	R0290	234,903,533.59
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	7,367,594.00
Insurance and intermediaries receivables	R0360	329,870,011.62
Reinsurance receivables	R0370	208,835,360.49
Receivables (trade, not insurance)	R0380	982,157,812.88
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	403,158,157.89
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	5,756,593,437.92

		Solvency II value
Liabilities		**C0010**
Technical provisions - non-life	R0510	1,040,023,110.74
Technical provisions - non-life (excluding health)	R0520	1,040,023,110.74
Technical provisions calculated as a whole	R0530	0.00
Best Estimate	R0540	942,167,719.11
Risk margin	R0550	97,855,391.63
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	0.00
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	25,457,400.48
Pension benefit obligations	R0760	46,135,777.94
Deposits from reinsurers	R0770	933,431.00
Deferred tax liabilities	R0780	207,178,991.37
Derivatives	R0790	392,300.63
Debts owed to credit institutions	R0800	1.20
Financial liabilities other than debts owed to credit institutions	R0810	640,477,511.00
Insurance & intermediaries payables	R0820	108,558,744.81
Reinsurance payables	R0830	189,499,573.01
Payables (trade, not insurance)	R0840	415,017,586.46
Subordinated liabilities	R0850	856,045,750.00
Subordinated liabilities not in BOF	R0860	231,291,147.00
Subordinated liabilities in BOF	R0870	624,754,603.00
Any other liabilities, not elsewhere shown	R0880	59,102.64
Total liabilities	R0900	3,529,779,281.28
Excess of assets over liabilities	R1000	2,226,814,156.64

S.02.01.02 Balance sheet – La Compagnie

S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0.00
Deferred tax assets	R0040	66,946,930.27
Pension benefit surplus	R0050	
Property, plant & equipement held for own use	R0060	110,797,854.65
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2,839,310,544.77
Property (other than for own use)	R0080	288,000.00
Participations and related undertakings	R0090	357,776,364.51
Equities	R0100	82,044,928.00
Equities - listed	R0110	74,621,961.00
Equities - unlisted	R0120	7,422,967.00
Bonds	R0130	1,625,702,746.29
Government Bonds	R0140	919,888,840.12
Corporate Bonds	R0150	705,813,906.17
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	717,103,714.56
Derivatives	R0190	2,797,048.00
Deposits other than cash equivalents	R0200	53,597,743.41
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	181,735,293.00
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	181,735,293.00
Reinsurance recoverables from:	R0270	384,771,543.22
Non-life and health similar to non-life	R0280	384,771,543.22
Non-life excluding health	R0290	384,771,543.22
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	11,548,622.00
Insurance and intermediaries receivables	R0360	289,324,373.67
Reinsurance receivables	R0370	299,734,715.56
Receivables (trade, not insurance)	R0380	248,155,018.04
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	274,962,320.55
Any other assets, not elsewhere shown	R0420	0.00
Total assets	R0500	4,707,287,215.73

		Solvency II value
Liabilities		**C0010**
Technical provisions - non-life	R0510	982,160,739.89
Technical provisions - non-life (excluding health)	R0520	982,160,739.89
Technical provisions calculated as a whole	R0530	0.00
Best Estimate	R0540	884,989,620.96
Risk margin	R0550	97,171,118.93
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	21,233,712.82
Pension benefit obligations	R0760	46,698,157.93
Deposits from reinsurers	R0770	20,470,518.27
Deferred tax liabilities	R0780	180,160,385.16
Derivatives	R0790	356,921.63
Debts owed to credit institutions	R0800	23,026.53
Financial liabilities other than debts owed to credit institutions	R0810	-1.00
Insurance & intermediaries payables	R0820	122,031,383.08
Reinsurance payables	R0830	284,304,112.44
Payables (trade, not insurance)	R0840	323,256,266.57
Subordinated liabilities	R0850	781,798,794.00
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	503,774,359.00
Any other liabilities, not elsewhere shown	R0880	59,102.64
Total liabilities	R0900	2,762,553,119.96
Excess of assets over liabilities	R1000	1,944,734,095.77

S.05.01.02 Premiums, claims and expenses by line of business – COFACE SA

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110									1,478,795,252.55								1,478,795,252.55
Gross - Proportional reinsurance accepted	R0120									129,176,556.47								129,176,556.47
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140									432,771,832.57								432,771,832.57
Net	R0200									1,175,199,976.50								1,175,199,976.40
Premiums earned																		
Gross - Direct Business	R0210									1,471,564,270.76								1,471,564,270.76
Gross - Proportional reinsurance accepted	R0220									130,354,761.10								130,354,761.10
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240									424,014,680.05								424,014,680.05
Net	R0300									1,177,904,351.85								1,177,904,351.85
Claims incurred																		
Gross - Direct Business	R0310									465,768,631.02								465,768,631.02
Gross - Proportional reinsurance accepted	R0320									33,899,362.39								33,899,362.39
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340									122,776,960.20								122,776,960.20
Net	R0400									376,891,033.21								376,891,033.21
Expenses incurred	R0550									540,724,613.18								540,724,613.18
Balance - other technical expenses/income	R1210																	
Total technical expenses	R1300																	541,320,280.32

• S.05.01.02 Premiums, claims and expenses by line of business – La Compagnie

S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110									1,229,283,965.12								1,229,283,965.12
Gross - Proportional reinsurance accepted	R0120									239,336,332.48								239,336,332.48
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140									754,793,484.51								754,793,484.51
Net	R0200									713,826,813.07								713,826,813.07
Premiums earned																		
Gross - Direct Business	R0210									1,226,873,179.47								1,226,873,179.47
Gross - Proportional reinsurance accepted	R0220									237,011,336.52								237,011,336.52
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240									747,093,976.68								747,093,976.68
Net	R0300									716,790,539.34								716,790,539.34
Claims incurred																		
Gross - Direct Business	R0310									364,545,871.68								364,545,871.68
Gross - Proportional reinsurance accepted	R0320									103,066,489.88								103,066,489.88
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340									220,627,243.98								220,627,243.98
Net	R0400									246,985,117.58								246,985,117.58
Expenses incurred	R0550									302,262,845.22								302,262,845.22
Balance - other technical expenses/income	R1210																	
Total technical expenses	R1300																	302,826,745.86

S.05.02.04 Premiums, claims and expenses by country – COFACE SA

S.05.02.04
Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
	R0010		ITALY	GERMANY	UNITED STATES	SPAIN	NETHERLANDS	
		C0080	C0090	C0090	C0090	C0090	C0090	C0140
Premiums written								
Gross - Direct Business	R0110	206,102,239.00	253,038,310.00	174,212,732.00	133,340,466.84	109,064,910.00	61,845,325.00	937,603,982.84
Gross - Proportional reinsurance accepted	R0120	36,760,140.00			69,623,072.14			106,383,212.14
Gross - Non-proportional reinsurance accepted	R0130	0.00			0.00			0.00
Reinsurers' share	R0140	10,691,400.00	2,374,605.00	1,273,973.00	632,190.81		622,112.00	15,594,280.81
Net	R0200	232,170,979.00	250,663,705.00	172,938,759.00	202,331,348.17	109,064,910.00	61,223,213.00	1,028,392,914.17
Premiums earned								
Gross - Direct Business	R0210	209,420,995.00	241,716,818.00	178,108,263.00	132,200,418.10	109,869,548.00	61,145,034.00	932,461,076.10
Gross - Proportional reinsurance accepted	R0220	36,148,870.00			68,958,541.10			105,107,411.10
Gross - Non-proportional reinsurance accepted	R0230	0.00			0.00			0.00
Reinsurers' share	R0240	10,907,604.00	2,385,405.00	1,273,973.00	633,073.26		622,112.00	15,822,167.26
Net	R0300	234,662,261.00	239,331,413.00	176,834,290.00	200,525,885.94	109,869,548.00	60,522,922.00	1,021,746,319.94
Claims incurred								
Gross - Direct Business	R0310	46,280,671.00	62,253,690.00	39,108,484.00	32,444,450.17	50,218,348.00	19,806,708.00	250,112,351.17
Gross - Proportional reinsurance accepted	R0320	15,909,526.00			15,389,514.65			31,299,040.65
Gross - Non-proportional reinsurance accepted	R0330	0.00			0.00			0.00
Reinsurers' share	R0340	-19,991,687.00	-3,964,662.00	-631,759.00	1,032,293.45		-197,370.00	-23,753,184.55
Net	R0400	82,181,884.00	66,218,352.00	39,740,243.00	46,801,671.37	50,218,348.00	20,004,078.00	305,164,576.37
Expenses incurred	R0550	160,867,778.00	126,026,579.00	113,541,556.00	90,851,333.08	49,133,496.00	34,527,699.00	574,948,441.08
Balance - other technical expenses/income	R1210							
Total technical expenses	R1300							575,512,345.08

• S.04.05.21 Premiums, claims and expenses by country – La Compagnie

S.04.05.21

Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations	Country (by amount of gross premiums written) - non-life obligations
		C0010	C0020	C0020	C0020	C0020	C0020
	R0010		IT	DE	ES	NL	GB
Premiums written (gross)							
Gross Written Premium (direct)	R0020	206,102,239.00	253,038,310.00	174,212,732.00	109,064,910.00	61,845,325.00	53,791,706.24
Gross Written Premium (proportional reinsurance)	R0021	36,760,140.00					
Gross Written Premium (non-proportional reinsurance)	R0022	0.00					
Premiums earned (gross)							
Gross Earned Premium (direct)	R0030	209,420,995.00	241,716,818.00	178,108,263.00	109,869,548.00	61,145,034.00	56,802,679.29
Gross Earned Premium (proportional reinsurance)	R0031	36,148,870.00					
Gross Earned Premium (non-proportional reinsurance)	R0032	0.00					
Claims incurred (gross)							
Claims incurred (direct)	R0040	46,280,671.00	62,253,690.00	39,108,484.00	50,218,348.00	19,806,708.00	19,264,727.88
Claims incurred (proportional reinsurance)	R0041	15,909,526.00					
Claims incurred (non-proportional reinsurance)	R0042	0.00					
Expenses incurred (gross)							
Gross Expenses Incurred (direct)	R0050	108,558,216.00	96,723,684.00	70,433,240.00	35,592,776.00	28,573,895.00	19,758,923.78
Gross Expenses Incurred (proportional reinsurance)	R0051	10,001,489.00					
Gross Expenses Incurred (non-proportional reinsurance)	R0052	0.00					

S.17.01.02 Non-life Technical Provisions – La Compagnie

S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060									65,647,669.39								65,647,669.39
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140									20,559,090.88								20,559,090.88
Net Best Estimate of Premium Provisions	R0150									45,088,578.51								45,088,578.51
Claims provisions																		
Gross	R0160									819,341,951.71								819,341,951.71
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240									364,212,452.84								364,212,452.84
Net Best Estimate of Claims Provisions	R0250									455,129,498.86								455,129,498.86
Total Best estimate - gross	R0260									884,989,621.10								884,989,621.10
Total Best estimate - net	R0270									500,218,077.38								500,218,077.38
Risk margin	R0280									97,171,118.57								97,171,118.57
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320									982,160,739.67								982,160,739.67
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330									384,771,543.72								384,771,543.72
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340									597,389,195.94								597,389,195.94

• S.19.01.21 Non-life Insurance Claims Information – La Compagnie (1/4)

S.19.01.21
Non-life Insurance Claims Information

Accident year / Underwriting year	**Z0020**	

Gross Claims Paid (non-cumulative)
(absolute amount)

Year		**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											-7,416,501.61
N-9	**R0160**	84,670,470.00	306,455,420.00	135,529,170.00	31,588,290.00	2,551,810.00	-7,168,010.00	-5,226,050.00	3,798,680.00	-1,714,380.00	-3,335,600.18	
N-8	**R0170**	57,086,550.00	278,507,420.00	84,677,620.00	9,481,730.00	-11,127,730.00	-2,635,020.00	5,051,370.00	25,620,460.00	-3,152,113.68		
N-7	**R0180**	70,148,560.00	243,641,670.00	92,697,170.00	28,782,780.00	2,361,030.00	2,499,080.00	31,682,830.00	-1,893,226.09			
N-6	**R0190**	52,477,910.00	233,067,180.00	87,371,870.00	22,069,480.00	2,254,120.00	-4,104,700.00	13,968,849.48				
N-5	**R0200**	63,861,550.00	248,768,890.00	86,113,300.00	16,546,260.00	-1,717,720.00	-1,352,957.56					
N-4	**R0210**	62,300,520.00	288,478,460.00	86,844,840.00	-3,463,740.00	-2,193,445.51						
N-3	**R0220**	62,842,250.00	123,886,680.00	27,112,770.00	-1,882,095.56							
N-2	**R0230**	19,721,360.00	160,350,430.00	61,254,174.43								
N-1	**R0240**	41,935,420.00	256,647,493.34									
N	**R0250**	54,401,628.57										

- <u>**S.19.01.01 Non-life Insurance Claims Information – La Compagnie (2/4)**</u>

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	-7,416,501.61	-7,416,501.61
R0160	-3,335,600.18	547,149,799.82
R0170	-3,152,113.68	443,510,286.32
R0180	-1,893,226.09	469,919,893.91
R0190	13,968,849.48	407,104,709.48
R0200	-1,352,957.56	412,219,322.44
R0210	-2,193,445.51	431,966,634.49
R0220	-1,882,095.56	211,959,604.44
R0230	61,254,174.43	241,325,964.43
R0240	256,647,493.34	298,582,913.34
R0250	54,401,628.57	54,401,628.57
R0260	365,046,205.63	3,510,724,255.63

S.19.01.01 Non-life Insurance Claims Information – La Compagnie (3/4)

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											52,580,501.87
N-9	R0160									3,968,026.67	3,327,060.66	
N-8	R0170								15,220,869.08	12,545,110.26		
N-7	R0180							11,506,569.05	7,994,408.84			
N-6	R0190						24,289,248.59	9,996,862.50				
N-5	R0200					17,331,229.44	15,462,471.08					
N-4	R0210				23,409,788.41	37,350,885.69						
N-3	R0220			26,028,020.18	48,842,851.28							
N-2	R0230		188,963,335.38	40,019,754.06								
N-1	R0240	437,515,535.68	222,882,559.91									
N	R0250	414,449,159.80										

- **S.19.01.01 Non-life Insurance Claims Information – La Compagnie (4/4)**

		Year end (discounted data)
		C0360
	R0100	50,863,716.98
	R0160	3,217,560.34
	R0170	12,165,946.54
	R0180	7,735,241.94
	R0190	9,497,501.21
	R0200	14,396,406.46
	R0210	34,630,354.70
	R0220	39,399,789.40
	R0230	37,367,356.13
	R0240	213,202,535.11
	R0250	396,865,542.89
Total	R0260	819,341,951.71

- ## S.23.01.22 Own funds – COFACE SA (1/3)

S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction						
Ordinary share capital (gross of own shares)	R0010	300,359,583.63	300,359,583.63			
Non-available called but not paid in ordinary share capital to be deducted at group level	R0020	0.00	0.00		0.00	
Share premium account related to ordinary share capital	R0030	723,501,448.40	723,501,448.40			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts to be deducted at group level	R0060	0.00		0.00	0.00	0.00
Surplus funds	R0070					
Non-available surplus funds to be deducted at group level	R0080					
Preference shares	R0090					
Non-available preference shares to be dedcuted at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120	0.00		0.00	0.00	0.00
Reconciliation reserve	R0130	977,171,269.49	977,171,269.49			
Subordinated liabilities	R0140	624,754,603.00			624,754,603.00	
Non-available subordinated liabilities to be deducted at group level	R0150	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	R0160	31,999,078.92				31,999,078.92
The amount equal to the value of net deferred tax assets not available to be deducted at the group level	R0170	6,857,092.44				6,857,092.44
Other items approved by supervisory authority as basic own funds not specified above	R0180	0.00	0.00	0.00	0.00	0.00
Non available own funds related to other own funds items approved by supervisory authority	R0190	0.00	0.00	0.00	0.00	0.00
Minority interests	R0200					
Non-available minority interests to be deducted at group level	R0210	0.00	0.00	0.00	0.00	0.00
be classified as Solvency II own funds						
classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	239,497,084.00	239,497,084.00			
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	R0260					
Total of non-available own fund items to be deducted	R0270	77,587,194.82	70,730,102.38			6,857,092.44
Total deductions	R0280	317,084,278.82	310,227,186.38			6,857,092.44

S.23.01.22 Own funds – COFACE SA (2/3)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total basic own funds after deductions	R0290	2,340,701,704.62	1,690,805,115.14	0.00	624,754,603.00	25,141,986.48
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds to be dedcuted at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated undertakings carrying out financial activities	R0430	239,497,084.00	239,497,084.00			
Total own funds of other financial sectors	R0440	239,497,084.00	239,497,084.00			
Own funds when using the D&A, exclusively or in combination with method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and combination of method net of IGT	R0460					
undertakings included via D&A)	R0520	2,340,701,704.62	1,690,805,115.14	0.00	624,754,603.00	25,141,986.48
Total available own funds to meet the minimum consolidated group SCR	R0530	2,315,559,718.14	1,690,805,115.14	0.00	624,754,603.00	
undertakings included via D&A)	R0560	2,340,701,704.62	1,690,805,115.14	0.00	624,754,603.00	25,141,986.48
Total eligible own funds to meet the minimum consolidated group SCR	R0570	1,755,794,774.06	1,690,805,115.14	0.00	64,989,658.91	
Minimum consolidated Group SCR	R0610	324,948,294.57				

S.23.01.22 Own funds – COFACE SA (3/3)

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	5.40				
included via D&A)	R0660	2,580,198,788.62	1,930,302,199.14	0.00	624,754,603.00	25,141,986.48
Total Group SCR	R0680	1,299,793,178.28				
Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A	R0690	1.99				

		Value
		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,226,814,156.64
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	193,782,776.20
Other basic own fund items	R0730	1,055,860,110.95
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0.00
Other non available own funds	R0750	
Reconciliation reserve	R0760	977,171,269.49
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

• S.23.01.01 Own funds – La Compagnie (1/2)

S.23.01.01
Own funds

		Total	Tier 1 -	Tier 1 -	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	137,052,417.00	137,052,417.00			
Share premium account related to ordinary share capital	R0030	620,149,416.00	620,149,416.00			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	1,087,532,262.77	1,087,532,262.77			
Subordinated liabilities	R0140	503,774,359.00			503,774,359.00	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	2,348,508,454.77	1,844,734,095.77		503,774,359.00	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					

- **S.23.01.01 Own funds – La Compagnie (2/2)**

		Total	Tier 1 -	Tier 1 -	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	2,348,508,454.77	1,844,734,095.77		503,774,359.00	
Total available own funds to meet the MCR	R0510	2,348,508,454.77	1,844,734,095.77		503,774,359.00	
Total eligible own funds to meet the SCR	R0540	2,348,508,454.65	1,844,734,095.77	0.00	503,774,358.88	0.00
Total eligible own funds to meet the MCR	R0550	1,895,111,531.66	1,844,734,095.77	0.00	50,377,435.89	
SCR	R0580	1,007,548,717.76				
MCR	R0600	251,887,179.44				
Ratio of Eligible own funds to SCR	R0620	2.33				
Ratio of Eligible own funds to MCR	R0640	7.52				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,944,734,095.77
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	100,000,000.00
Other basic own fund items	R0730	757,201,833.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0.00
Reconciliation reserve	R0760	1,087,532,262.77
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	48,430,938.00
Total Expected profits included in future premiums (EPIFP)	R0790	48,430,938.00

S.25.01.22 SCR - for groups using the standard formula – COFACE SA

S.25.01.22
Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	328,773,466.89	
Counterparty default risk	R0020	171,958,593.09	
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050	1,311,512,746.15	
Diversification	R0060	-286,755,924.54	
Intangible asset risk	R0070	0.16	
Basic Solvency Capital Requirement	R0100	1,525,488,881.74	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	46,661,222.80
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	-142,461,175.57
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on	R0200	1,429,688,928.98
Capital add-ons already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Consolidated Group SCR	R0220	1,652,900,245.98
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0.00
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0.00
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0.00
Minimum consolidated group solvency capital requirement	R0470	413,225,061.49
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	223,211,317.00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0.00
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated undertakings carrying out financial activities	R0530	223,211,317.00
Capital requirement for non-controlled participation	R0540	
Capital requirement for residual undertakings	R0550	
Capital requirement for collective investment undertakings or investments packaged as funds	R0555	
Overall SCR		
SCR for undertakings included via D&A method	R0560	
Total group solvency capital requirement	R0570	1,652,900,245.98

• S.25.05.22 SCR - for groups using the partial internal model – COFACE SA

S.25.05.22
Solvency Capital Requirement - for groups using an internal model (partial or full)

Component - specific information

		Solvency Capital	Amount	USP	Simplifications
		C0010	C0070	C0090	C0120
Risk type					
Total diversification	R0020				
Total diversified risk before tax	R0030				
Total diversified risk after tax	R0040				
Total market & credit risk	R0070	455,176,520.13	0.00		
Market & Credit risk - diversified	R0080	-160,043,444.20	0.00		
Credit event risk not covered in market & credit risk	R0190				
Credit event risk not covered in market & credit risk - diversified	R0200				
Total Business risk	R0270				
Total Business risk - diversified	R0280				
Total Net Non-life underwriting risk	R0310	846,168,945.20	750,126,474.03		
Total Net Non-life underwriting risk - diversified	R0320	-21,395,711.24	0.00		
Total Life & Health underwriting risk	R0400				
Total Life & Health underwriting risk - diversified	R0410				
Total Operational risk	R0480	48,057,570.96	0.00		
Total Operational risk - diversified	R0490				
Other risk	R0500				

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	1,216,490,482.66
Diversification	R0060	-156,194,388.37
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement calculated on the basis of Art. 336 (a) of Delegated Regulation (EU) 2015/35, excluding capital add-on	R0200	1,060,296,094.28
Capital add-ons already set	R0210	0.00
of which, Capital add-ons already set - Article 37 (1) Type a	R0211	
of which, Capital add-ons already set - Article 37 (1) Type b	R0212	
of which, Capital add-ons already set - Article 37 (1) Type c	R0213	
of which, Capital add-ons already set - Article 37 (1) Type d	R0214	
Consolidated Group SCR	R0220	1,299,793,178.28
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	-132,912,553.63
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	324,948,294.57
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	239,497,084.00
institutions, alternative investment funds managers, UCITS management companies	R0510	.
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
carrying out financial activities	R0530	239,497,084.00
Capital requirement for non-controlled participation	R0540	
Capital requirement for residual undertakings	R0550	
Capital requirement for collective investment undertakings or investments packaged as funds	R0555	0.00
Overall SCR		
SCR for undertakings included via D&A method	R0560	
Total group solvency capital requirement	R0570	1,299,793,178.28

- **S.25.01.21 SCR - for undertakings on Standard Formula – La Compagnie**

S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	288,678,085.22	
Counterparty default risk	R0020	167,874,471.71	
Life underwriting risk	R0030		
Health underwriting risk	R0040		
Non-life underwriting risk	R0050	857,254,262.25	
Diversification	R0060	-246,905,253.11	
Intangible asset risk	R0070	0.00	
Basic Solvency Capital Requirement	R0100	1,066,901,566.07	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	43,916,535.48
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	-103,269,383.79
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1,007,548,717.76
Capital add-on already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	1,007,548,717.76
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	0.00
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0.00
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0.00

Approach to tax rate		C0109
Approach based on average tax rate	R0590	Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
LAC DT	R0640	-103,269,383.79
LAC DT justified by reversion of deferred tax liabilities	R0650	-103,269,383.79
LAC DT justified by reference to probable future taxable economic profit	R0660	0.00
LAC DT justified by carry back, current year	R0670	0.00
LAC DT justified by carry back, future years	R0680	0.00
Maximum LAC DT	R0690	0.00

- ## S.28.01.01 MCR - Only life or only non-life insurance or reinsurance activity – La Compagnie

S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	**R0010**	164,773,846.94

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole provisions	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expenses and proportional reinsurance	**R0020**		
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**		
Other motor insurance and proportional reinsurance	**R0060**		
Marine, aviation and transport insurance and proportional reinsurance	**R0070**		
Fire and other damage to property insurance and proportional reinsurance	**R0080**		
General liability insurance and proportional reinsurance	**R0090**		
Credit and suretyship insurance and proportional reinsurance	**R0100**	500,218,077.38	674,648,205.74
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	**R0200**	-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole provisions	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		-
Obligations with profit participation - future discretionary benefits	**R0220**		-
Index-linked and unit-linked insurance obligations	**R0230**		-
Other life (re)insurance and health (re)insurance obligations	**R0240**	-	
Total capital at risk for all life (re)insurance obligations	**R0250**	-	-

Overall MCR calculation		C0070
Linear MCR	**R0300**	164,773,846.94
SCR	**R0310**	1,007,548,717.76
MCR cap	**R0320**	453,396,922.99
MCR floor	**R0330**	251,887,179.44
Combined MCR	**R0340**	251,887,179.44
Absolute floor of the MCR	**R0350**	4,000,000.00
Minimum Capital Requirement	**R0400**	251,887,179.44

S.32.01.22 Undertakings in the scope of the group – COFACE SA (1/3)

S.32.01.22
Undertakings in the scope of the group

Identification code and type of code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	[YES/NO]	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LEI/213800HKUQBHEN7LHG17	GB	Coface UK Holdings Limited	Mixed financial holding company as defined in Art. 212§1 [h] of Directive 2009/138/EC	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800LK258I58TRLP18	GB	Coface UK Services Ltd	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited Company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800VWFVJ3PDANBK42	IL	Coface Holding Israel	Mixed financial holding company as defined in Art. 212§1 [h] of Directive 2009/138/EC	Limited company	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/213800W324V1DP573Y92	IL	Business Data Information	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited company	Non-mutual	ILITA The Israeli Law Information and Techology Authority. Ministry of Justice	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/253400TQL1PRQT3MR535	RU	Coface RUS Insurance Company	Non-Life undertakings	Ltd	Non-mutual	Central Bank of Russian Federation	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/259400ZFRKNWZW6V1196	PL	Coface Poland Factoring	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	LLC	Non-mutual	KNF - Komisja Nadzoru Finansowego	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/5299006D8U9HJM9FY889	DE	Coface Debitoren (ex-ADGC)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900F0GY4C443UEI96	DE	Coface Finanz (ex-AKCF)	Credit institutions, investment firms and financial institutions	GmbH	Non-mutual	BaFin / Deutsche Bundesbank	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900HMUTQF2EKYEN39	DE	cofacerating.de GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900OUQBJGH5QC4B66	AT	Coface Central Europe Holding	Mixed financial holding company as defined in Art. 212§1 [h] of Directive 2009/138/EC	Limited Liability Company / GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900UYKF95GQF4OK48	DE	Cofacerating-Holding GmbH	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900VLW25U8Q4MI292	ZA	Coface South Africa Services (ex-CUAL)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	LIMITED	Non-mutual	Prudential Authority-370 Helen Joseph Street, Pretoria, 0002	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/529900ZEEQUB7KU8UA23	ZA	Coface South Africa	Non-Life undertakings	LIMITED	Non-mutual	FSCA-41 Matroosberg Rd, Ashlea Gardens, Pretoria, 0002	74.99%	74.99%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/5493000AP6VMDH674E08	US	Coface North America Holding Company	Mixed-activity insurance holding company as defined in Art. 212§1 [g] of Directive 2009/138/EC	Corporation	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/5493007N150J79H7D539	CL	Coface Chile S.A. (Insurance)	Non-Life undertakings	S.A.	Non-mutual	Comisión para el Mercado Financiero (CMF)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300AE9J7SZR49FT70	BE	Coface Belgium Services Holding (ex-RBB)	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300AH1830FZ5MTX33	US	Coface Services North America Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Corporation	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation

- <u>**S.32.01.22 Undertakings in the scope of the group – COFACE SA (2/3)**</u>

LEI/549300HBAICZQX96YF53	US	Coface North America Insurance Company	Non-Life undertakings	Corporation	Non-mutual	Office of Consumer Affairs and Business Regulation (OCABR)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300L2E9PESIFA5849	CH	Coface RE SA	Reinsurance undertakings	SA	Non-mutual	FINMA Laupenstrasse 27 CH – 3003 Berne	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300R49CJGOAHFN339	BR	Coface Do brasil Seguros de Credito	Non-Life undertakings	S.A.	Non-mutual	Superintendência de Seguros Privados (SUSEP)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300U436DACQWABG4 2	MX	Coface Holding America Latina S.A	Mixed-activity insurance holding company as defined in Art. 212§1 [g] of Directive 2009/138/EC	S.A. de C.V.	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/549300VKNSGSISZ5SJ15	MX	Coface Seguro de Credito Mexico	Non-Life undertakings	S.A. de C.V.	Non-mutual	Comisión Nacional de Seguros y Fianzas (CNSF)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/724500ONKFNDI2RBKA16	NL	Coface Nederland Services B.V.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Dutch B.V.	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/789000TSX8QMK0QATY75	TR	Coface Sigorta	Non-Life undertakings	ANONIM SIRKETI	Non-mutual	Turkish Prime Ministry Undersecretariat of Treasury (“Undersecretariat of Treasury”)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/815600C3B3BA64DC7A18	IT	Coface Italia	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limit	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/95980046WUPXWLF53K62	ES	Coface Servicios Espana SL	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SLU	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/9695000CSKX9IHH4M509	FR	Cofinpar	Mixed-activity insurance holding company as defined in Art. 212§1 [g] of Directive 2009/138/EC	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
LEI/969500161CXOCK0NIW24	FR	Fimipar	Credit institutions, investment firms and financial institutions	SA	Non-mutual	ACPR - 4 place de Budapest, 75009 Paris Cedex 9	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation

- ## S.32.01.22 Undertakings in the scope of the group – COFACE SA (3/3)

LEI/96950025N07LTJYFSN57	FR	COFACE SA	Mixed-activity insurance holding company as defined in Art. 212§1 [g] of Directive 2009/138/EC	SA	Non-mutual	Autorité des Marchés Financiers - 17, place de la Bourse - 75082 Paris Cedex 02	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
LEI/9695007AC8Q2X70BLL23	FR	Coface Europe (ex-Coface SA)	Non-Life undertakings	SA	Non-mutual	ACPR - 4 place de Budapest, 75009 Paris Cedex 9	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
LEI/969500IBHXHF6T3PBH48	FR	Cogeri	Other	SASU	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/AR2	AR	Coface Servicios Argentina S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	S.A.	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/CH3	CH	Coface Services Suisse	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	SA	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/CO1	CO	Coface Services Colombia Ltda.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	S.A.	Non-mutual		94.98%	94.98%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/DK2	DK	Coface Norden Services AS	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Danish A/S	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/GR3	GR	Coface Services Greece	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/HR1	HR	Coface Adriatic	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	DOO	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/HU3	HU	Coface Hungary Insurance Services	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/JP3	JP	Coface Services Japan	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Stock Corporation	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/LT2	LT	Coface Baltics Services	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Private Limitated Liability	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/MX3	MX	Coface Servicios Mexico S.A. DE C.V.	Non-Life undertakings	S.A. de C.V.	Non-mutual	Comisión Nacional de Seguros y Fianzas (CNSF)	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation
SC/PL2	PL	Coface Poland Insurance Service	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Subsidiary	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision	Method 1: Full consolidation

F.3 Glossary

Autorité de contrôle prudentiel et de résolution (The French Prudential Supervision and Resolution Authority - ACPR): The French authority responsible for supervising the banking and insurance sectors.

Autorité des Marchés Financiers (The French Financial Markets Authority – AMF): The French authority responsible for regulating the French financial markets.

Best Estimate (BE): economic value of insurance liabilities calculated under the Solvency II Directive.

Prudential balance sheet: an insurance company's balance sheet under the Solvency II Directive. The valuation of the prudential balance sheet is based on the economic value of various items.

Brexit: The United Kingdom's exit from the European Union.

European Insurance and Occupational Pensions Authority (EIOPA): European authority that regulates insurance companies and pension funds.

Key functions: the Solvency II Directive has defined four key functions: the internal audit function, the actuarial function, the risk management function and the compliance verification function. These functions are viewed as strategic in managing risks, and the heads of these functions must comply with fit and proper policy requirements.

Unrestricted *Tier 1* own funds: correspond to *Tier 1* own funds excluding subordinated debt, which is calculated by adding share capital, additional paid-in capital and reconciliation reserve less non-fungible own funds.

Restricted Tier 1 own funds: correspond to *Tier 1* subordinated debt including grandfathered perpetual subordinated debt issued before the Solvency II Directive took effect.

***Tier 2* own funds:** correspond to *Tier 2* subordinated debt including grandfathered dated subordinated debt issued before the Solvency II Directive took effect.

***Tier 3* own funds:** correspond to *Tier 3* subordinated debt as well as potential net deferred tax in Tier 3.

Own funds eligible to cover the MCR: correspond to the sum of *Tier 1*, *Tier 2* and *Tier 3* own funds that are eligible to cover the MCR. Accordingly, restricted *Tier 1* own funds are limited to 20% of total Tier 1 own funds and *Tier 2* own funds are limited to 20% of the MCR. *Tier 3* own funds are not authorised to cover the MCR.

Own funds eligible to cover the SCR: correspond to the sum of *Tier 1*, *Tier 2* and *Tier 3* own funds eligible to cover the SCR. Against this backdrop, restricted Tier 1 own funds are limited to 20% of total *Tier 1* own funds, *Tier 2* and *Tier 3* own funds are limited to 50% of the SCR and Tier 3 own funds are limited to 15% of the SCR.

International financial reporting standards (IFRS): international financial reporting standards designed to standardise how accounting information is presented at the international level.

Minimum Capital Requirement (MCR): an insurer's minimum basic own funds defined by the Solvency II Directive to protect insurers and beneficiaries. When the amount of eligible basic own funds falls below the MCR, the insurer's approval is withdrawn if it is not able to bring this amount back up to the MCR level quickly.

Own Risk and Solvency Assessment (ORSA): internal assessment of risks and solvency by the insurance company. All the processes and procedures help identify, assess, monitor, manage and communicate all of an insurance company's short- and long-term risks as well as determine the own funds necessary to cover all these risks. The ORSA is a risk assessment tool used to define a company's strategy. This means, among other things, assessing all risks in a quantitative and qualitative way. The process results in an ORSA report approved by the Board of Directors.

Quantitative Reporting Templates (QRT): Solvency II regulatory reporting in the form of quantitative statements for the supervisor and/or public, produced quarterly.

Risk Margin: adjustment for explicit risk to account for uncertainties regarding the amount and date of cash outflows. In assessing insurance liabilities, the risk margin is on top of the Best Estimate.

Solvency: an insurer's ability to honour its commitments to policyholders while running a sustainable and profitable business.

Solvency II: European rules guaranteeing solvency of insurance companies. Solvency II aims to adjust the level of equity to the real risks it is exposed to. It is based on a framework agreement adopted in 2009 (Directive 2009/138/EC) and on implementing measures.

Solvency Capital Requirement (SCR): level of eligible own funds enabling an insurer to absorb material losses and providing reasonable assurance that the commitments to policyholders and beneficiaries will be honoured when they are due. The SCR is defined by the Solvency II Directive as the Value-at-Risk of the insurer's basic own funds, with a one-year confidence level of 99.5%.

Solvency and Financial Condition Report (SFCR): annual report for the general public on an insurer's solvency and financial position, set forth by the Solvency II Directive.

Universal Registration Document (URD): document that allows frequent issuers to make available a description of "the company's structure, activities, financial position, results, outlook, governance and shareholding structure" for each financial year. The URD is a regulatory requirement introduced in July 2019 by regulation Prospectus 2017/1129 of June 14, 2017, replacing the Registration Document.

Market value: value of an asset on the financial markets.

Volatility: measure of the scale of changes of an indicator over time, such as the market price of a financial asset. For instance, it serves as a factor in quantifying the risk of market price fluctuation for a financial asset.

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SA (Société Anonyme)
With a capital of €300,359,584
RCS Nanterre n° 432 413 599