Interim Financial Report, First Half 2022

The information contained in this document is a free translation of the Coface Group’s Interim Financial Report for the first semester 2022 (“*Rapport Financier, premier semestre 2022*”) and while efforts are made to provide an accurate translation, there may be material errors, omissions or inaccuracies in the reporting.

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NOTE

COFACE SA (hereinafter, the "*Company*") is a public limited company (*société anonyme*) with a Board of Directors (*conseil d'administration*) incorporated under the laws of France, having its head office at 1 Place Costes et Bellonte, 92270 Bois-Colombes, France and registered with the Nanterre Trade and Companies Register under number 432 413 599. 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.

At the date of June 30, 2022, the Company's share capital amounted to €300,359,584 divided into 150,179,792 shares with a nominal value of €2 (two) each, all of the same class, and all of which are fully subscribed and paid up.

Presentation of financial and other information

This report includes free English language translations of the audited consolidated financial statements of COFACE SA as of and for the year ended December 31, 2021 and for the six months ended June 30, 2021 and 2022. The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and the interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34. COFACE SA publishes its consolidated financial statements in euros. Sums of aggregates and totals in this report may not match exactly due to rounding.

This report presents certain figures on an actual historical value basis, on a "constant scope" basis or on a "constant exchange rate" basis. Where figures are presented at constant scope, the previous year's figures (N-1) are adjusted to reflect the entities that entered or left the scope of consolidation during the most recent year (N). The Coface Group believes that comparing periods at constant scope and exchange rate is helpful in enabling investors to understand the effect of exchange rate fluctuations and changes in scope of consolidation on its financial results. However, figures adjusted for the effects of changes in the scope of consolidation and in exchange rates should not be substituted for the IFRS data.

Forward-Looking Statements

This report includes information on the Coface Group's outlook and future areas of development. These forward-looking statements may be identified by the use of 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 other 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 places throughout this report and include statements 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 business climate as well as the risk factors presented in chapter 5 of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 6, 2022 under the number D.22-0244.

Risk Factors

You are strongly encourages to carefully consider the risk factors presented in the aforementioned sections of the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 6, 2022 under the number D.22-0244.

The occurrence of all or any of these risks is liable to have an adverse effect on the Coface Group's business, financial position or financial results. Additional risks that are not known at the date of this report, or that the Coface Group currently considers immaterial, may have the same adverse 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 this information is available on the website of the Company (www.coface.com/Investors) and the AMF (www.amf-france.org).

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I. Half Year Activity Report

I. Half-year activity report

As it does, in principle, every quarter, the Coface Group's economic research team revised its global growth forecasts for the current year in June, as well as its short-term levels of corporate credit risk, broken down by country, major geographic area and business sector. It also presented its first growth forecasts for 2023. As such, it expects global growth of 3% in 2022, before it slows to 2.8% in 2023.

a) Economic environment in the first half

As we predicted in the January 2022 edition of this report, the slowdown in global economic growth, which began in the second half of 2021, continued in the first half of 2022. However, contrary to our main scenario, the slowdown has not been limited to the first months of the year and even worsened throughout the six-month period.

Indeed, the initial causes of the slowdown, seen in 2021, did not dissipate with the arrival of better times in the northern hemisphere. First of all, as expected, the wave of the Omicron variant of Covid continued to sweep across advanced economies in the first quarter, delaying the lifting of the last restrictions on economic activity and mobility until the spring, and thereby holding back the shift in household consumption from goods to services and extending tensions at global manufacturing facilities. More importantly, the Omicron variant also affected China, whose "zero Covid" policy and less effective Chinese vaccines meant that the country once again used drastic measures, beginning in March, such as the strict lockdown in several of its major population, production and trade centres, such as Shanghai, Beijing or Shenzhen. Even though Chinese ports and factories have continued to operate at near-normal levels, with employees often forced to remain in the workplace, domestic road transport, which is essential to their operation and the supply of food, has been affected by the lack of staff, as well as internal and external health barriers. This hindered the process of normalising global production chains, pressured by the disruptions associated with the Covid-19 pandemic. In addition, the lack of electronic components, particularly those used by the automotive sector, continued to constrain global production in this sector and others. Finally, tensions increased on the labour market in several advanced economies, with record vacancy rates, particularly in the United States and the United Kingdom, but also in Europe, thereby limiting production, particularly in services such as restaurants, hotels, tourism, healthcare, transport and distribution, which were under strain as result of the recovery, and generating significant wage increases, leading to an increase in production costs.

But it was the occurrence of one of the risks that we raised six months ago, the Russia-Ukraine war, which mainly explains the acceleration in the economic slowdown. This is essentially the result of the fact that the two countries supplied, prior to the invasion of Ukraine by Russia on 24 February, a significant share of the world's demand for oil, gas, wheat, barley, cooking oil (sunflower), wood, metals (nickel, aluminium, platinum, palladium, chrome, vanadium, iron, steel, ferroalloys), rare gases (neon, argon, etc.), fertiliser (potash, ammonia, nitrogen) or diamonds. However, Russia blockaded the Ukrainian ports on the Black Sea, took control of some, while Western countries imposed economic, trade and financial sanctions on Russia, to which Russia responded with counter-sanctions, all leading to a drastic reduction in exports by both countries. In addition, Western companies have often gone beyond their governments' sanctions for reasons of both security and propriety. In addition, several governments, concerned about food security for their population and eager to avoid social unrest, have imposed embargoes on the export of food products, such as India with wheat and sugar, as well as Argentina, China, Indonesia and Turkey. This has all resulted in a surge in global prices for this wide variety of products, and also for substitute products (soya, maize, other cooking oils, coal, etc.), derivative products (flour, pasta, semolina, paper, etc.), as well as products and services that incorporate such products (farming, therefore, indirectly, meat and dairy products, electronic components, glass, plastic, coatings, transport, etc.). This surge has reinforced the inflationary trends that began to be seen in food products in May 2020, as a result of poor harvests associated with adverse weather conditions in several parts of the world, as well as in energy and metals, following the lack of investment over a period of several years in exploration and extraction, as demand picked up sharply after its brief collapse in Spring 2020 with the eruption of Covid, coupled with a general trend towards precautionary stockpiling. Finally, restrictions on the use of Russian, Ukrainian and Belarusian airspace, as well as restrictions on road and rail transport in those countries, have resulted in costly diversions and have led to increases in insurance premiums that have had repercussions on production costs and supply and production chains for much of the global economy, in particular flows between China and Europe. Even economies that were not sourcing supplies from the two countries at war have been affected by the surge in global prices. Mainly seen at the level of production, the knock-on effect of inflation on consumer prices is well under way.

While metal prices have, to an extent, fallen since their peak in March 2022 due to the slowdown in the Chinese economy, food and energy prices have only slightly decreased, remaining at historically high levels, above USD 100 in the case of Brent crude oil. Thus, faced with rising inflationary pressures and their impact on a large proportion of goods and services and on wages, in some countries and sectors, and wanting to avoid soaring inflation expectations, central banks decided (or continued in the case of several emerging countries) to tighten their monetary policy in order to dampen demand and reduce such tensions. This has resulted in them increasing their key interest rates and ending their net purchases of public debt securities or other financial assets (quantitative easing). While the Bank of England was a pioneer among the advanced economies, with a first rate hike in December 2021, the US Federal Reserve (FED) and other central banks soon followed. The announcement of the forthcoming monetary tightening by the Fed in 2021 resulted in net capital outflows and currency depreciations in emerging countries, at least those that are open to the international markets and that use a floating exchange rate mechanism. Inflation expectations are less well established in those countries and the knock-on effect of inflation through imports is more significant than in advanced economies, which is unfortunate in the event that the currency depreciates. In order to counter these phenomena, almost all the central banks of emerging economies hiked rates in 2021, which continued in the first half of 2022. Only three major emerging economies have adopted monetary policies that buck the trend: Turkey, where the authorities believe that the profoundly negative real interest rate, despite annual inflation of close to 80%, will ultimately be beneficial to growth, thereby correcting external imbalances; China, which wants to support economic activity; and Russia, whose central bank has cut its key interest rate sharply from 20% to 9.5%, after more than doubling it at the time of the initial sanctions, the rouble having more than corrected its initial collapse. In Turkey, deeply negative real interest rates are accompanied by hyperinflation, as they promote currency depreciation and thus imported inflation. In addition, they keep credit cheap, and lead households to spend their income quickly, fearing that it will depreciate further.

At the same time, governments have adopted fiscal measures to help households and, to a lesser extent, companies, to help them to cope with soaring food and energy prices. Although, in advanced economies, these measures are less extensive than those taken in the context of the pandemic, they are comparable in other economies. This is due to the fact that food and energy represent a much larger proportion of the consumer basket in emerging or developing countries (up to almost half in Sub-Saharan Africa). People have already expressed dissatisfaction with price increases at demonstrations in countries as diverse as Argentina, Ecuador, Ghana, Iran, Kazakhstan, Lebanon, Malawi, Morocco, Pakistan, Peru and Sri Lanka. This has sometimes occurred against the backdrop of an already fragile economy where there are other grounds for political and social discontent.

The war, conventional and local, soon took on a geo-economic dimension involving the whole world. The explosion in inflation, particularly in energy prices, due to sanctions and counter-sanctions, the persistent tensions on supply and production chains, the resulting tightening of credit, and the fall in confidence generated by the outbreak of the war in Europe and its uncertain outcome, have weighed on global economic activity, particularly in Europe and in manufacturing, as well as its corollary, global freight. Growth figures for the first quarter were therefore below expectations in most advanced economies. The main cause is household consumption, in a context of declining purchasing power linked to the acceleration in inflation, which is at its highest level in several decades. This is all the more worrying as the economic consequences of the war were barely beginning to be felt, after two months of the year marked by the post-Omicron recovery in activity. Activity data for the second quarter looks set to be little better in advanced economies, and worse in emerging economies, with significant disparities between economies based on the supply of raw materials, particularly hydrocarbons. Even if the initial negative effect of the shock caused by the outbreak of the conflict has now passed, the slowdown in growth is likely to continue.

The global trade in goods, expressed in terms of value, is expected to have grown further in the first half of 2022 as a result of the general increase in prices, in particular agricultural products and energy. However, the trend has slowed, in line with the fall in the price of minerals, which peaked in March, and the decrease in the prices of agricultural products and energy prices at the end of the period. On the other hand, in terms of volume, the global trade in goods may have stagnated (-0.3% in February-March-April compared to the previous three months), in line with the fall in trade in China and Russia, due to local health restrictions and the contraction in imports associated with the war, respectively. In the second half of the year, a further slowdown in value is likely, while a fall in volumes cannot be ruled out. This will depend on the extent of the global economic slowdown, price trends and barriers to trade (embargoes, barriers to transport, currency shortages, etc.), while the shortening of value chains will also play a role.

In overall terms, Coface noted, in the first half of 2022, the deterioration in short-term corporate credit risk in 22 countries, while it reclassified 18 countries in the same period a year earlier. The only two countries reclassified were Brazil and Angola due to their hydrocarbon exports.

b) Significant events in the period

Governance evolution

- **In the Board of Directors**

On 17 May 2022, during the Combined General Meeting, Laetitia Leonard – Reuter and Laurent Musy have been elected as independent directors for a term of four years. These appointments follow the expiration of the terms of office of Olivier Zarrouati and Eric Hémar, respectively.

Thus, at the close of the General Meeting, the Board of Directors is composed of 10 members, 5 women and 5 men, the majority (6) of whom are independent directors.

- **In the Executive Committee**

On 2 May 2022, Hugh Burke has been appointed as the CEO of Coface Asia-Pacific Region, effective on April 1, 2022. He joins the Group executive committee and reports to Xavier Durand, Coface CEO. He takes over from Bhupesh Gupta who has significantly contributed to transforming the company's culture during the past 6 years and has managed the operations in the region through the sanitary crisis with courage and accountability.

Natixis announces the sale of its residual stake in Coface SA

On January 6, 2022, Natixis announced the sale of its remaining interest in COFACE SA. This sale represented approximately 10.04% of COFACE SA's share capital, or 15,078,095 shares. It was carried out by way of an ABB (accelerated book-building) at an average price of €11.55. Following this transaction, Natixis no longer held any shares in COFACE SA.

Anticipated impacts of the Ukraine crisis

The invasion of Ukraine by Russia on February 24, 2022 has triggered a war in Europe for the first time since the Second World War. This armed conflict and the numerous economic sanctions taken against Russia will certainly have serious economic and financial consequences for the whole world, while the previous crisis linked to the Covid was not yet over. The inflationary consequences are significant: the hope of seeing the prices of energy, minerals and agricultural products fall in the second half of 2022 is gone, or at least remote.

The decline in freight costs has also been postponed (due to air travel bans and soaring fuel costs). As a result, the standardization of production lines has also been postponed. In addition, the Central European countries have to bear the burden of hundreds of thousands of Ukrainian refugees. These same countries, as Russia's trade corridors and outlets, are suffering from the reduction in trade between the two belligerents and Europe. Finally, energy and food price inflation is a potential source of social unrest, which could lead to political upheaval, especially in developing countries, where government intervention to mitigate its impact on households is made difficult by weak budgetary capacity and high debt levels increased by the pandemic. Faced with high inflation in property prices, real estate and financial assets, as well as a sharp economic slowdown, central banks find themselves in an uncomfortable situation. The extent and duration of the damage caused to the world economy by the conflict are still difficult to determine, as we do not know the duration and evolution of the intensity of the war.

In this context, Coface has adjusted its assessments of Russian, Belarusian and Ukrainian risks and reduced its exposure to these countries. The Group continues to monitor closely the situation on a daily basis and is constantly adjusting its underwriting policy to ensure compliance with international sanctions.

To date, and subject to any changes in the situation, this serious crisis has greatly increased uncertainty and volatility due to its multi-sector and multi-geographical impact.

Coface is not directly exposed to the countries in conflict through its investment portfolio.

Coface Russia Insurance's earned premiums will amount to €5.4M at 30 June 2022 (vs. €12.5M in 2021, i.e 1% of the Group total) and this subsidiary contributed €43.0M to the Group's total balance sheet at 30 June 2022 (i.e. 0.5% of the consolidated total balance sheet).

Losses related to this conflict have increased but remain limited at the Group level.The Group's exposure to risk in this region, overall less than 1% of its global exposure before the start of the conflict, has since been adjusted downwards and monitored regularly.

A deterioration of the loss ratio occurred in this area but it remains limited at group level. The impact if this crisis, whether direct or indirect, could result over time in a deterioration of the group loss ratio.

Coface New Zealand: new branch opens

On April 4, 2022, Coface announced the opening of an office in New Zealand after the approval from the Reserve Bank of New Zealand. This is in line with its ambitions to grow in new high-potential markets.

According to the World Bank, the value of New Zealand's exports reached $50.5 billion in 2020. This market therefore offers significant potential to develop the credit insurance solutions and adjacent specialty services.

AM Best affirms Coface's main operating subsidiaries rating at A (Excellent) with a stable outlook

On April 7, 2022, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of Compagnie française d'assurance pour le commerce extérieur (la Compagnie), Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remain "stable".

c) Events after June 30, 2022

MSCI upgrades COFACE SA's rating from AA to AAA.

On July 14, 2022, COFACE SA's rating was upgraded to "AAA" by the extra-financial rating agency MSCI, which analyzes the environmental, social and governance (ESG) practices of thousands of companies worldwide.
This places COFACE SA in the top 4% of companies in its industry ("Property & Casualty Insurance" category).

d) Comments on the results as at 30 June 2022

The changes at constant FX and scope, presented for comparison purposes in the tables below, take into account the following integrations:

- In 2021: Coface Poland Insurance Services, Coface Romania Insurance Services, Coface Finance Israel and Coface Servicios Mexico
- In 2022: Coface Norden Services (Denmark) and Coface Sverige Services (Sweden)

i. Revenue

The Group's consolidated revenue increased by 14.6% at constant FX and perimeter (+16.5% at current FX and perimeter), rising from €768 million for the first half of 2021 to €894.9 million for the six months to 30 June 2022.

Changes in exchange rates had a positive impact on revenue of 1.7 points. This impact was mainly due to the appreciation of the US dollar (the main foreign currency in the portfolio) and related currencies (the Canadian dollar and certain Asian currencies).

The table below shows the changes in the Coface Group's consolidated revenue by business line for the six months ending on 30 June 2021 and 2022:

Change in consolidated revenue by activity (in millions of euros)	**As at 30 June**		**Change**		
	2022	**2021**	**in €m**	**as a %**	**as a % at constant FX and perimeter**
Insurance	859.9	736.5	123.4	16.8%	14.7%
of which Earned premiums [(1)]	*754.0*	*638.7*	*115.3*	*18.1%*	*16.1%*
of which Services [(2)]	*105.8*	*97.8*	*8.1*	*8.2%*	*5.3%*
Factoring	35.0	31.5	3.5	11.1%	11.6%
Consolidated revenue	**894.9**	**768.0**	**126.9**	**16.5%**	**14.6%**

(1) Earned premiums - Credit Insurance, Single Risk and Bonding

(2) Sum of revenue from services related to Credit Insurance ("Insurance fees and commissions" and "Other insurance-related services") and services provided to customers without credit insurance (access to information on corporate solvency and marketing information - "Business information turnover" and debt collection services - "Receivables management").

Insurance

Revenue from insurance businesses (including surety bonds and single risk coverage) increased by 14.7% at constant FX and perimeter (16.8% at current FX and perimeter), rising from €736.5 million for the first half of 2021 to €859.9 million for the first half of 30 June 2022.

Gross earned premiums were up by 16.1% at constant FX and perimeter (18.1% at current FX and perimeter), from €638.7 million at 30 June 2021 to €754.0 million at 30 June 2022. All markets were heavily impacted in the first half of 2022 by the record increase in their clients' business due to the economic rebound and high inflation.

Production of new contracts, representing €57.9 million (annualised) in the first half of 2022, declined in relation to the first half of 2021 (€72.1 million). The retention rate (ratio between the annualised value of renewed policies and the annualised value of policies to be renewed during the period) reached a record level of 93.9% for the six months ending on 30 June 2022. The price effect was negative at -3.0% at 30 June 2022, whereas it was positive at +2.3% one year earlier due to repricing. Lastly, premium volume benefited from the growth in policyholders' business (volume effect of +8.0% at 30 June 2022, compared with 1.9% in the first half of 2021).

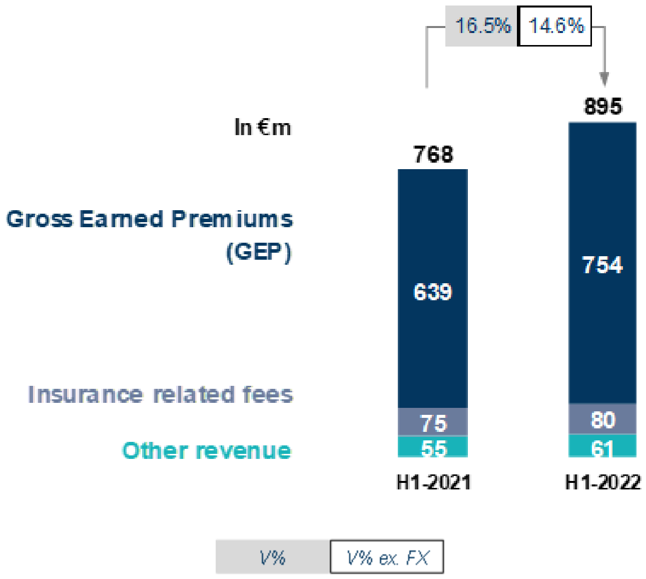
Revenue from the services business increased by 5.3% at constant FX and scope (8.2% at current FX and scope), from €97.8 million for the half year ended 30 June 2021 to €105.8 million for the half year ended 30 June 2022. This growth was driven by an 15.5% increase in information services revenue (at constant FX and perimeter) – this business line is a priority for development under the Build to Lead strategic plan.

Factoring

Factoring revenue (in Germany and Poland only) was up by 11.6% at constant FX and perimeter (+11.1% at current FX and perimeter), from €31.5 million for the first half of 2021 to €35 million for the six months to 30 June 2022.

In Germany, factoring revenue increased by 4.2% at current FX and perimeter owing to the rebound in activity volumes.

Poland, also impacted by the increase in volumes refinanced, saw a similar trend with factoring revenue up 45.9% at current FX and perimeter.



Change in revenu by region

The following table shows the changes in consolidated revenue (net of intra-group flows) within the Group's seven geographic regions between the periods ended 30 June 2021 and 2022:

Change in consolidated revenue by region of invoicing (in millions of euros)	**As at 30 June**		**Change**			
	2022	**2021**	**in €m**	**as a %**	**as a %: at constant FX**	**as a %: at constant FX and perimeter**
Western Europe	174.2	153.7	20.4	13.3%	12.2%	12.4%
Northern Europe	184.9	166.9	18.0	10.8%	10.7%	10.0%
Mediterranean & Africa	239.9	212.0	27.9	13.2%	14.5%	14.6%
North America	83.2	66.3	16.9	25.5%	14.0%	14.0%
Central Europe	88.8	75.4	13.3	17.7%	18.5%	18.5%
Asia-Pacific	75.5	57.6	17.9	31.1%	23.3%	23.3%
Latin America	48.6	36.2	12.4	34%	26.4%	23.8%
Consolidated revenue	**894.9**	**768.0**	**126.9**	**16.5%**	**14.8%**	**14.6%**

All regions posted significantly higher revenue at constant FX and perimeter.

In Western Europe, revenue was up 12.4%, with premiums driven by good retention rates and strong customer activity.

Northern Europe recorded a 10% increase in revenue (10.8% at current FX) due to a very sharp increase in client activity.

In the Mediterranean & Africa region, revenue rose by 14.6% (13.2% at current FX), mainly driven by a significant increase in volumes and a very strong sales performance. Revenue from services was also up sharply (+16.7%).

In North America revenue was up by +14.0% (+25.5% at current FX) as a result of very strong activity levels.

Central Europe reported revenue growth of +18.5% (+17.7% at current FX). Factoring revenue also rose sharply in Poland.

In the Asia-Pacific region, revenue increased by 23.3% (+31.1% at current FX) impacted by strong levels of client activity and strong retention rates.

Latin America reported revenue growth of 23.8% (+34% at current FX), boosted by an improvement in the retention rate and strong activity levels.

ii. Underwriting income

Underwriting income before reinsurance

Underwriting income before reinsurance amounted to €285.2 million for the six months ending on 30 June 2022, up 19% on the first half of 2021 (€240 million).

The 0.2-point improvement in the combined ratio before reinsurance to 61.8% in the first half of 2022 (62% in the first half of 2021) was attributable to a 1.3-point improvement in the cost ratio offset by a 1.1-point increase in the loss ratio.

Loss experience

The Group's loss ratio before reinsurance, including claims-handling expenses, increased by 1.1 points, from 29.5% for the half year ended 30 June 2021 to 30.6% for the half year ended 30 June 2022. This low loss experience reflects a reversal of provisions, mainly over the two previous financial years, 2021 and 2020, associated with the improvement in the actual loss experience and the economic environment.
However, the Russia-Ukraine crisis contributed to the increase in the loss experience in the CER and NER regions.

The table below shows the change in the loss experience between June 2021 and June 2022.

Loss Experience	**As at 30 June**		**Change**	
(in millions of euros and %)	**2022**	**2021**	**in €m**	**as a %**
Claims expenses incl. claims handling costs	230.8	188.7	42.1	22.3%
Loss ratio before reinsurance	30.6%	29.5%		1,1 pts
Earned premiums	754.0	638.7	115.3	18.1%

In Western Europe, the loss ratio stood at 23.1% for the six months to 30 June 2022 (-7.8 points), reflecting the low frequency and severity of claims reported compared to the first half of 2021.

Northern Europe recorded a 1.4-point increase in its ratio to 28.4% due to high levels of claims mainly in the Netherlands and Germany.

The Mediterranean & Africa region posted a loss ratio down 1.9 points to 33%, particularly impacted by a claim linked to the energy crisis resulting from the Russia-Ukraine conflict.

In North America, the loss experience increased by 1.4 points to 30.2% mainly due to the anticipation of a high level of claims in the United States.

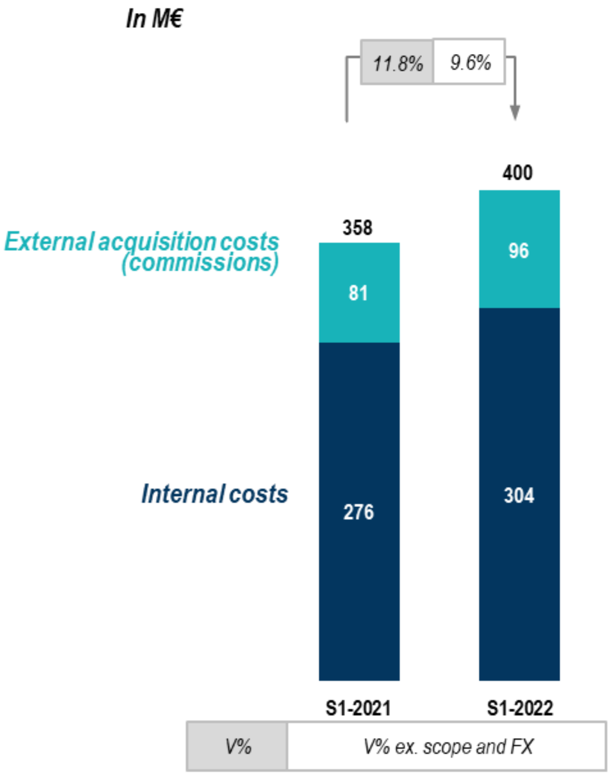
The loss ratio for the Central Europe region increased by 32 points to 56.7%, heavily impacted by the Russia-Ukraine crisis and an increase in provisions, particularly on exposures related to Russian and Ukrainian debtors.

In the Asia-Pacific region, the loss ratio increased by 9 points to 22.2%. Despite the reversals of provisions for 2020, this increase in the loss experience is the result of payments of claims and provisions for a major claim.

In Latin America, the loss ratio stood at 10.9% as at 30 June 2022, down 10.9 points compared to the financial year ended 30 June 2021.

Change in loss experience by region of invoicing (as a %)	**As at 30 June**		**Change (% points)**
	2022	**2021**	
Western Europe	23.1%	30.9%	-7,8 pts
Northern Europe	28.4%	27.0%	1,4 pts
Mediterranean & Africa	33.0%	34.9%	-1,9 pts
North America	30.2%	28.8%	1,4 pts
Central Europe	56.7%	24.7%	32 pts
Asia-Pacific	22.2%	13.2%	9 pts
Latin America	10.9%	21.8%	-10,9 pts
Loss ratio before reinsurance	**30.6%**	**29.5%**	**1,1 pts**

Overheads



General expenses (in millions of euros)	As at 30 June		Change		
	2022	**2021**	**in €m**	**as a %**	**as a %: at constant FX and perimeter**
Internal general expenses	304.1	276.3	27.7	10.0%	7.8%
of which claims handling costs	*18.9*	*16.3*	*2.6*	*15.8%*	*15.4%*
of which investment management expenses	*2.0*	*1.9*	*0.1*	*4.2%*	*4.0%*
Commissions	95.8	81.2	14.6	18.0%	15.9%
Total general expenses	**399.9**	**357.6**	**42.3**	**11.8%**	**9.6%**

Total overheads, which include claims handling expenses and internal investment management expenses, increased by 9.6% at constant FX and perimeter (11.8% at current FX and perimeter), from €357.6 million for the period ended on 30 June 2021 to €399.9 million for the six months to 30 June 2022.

Policy acquisition commissions were up by 15.9% at constant FX and perimeter (18% at current FX and perimeter), from €81.2 million for the first half of 2021 to €95.8 million at 30 June 2022.

Internal overheads including claims handling expenses and investment expenses increased by 7.8% at constant FX and perimeter (10% at current FX and perimeter), from €276.3 million for the first half of 2021 to €304.1 million for the six months to 30 June 2022.

Payroll costs increased by 6.1% at constant FX and perimeter (+9.4% at current FX and perimeter), from €162.5 million in 2021 to €177.7 million in 2022. New hires relating to the resumption of transformation projects, the development of adjacent business and inflation account for this increase.

IT costs were up 2.5% at constant FX and perimeter (4% at current FX and perimeter), from €26.5 million in 2021 to €27.6 million in 2022. Transformation projects and investments had been re-prioritised to adapt to the crisis situation in 2021 and are gradually restarting in 2022.

The rise in other expenses (taxes, information costs, rent) increased by 13.1% at constant FX and perimeter (13.4% at current FX and perimeter), from €87 million in the first half of 2021 to €98.7 million in the first half of 2022. This increase is mainly justified by the development of information.

The gross cost ratio improved by 1.3-point, from 32.5% in the first half of 2021 to 31.2% in the first half of 2022, as revenue rose faster than overheads. In addition, investments in information play an important role in improving the cost ratio.

Underwriting income after reinsurance

Underwriting income after reinsurance amounted to €183 million for the six months ending on 30 June 2022, up 17% on the first half of 2021 (€155.8 million).

The €18 million increase in reinsurance costs to €102.2 million at 30 June 2022 (-€84.3 million at 30 June 2021) can be attributed to the increase in gross premiums and the end of government reinsurance schemes (negative impact of €24.9 million in the first half of 2021).

	As at 30 June		Change	
(in thousands of euros and %)	**2022**	**2021**	**(in €m)**	**(en %)**
Revenue	894,891	768,038	126,853	16.6%
Claims expenses	-230,810	-188,723	-42,087	22.3%
Policy acquisition costs	-146,303	-124,821	-21,482	17.2%
Administrative costs	-145,072	-133,333	-11,738	8.8%
Other insurance activity expenses	-33,135	-32,997	-139	0%
Expenses from banking activities, excluding cost of risk	-6,372	-6,412	39	-1%
Cost of risk	155	106	49	46%
Expenses from services activities	-48,152	-41,815	-6,336	15%
UNDERWRITING INCOME BEFORE REINSURANCE	**285,202**	**240,043**	**45,159**	**19%**
Income and expenses from ceded reinsurance	-102,242	-84,254	-17,988	21%
UNDERWRITING INCOME AFTER REINSURANCE	**182,959**	**155,788**	**27,171**	**17%**
Combined ratio after reinsurance	66.0%	51.9%	-	-

iii. Investment income, net of management expenses (excluding finance costs)

Financial markets

In the first half of 2022, growth momentum slowed from the highs seen in 2021 and the recovery in demand, and persistent bottlenecks, exacerbated by the Russia-Ukraine conflict, led inflation to exceed the targets set by central banks. In response, the central banks, which had initially viewed inflation as only a transitory phenomenon, had to quickly raise interest rates to restore their credibility and prevent price increases from becoming a political issue.

The US economy is facing a slowdown, which has been reflected in the deterioration in consumer confidence and persistent inflation, driven by the high cost of energy and services. The rise in consumer prices in May reached a 40-year high, causing the US Federal Reserve to raise its key interest rate by 75 bps in June. Against this backdrop, the US 10-year yield increased by 150 bpbp over the six month period to 3.0%. However, as pressures on economic growth continue to increase, the Fed's task is becoming difficult as a result of its dual mandate to maintain a balance between price stability and economic growth. In terms of equities, the losses suffered by the US markets reflect stagflation fears that could affect consumer demand and, ultimately, corporate profits. Concerns about the tightening by central banks of their monetary policies and rising interest rates affected technology stocks, which are particularly sensitive to rates. The US market closed at -20.0% for the S&P 500 and -29.2% for the Nasdaq.

In the eurozone, fears of stagflation increased as a result of rising prices and pressure on growth prospects, exacerbated by geopolitical tensions and commodity prices. While global leaders were looking for ways to abandon Russian gas in the long term and strengthen defensive lines in Eastern Europe, the short-term fallout has become visible. Consumer prices rose 8.6% year-on-year in June, complicating the ECB's task of controlling inflation while preventing fragmentation within the EU. The ECB decided to end its net asset purchasing under the PEPP (pandemic emergency purchase programme) and announced that it was working on a new anti-fragmentation tool. On the debt markets, sovereign yields rose sharply in the first half of 2022. The German 10-year yield ended the period at 1.33%, up 152 bps year-on-year. At the same time, equities also suffered from fears of a slowdown, with the EURO STOXX 50 closing at -17.4%.

Emerging economies have experienced a diverging economic environment. After a strong recovery in 2021, the first half of 2022 was marked by inflation, leading central banks to raise their key rates. However, inflation linked to commodities has created a dislocation between exporting countries, particularly those in Latin America, which have benefited from the surge in prices, and importing countries that have suffered as a result. Geopolitical tensions in Ukraine have had an impact on the cost of food and commodities in Eastern European and African countries.

Financial income

In this global economic environment of high inflation, rising interest rates and widening credit spreads, the Coface Group continued, in the first half of 2022, to reduce the risk of its portfolio, a process that had begun in 2021, mainly reducing its exposure to credit risk and equities, in favour of government bonds.

The overall value of the portfolio fell by €241 million in the first half of 2022, mainly due to the fall in bond and equity valuations, following the rise in rates and the widening of credit spreads.

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

Market value

(in € millions)	30/06/2022	31/12/2021
Listed shares	155	224
Unlisted shares	8	9
Bonds	1,933	2,115
Loans, Deposits and UCITS money-market funds	511	507
Investment property	227	213
Total investment portfolio	**2,834**	**3,068**
Associated and non-consolidated companies	145	152
TOTAL	**2,979**	**3,220**

Income from the investment portfolio amounted to €23.2 million, of which €4.0 million in realised gains, impairment/reversals and equity/interest rate derivatives (representing 0.8% of the average annual assets under management for the first half of 2022 and 0.7% excluding realised gains, impairment/reversals and equity/interest rate derivatives), compared with €18.1 million in 2021, of which -€0.6 million in realised gains, impairment/reversals and equity/interest rate derivatives (0.6% of average annual assets under management for the first half of 2021 and 0.7% excluding realised gains, impairment/reversals and equity/interest rate derivatives). In this economic context of inflation and rising interest rates, the increase in the valuation of equity and interest rate derivatives was partially offset by the outsourcing of capital losses on bonds. These transactions continued to reduce the portfolio's risk, by reducing some holdings in corporate bonds and equities, in favour of bonds issued by governments of developed countries.

Investment porftolio income

	Au 30 juin	
(en millions d'euros)	2022	2021
Equities*	18.3	4.1
Fixed income**	-4.4	10.0
Investment property	9.3	4.0
Investment income	**23.2**	**18.1**
o/w realised gains, impairment and reversals, derivatives (equity and interest rate)	*4.0*	*-0.6*
Non-consolidated subsidiaries	1.0	-0.2
Foreign exchange income & currency derivatives	4.5	1.6
Financial and investment charges	-4.3	-3.7
NET INCOME FROM INVESTMENTS	**24.4**	**15.9**

* Including equity derivatives

** Including interest rate derivatives

After income from equity securities, foreign exchange income, income from derivatives, and financial and investment charges, the Group's financial income for the first half of 2022 totalled €24.4 million.

The portfolio's economic rate of return was -6.1% in the first half of 2022, due to the decline in revaluation reserves, notably as a result of the decline in bonds, caused by the rise in rates, as well as the decline in the equity market.

iv. Operating income

(en millions d'euros)	Au 30 juin		Variation	
	2022	**2021**	**en M€**	**en % : à périmètre et change constants**
Résultat opérationnel consolidé	**207.0**	**173.0**	**34.0**	**20%**
Résultat opérationnel y compris charges de financement	**196.8**	**162.6**	**34.3**	**21%**
Autres produits et charges opérationnels	-4.3	0.4	-4.8	-1068%
Résultat opérationnel y compris charges de financement et hors autres produits et charges opérationnels	**201.2**	**162.1**	**39.0**	**24%**

Consolidated operating income stood at €202.9 million, up 18% (at current FX and perimeter) compared to the half year ended 30 June 2021 (€30.8 million).

Current operating income, including finance costs and excluding non-recurring items (other operating income and expenses), increased by 22% (at current FX and perimeter), from €161.2 million for the half year ended 30 June 2021 to €197.1 million for the half year ended 30 June 2022.

The combined ratio after reinsurance increased by 14.1 points, from 51.9% for the half year ended 30 June 2021 to 66% for the half year ended 30 June 2022. The net loss ratio increased by 18 points while the net cost ratio improved by 3.9 points.

Other operating income and expenses amounted to -€4.3 million, comprising mainly the following:

- Expenses linked to investments in the implementation of IFRS 17 of €3 million;
- Expenses related to the entry of three entities into the scope of consolidation for service entities in the Northern Europe region for €0.6 million;
- Provisions for restructuring costs of €0.5 million.

Change in consolidated operating income by region (in millions of euros)	**As at 30 June**		**Change**	**Share of half-yearly total at June 30, 2022**
	2022	**2021**		
Western Europe	54.5	-5.6	60.1	24%
Northern Europe	47.6	55.6	-8.0	21%
Mediterranean & Africa	60.8	64.9	-4.1	27%
North America	19.4	18.3	1.1	9%
Central Europe	4.6	25.1	-20.5	2%
Asia-Pacific	18.1	10.8	7.3	8%
Latin America	21.3	12.2	9.1	9%
Total (excluding inter-regional flows and holding costs not rebilled)	**226.2**	**181.3**	**44.9**	**100%**

v. Net income (attributable to equity holders of the parent)

Coface Group's effective tax rate fell from 23.8% for the half year ended 30 June 2021 to 25.1% for the half year ended on 30 June 2022.

Net income (Group share) amounted to €144.4 million at 30 June 2022, up 17% in relation to the first half of 2021 (€123.2 million).

e) Group Cash and Capital

Shareholders' equity

Under IFRS, Coface SA shareholders' equity attributable to owners of the parent totalled €1.9265 billion as at 30 June 2022, down slightly compared to the end of December 2021, when it stood at €2.141 billion.

Goodwill

Goodwill stood at €155.8 million as at 30 June 2022, compared to €155.5 million at the end of December 2021.

Debt

Coface Group's consolidated debt, excluding current operating debt, consists of financial debt and operating debt incurred in connection with the refinancing of the factoring business.

The financing of the factoring business amounted to €2.673 billion at 30 June 2021, compared with €2.322 billion at 31 December 2020.

Gross financial debt, excluding the financing of the factoring business, accounted for €383.0 million at the end of June 2022 compared with €390.6 million at 31 December 2021. The variation of -€7.5 million was essentially due to an adjustment arising from the amount of the accrued coupon on subordinated debt (payment made in March 2022). The Group's gross debt-to-equity ratio stands at 20%, compared with 18% as at 31 December 2021.

Solvency of the Group

In accordance with regulations, the Group measures its financial strength based on the capital requirement (amount of equity required to cover its managed risks) calculated based on a Partial Internal Model approved in 2019 by the Autorité de Contrôle Prudentiel et de Résolution (Prudential Supervisory Authority) for its insurance business, on the basis of the standard formula for its other insurance lines and according to bank regulations for the Group's financing companies. The change in capital requirement depends on numerous factors and parameters linked to changes in the loss ratio, underwriting volumes, risk volatility, the sequencing of loss settlement and the asset types invested in the Company's balance sheet (see the 2021 Registration Document, Section 5.2.3 "Risks related to changes in the regulations governing the Group's activities").

For insurance activities, pursuant to the Solvency II Regulation which became effective on 1 January 2016, the Group has carried out an estimated calculation of the Solvency Capital Requirement (SCR) at June 30, 2021. The Group's SCR evaluates the risks linked to pricing, underwriting, establishment of provisions, as well as market risks and operational risks. It takes account of frequency risks and severity risks. This calculation is calibrated to cover the risk of loss corresponding to a 99.5% quantile at a one-year horizon.

The Group also calculates the capital requirement for the factoring business. It is estimated by applying a 10.5% rate to the risk-weighted assets (or RWA). RWAs are calculated on the basis of the factoring exposure, by applying weighting as a function of the probability of default and the expected loss given default.

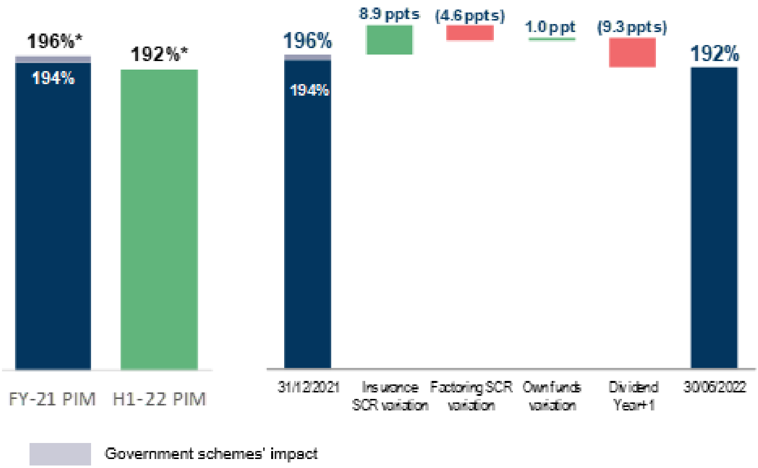
The amount of the capital requirement for the insurance business and the capital requirement for the factoring business is comparable with the available capital.

The Group has carried out an estimate[1] of its capital requirement and solvency ratio as at 30 June 2022. The estimated total capital requirement as at 30 June 2022 is €1,236 million (compared to €1,264 million as at 31 December 2021), including €1,000 million corresponding to the insurance SCR (estimated using the Partial Internal Model) and €236 million to the capital required by the financing companies.

[1] Capital requirements as at 30 June 2021 were estimated using the Partial Internal Model.

Available capital as at 30 June 2022 is estimated at €2,368 million (compared to €2,472 million as at 31 December 2021). Available capital should be compared with the sum of the insurance SCR and the capital requirement for factoring.

As of 30 June 2022, the capital requirement solvency ratio (ratio between the Group's available capital and its capital requirement for insurance and factoring), is estimated at 192%[1] (compared with 196% at the end of 2021).



Given the approval of the Partial Internal Model in December 2019, the Group's solvency capital requirement (SCR) and minimum capital requirement (MCR) were defined using the Partial Internal Model. This model allows for better alignment between regulatory capital requirements and Coface's portfolio.

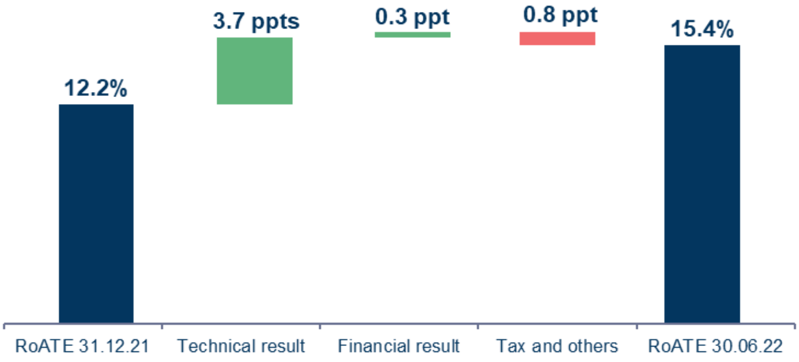
Return on equity

The return on equity ratio is used to measure the return on the Coface Group's invested capital. Return on average tangible equity (or "RoATE") is the ratio between net income for the period and the average of accounting equity (both attributable to equity holders of the parent) excluding intangible items (intangible asset values).

The table below presents the factors used to calculate the Coface Group's RoATE over the December 2021 to June 2022 period:

(in million euros)	**As at 30 June 2022**	**As at 31 December 2021**
Accounting equity (attributable to equity holders of the parent) including net income (attributable to equity holders of the parent) – A	1,927	2,141
Intangible assets – B	235	230
Tangible equity – C (A – B) As at 30 June 202, tangible equity include the annualized net income – C (A-B+E)	1,835	1,911
Average tangible equity– D ([Cn+Cn-1]/2)	1,873	1,839
Net income (attributable to equity holders of the parent)– E	144.4	223.8
RoATE – E/D As at 30 June 2022, net income is annualized– E x 2/D	15.4%	12.2%

[1] * This estimated solvency ratio constitutes a preliminary calculation based on Coface's interpretation of the Solvency II Regulation; the result of the final calculation may differ from the result of this preliminary calculation. The estimated solvency ratio is not audited.



f) Risk factors

By the nature of its activities, the Coface Group is exposed to five major types of risk (credit risk, financial risk, strategic risk, operational and non-compliance risk and reinsurance risk) of which credit risk and financial risk are the two most significant. 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. Financial risk is the risk of losses due to unfavourable variations in interest rates, exchange rates or the market value of securities or property investments. For the efficient management of its operations and processes, the Coface Group has set up its own risk management structure.

Because the Coface Group is a listed company, the main risk factors and uncertainties faced by the Group are described in detail in Chapter 5 "Main risk factors and their management inside the Group" of the Coface Group's 2021 Universal Registration Document filed with the AMF on 6 April 2022 under number D.22-0244.

g) Future risks and uncertainties

Factoring companies have applied IFRS 9, "Financial Instruments" since 1 January 2018.

Application of the aforementioned standard to insurance entities is deferred to 2023, i.e. at the same time as IFRS 17, "Insurance Contracts", on the recognition of insurance contracts. These two important draft standards could have a significant impact on the recognition of liabilities linked to insurance policies and the classification of financial assets.

h) Outlook

i. Economic environment

Almost five months after the beginning of the hostilities in Ukraine, initial lessons can be drawn: the conflict, which is set to last, probably beyond the end of the year, has already disrupted the global geo-economic balance. In the short term, the war is exacerbating tensions on a production system that has already been hit hard by two years of the pandemic, and increases the risk of a hard landing for the global economy: the tougher tone used by the main central banks, faced with a continuous acceleration in inflation, has raised the prospect of a recession, particularly in advanced economies. In these economies, real interest rates remain largely negative, while in emerging economies, where the interest-rate-raising cycle is broadly underway and real rates are neutral, further hikes could be made. Despite the very relative fall in metal, food and energy prices in the second quarter, they remain very high, particularly for food and energy, and will likely remain so until global economic growth and demand slows significantly. Room for manoeuvre on the supply side is extremely limited, as restrictions on food imports increase and all energy supplies are now the subject of Western sanctions (and Russian counter-sanctions). There is no possibility of Ukraine returning to the grain and oil market until this conflict is over, as its exports, 90% of which are transported via the Black Sea, are blocked and its crops and harvest have been disrupted. In addition, the scarcity and cost of fertilisers, as well as that of seedlings and fuel oil, will likely weigh on agricultural yields and production in emerging or developing countries. In addition, additional oil and gas production capacity is low among OPEC member countries (mainly the Gulf states) and the prospect of new producers such as Guyana or Senegal entering the market will have little impact. Moreover, the European Union’s ban on imports of Russian petroleum products by sea at the end of the year, and the threat by Russia to cut off supplies of natural gas, constitute an additional cause of price increases. While the oil rejected by Europe can be redirected to other markets, this is only, to a very limited extent, the case for gas, of which there will be a shortage. Finally, the knock-on effect of the rise in the prices of inputs on the prices of goods and services, which is only partial in some countries/sectors, will continue, while wage pressures will intensify. Thus, based on our central scenario, the slowdown in economic activity is set to continue in the second half of 2022, gradually, bringing with it, but with some delay, increases in producer prices and consumer prices. At the end of the year, we are therefore likely to see weak global growth accompanied by lower, but still high, levels of inflation. It is accompanied by numerous downside risks to growth, and upside risks to inflation.

The risks associated with this scenario, which are interconnected, are more negative than positive. While a soft landing for the global economy remains possible, it seems riskier than at the beginning of the year. Indeed, while weak global growth has already set in, the level of inflation is more uncertain. If it remains high, stagflation is likely, if both weak growth and high inflation extend beyond the second half of the year. Walking the tightrope between inflation and recession is becoming increasingly difficult and the need to trigger a recession to curb inflation is increasing. Inflation without a recession will soon become impossible in the event that the negative risks referred to below are realised, requiring a choice to be made between recession (due to the increased tightening of monetary policy) and inflationary drift (if central banks adopt a laissez-faire approach).

The trend in commodity prices is highly uncertain, but there are many reasons pointing towards higher prices. The fall seen in metal prices could be reversed if health restrictions are significantly and permanently eased in China, resulting in a recovery in economic activity in that country. The announcement of a new USD 220 billion infrastructure programme for 2023 has already triggered a rebound in the price of copper. An extension of the Russia-Ukraine conflict to neighbouring countries or other areas such as Syria or Africa, where Western countries and Russia are present, would push prices even higher. The same would occur if weather conditions were to have an adverse impact on energy or agricultural production (cyclones in the Gulf of Mexico where a significant proportion of the energy infrastructure of the United States is concentrated, drought or flooding in Europe, the Americas, Australia, which are all major agricultural production zones). A blockade of the Persian Gulf or Suez Canal would lead to a surge in energy prices. Conversely, Iran's return to the oil market, as well as the increase in production by Libya, may reduce tensions. However, the Russian influence on both countries is not negligible. Similarly, the economic slowdown could be enough to remove the pressure on production capacities, including raw materials, resulting in a new economic balance.

Relations between China and the US, at least in the area of trade, may improve, with Washington finding that the security risk posed by Russia, at least in the short term, is greater than the risk posed by China. The search for alternative sources of energy has pushed Washington closer to the Saudi crown prince, with whom relations had been bad. This would help reduce tension in the Taiwan Strait, which is another potential area of crisis. The United States is strengthening its relationship with the island, while it is becoming increasingly clear that it will provide military support in the event of a Chinese offensive. For its part, China is reaffirming its determination to combat any independence movement. In the event of an open conflict, the consequences for the global economy would be more damaging than those caused by the Russia-Ukraine war, given China's major economic weight. Developments in the Russia-Ukraine conflict will have an impact on this risk.

Health risk is another. This is probably the least manageable of all the risks. The world is not immune to another massive wave of a new Covid variant, which could prove to be both more resilient to the immunity gained by a large proportion of the population and more lethal. Tourism, which is on the path to full recovery, would suffer from such an eventuality, affecting the recovery in countries that depend on it. In addition, although most states have refined their approach to the virus and have learned to calibrate their responses, the determination of the Chinese authorities to implement their “zero Covid” policy will continue to raise the prospect of new lockdowns, prompting firms to (over)stockpile and, in doing so, keep bottlenecks in place.

Social risk is likely to increase, if the burden of high prices on the populations of emerging or developing countries, and also on the lower and middle classes of advanced economies, continues. In advanced economies, this has already resulted in strike action over wage increases. In the sectors under pressure, such as transport and tourism, they have been successful. They could turn into protests that could go as far as bringing the economy to a halt, as seen in France during the 2018-2019 “gilets jaunes” protests. In emerging or developing economies, where food security is sometimes at stake and extreme poverty is widespread, this could become a political crisis, with coups d'état into the bargain. How long inflationary pressures last will, however, be determined by potential second-round effects, in which inflation leads to wage increases, which in turn result in increased costs for companies, and, ultimately, a further increase in prices. To mitigate this social risk, governments are likely to maintain or increase their support measures intended to protect against rising prices, using some of the money freed up by the end of the anti-Covid measures. In advanced economies, where levels of public debt have increased significantly, the focus will undoubtedly be on disadvantaged households. The spreads between the government bonds issued by southern eurozone countries and those issued by other countries have widened, leading the European Central Bank to work on a new instrument designed to counter the fragmentation of the eurozone credit market. In other economies, save those of a few net commodity exporters, this will be more difficult as fiscal and external constraints are greater. The cost of accessing the international financial markets has become prohibitive for some countries, while the cost of accessing local and regional credit markets has also become more expensive and has a crowding-out effect on the private sector. In addition, multilateral financing, bilateral financing and, in the case of the Horn of Africa and the Sahel, international aid (food) will be important. However, this may not be enough in the event of net capital outflows and currency depreciation, which will increase the cost of servicing public debt denominated in foreign currencies. A contraction in imports, restrictions on access to foreign currencies and debt restructurings may occur. Even commodity-exporting countries will not be immune, particularly those that sell metals (since metal prices have fallen sharply) and import energy and food.

Sri Lanka is the perfect example of these negative risks. At the beginning of July, a combination of a surge in prices and a shortage of fuel and food as a result of the depletion of foreign currency holdings resulted in the President and the Prime Minister being overthrown, while negotiations with creditors and the IMF are continuing with a view to restructuring Sri Lanka's debt and implementing a financing programme.

ii. Outlook for the Group

The global growth outlook shifted completely in the second quarter of 2022. The conflict in Ukraine exacerbated existing inflationary tensions in a number of sectors (e.g. agricultural commodities, oil, and fertiliser) by reducing available supply on the global market. Central banks, led by the US Federal Reserve, began to raise rates to try to curb very high levels of inflation. In addition, several governments began the process of fiscal consolidation.

This rapid increase in interest rates has had an immediate impact on the growth outlook. In a still highly indebted global economy, Coface has downgraded its short-term economic risk assessments of 19 countries and 75 sectors, confirming the scale of the current slowdown. Finally, the COVID-19 pandemic is still raging, with severe local economic consequences (notably in China).

The number of bankruptcies has continued to gradually rise and, in certain countries (UK, Spain), exceeded pre-pandemic levels. However, bankruptcy levels generally remain below their historical averages. This includes bankruptcies directly linked to the crisis in Ukraine, the levels of which are in line with expectations.

In this context, Coface continues to invest in improving its efficiency and its operating tools, while strengthening its growth opportunities in adjacent businesses. Coface has also maintained a prudent and consistent underwriting policy.

Coface's operations continue to be backed by a solid balance sheet. Its solvency ratio reached 192%[1] , which is above the target range of 155% to 175%.

[1] *This estimated solvency ratio is a preliminary calculation made according to Coface's interpretation of Solvency II regulations and using the Partial Internal Model. The final calculation may differ from this preliminary calculation. The estimated solvency ratio is not audited.*

II. Consolidated financial statements

II. Consolidated financial statements

Basis of preparation

These IFRS condensed interim financial statements of the Coface Group as at June 30th, 2022 are established in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

The interim financial statements include:

- the balance sheet;
- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;
- the notes to the financial statements.

The balance sheet items are presented with comparative financial information as at December 31st, 2021 and the income statement items are presented with comparative financial information as at June 30th, 2021.

The accounting principles and policies used for the interim financial statements as at June 30th, 2022 are the same as the ones used for the year ended December 31st, 2021. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the IASB and adopted by the European Union[1]. They are detailed in the note "Applicable Accounting Standards" of consolidated financial statements for the year ended December 31st, 2021.

These condensed consolidated financial statements were reviewed by Coface Group's Board of Directors on July 28th, 2022. They were also previously reviewed by the Audit Committee on July 27th, 2022.

Standards and amendments published but not yet effective

IFRS 17

IFRS 17 – Insurance contracts, published on May 18, 2017, and amended on June 25, 2020 replaces IFRS 4 – Insurance contracts and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts and investment contracts with discretionary participating features, provided also insurance contracts are also issued. IFRS 17 has been published on the European Union official newspaper on November 23, 2021 for an application within the European Union and will be applied for annual periods starting from January 1, 2023, with earlier application permitted. The current standard on insurance contracts, IFRS 4, has been amended accordingly, extending to 2023 the temporary exemption for qualifying insurers to apply IFRS 9.

The standard requires a more detailed level of granularity in the calculations since it requires estimates by group of contracts, without classifying contracts issued more than one year apart in the same group – annual cohorts. However, the European Commission has introduced an optional "carve-out" allowing the annual cohort requirement to be waived for groups of Insurance contracts with direct participation features and groups of investment contracts with discretionary participation features that benefit from a pooling of returns on the underlying assets between different generations of policyholders (contracts with intergenerational pooling).

IFRS 17 requires a current measurement model, where the general model (or BBA) is based on the following "building block":

- ■ the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk;
- ■ the Contractual Service Margin (CSM).

The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future.

[1] *The standards adopted by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/finance/ company-reporting/ifrs-financial-statements/index_fr.htm*

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- ■ the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- ■ the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs and amounts already recognized as insurance revenue at the closing date. The acquisition costs are integrated to the insurance liabilities, only if the option to recognize it as an expense has not be chosen. The general model remains applicable for the measurement of incurred claims.

To determine the yield curve used to discount the cash flows, the standard describes two approaches:

- ■ A « bottom-up » approach which consists in determining the discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance;
- ■ A “top-down” approach which consists in determining the discount rates for insurance contracts, based on a yield curve that reflects the current market rates of return implicit in a fair value measurement of a reference portfolio of assets but by adjusting that yield curve to eliminate any factors that are not relevant to the insurance contracts.

In terms of presentation, the amounts recognized in the statements of financial performance have to be disaggregated into:

- ■ an insurance service result, comprising insurance revenue (corresponding to the insurance service provided over the period) and insurance service expenses (i.e. incurred claims and other incurred insurance service expense); and
- ■ insurance finance income or expenses.

IFRS 17 also allows the option to disaggregate the insurance or reinsurance financial expenses between Income Statement and OCI (Other Comprehensive Income). The application of this option leads to the unwinding of discount in the Income Statement based on locked-in discount rates, while the difference between the valuation at current rates and locked- in rates due to changes in discount rates is presented in the OCI. This option allows also the reclassification in OCI of a part of the differences in FCF estimates due to variation of the financial hypothesis.

In addition, on December 9, 2021, the IASB issued an amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”. The amendment, which has not yet been endorsed by the European Union, improves requirements for the comparative information to be disclosed on initial application of the both Standards. It permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Implementation of the standard

The Group expects a change in the financial statement information both in terms of evaluation of the technical provisions and in the representation of the economic performance and the notes to the financial statements. In light of the significance of the changes introduced by the standard, impacts are also reported in terms of resources, processes and information systems to support the assessment framework.

Coface has set up a project structure since 2018, which enables, within different work streams, to analyze all the dimensions of the standard: modeling, adaptation of systems and organizations, production of accounts and scales strategy, financial communication and change management.

During 2021, the focus of the project was mainly upon the implementation and testing of the new model, while in 2022 the main objective will be the transition to the new standard, which provides for the determination of the new opening balances as at January 1st 2022 and the construction of comparative information preparatory to entry into force.

The Group is assessing the impacts of the joint application of IFRS 17 and IFRS 9 on the consolidated financial statements through regular quantitative impact exercises.

Coface has retained the simplified model based on Premium Allocation Approach (PAA) for the totality of the insurance and reinsurance portfolios, of which Trade Credit-Insurance representing the major part of its business.

The option related to the suppression of the annual cohort requirement proposed by the European Union does not apply to Coface, as there is no business eligible.

The methodology used by the Coface Group to determine the yield curve is a “bottom-up” approach. Coface will apply a technique using the confidence level technique for determining the risk adjustment for non-financial risk.The Group intends to apply the option offered by IFRS 17 to disaggregate the insurance or reinsurance financial expenses between Income Statement and OCI (Other Comprehensive Income).

Coface will also use the possibility to publish the prior year comparative information restated with IFRS 17 and 9.

As of 30 June 2022, it is not possible to quantify the expected final impact on the financial position and economic results of the Group deriving from the combined adoption of the new standards IFRS 17 and IFRS 9.

IFRS 9

The new IFRS 9 "Financial Instruments" was adopted by the European Commission on November 22, 2016 and has been applicable retrospectively since January 1, 2018.

IFRS 9 replaces IAS 39 and defines the new rules for the classification and measurement of financial assets and liabilities, the new methodology for credit risk impairment of financial assets, and the treatment of hedging transactions at the same time. It excepts macro-hedging transactions for which a separate draft standard is under study by the IASB.

Exemption

The amendment to IFRS 4 relating to the joint application of IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts" with specific measures for financial conglomerates was adopted on November 9, 2017 and is applicable since January 1, 2018. This European regulation allows European financial conglomerates to opt to postpone the application of IFRS 9 for their insurance sector until January 1, 2023 (date of application of the new IFRS 17 Insurance Contracts standard) under conditions:

- not to transfer financial instruments between the insurance sector and the other sectors of the conglomerate (with the exception of instruments at fair value through profit or loss);
- to indicate the insurance entities that apply the IAS 39 standard;
- to provide additional specific information in the attached notes.

Coface, meeting the eligibility criteria of a financial conglomerate, applies this provision for its insurance entities, which will therefore remain under IAS 39 until December 31, 2021. The entities concerned by this measure are all insurance entities and entities whose activity is directly related to insurance (service entities, consolidated funds).

Scope of application

Consequently, the entities concerned by the application of IFRS 9 are exclusively entities in the factoring business, an activity operated by Coface in Germany and in Poland.

Significant events

Governance evolution

- **In the Board of Directors**

On 17 May 2022, during the Combined General Meeting, Laetitia Leonard – Reuter and Laurent Musy have been elected as independent directors for a term of four years. These appointments follow the expiration of the terms of office of Olivier Zarrouati and Eric Hémar, respectively.

Thus, at the close of the General Meeting, the Board of Directors is composed of 10 members, 5 women and 5 men, the majority (6) of whom are independent directors.

- **In the Executive Committee**

On 2 May 2022, Hugh Burke has been appointed as the CEO of Coface Asia-Pacific Region, effective on April 1, 2022. He joins the Group executive committee and reports to Xavier Durand, Coface CEO. He takes over from Bhupesh Gupta who has significantly contributed to transforming the company's culture during the past 6 years and has managed the operations in the region through the sanitary crisis with courage and accountability.

Natixis announces the sale of its residual stake in Coface SA

On January 6, 2022, Natixis announced the sale of its remaining interest in COFACE SA. This sale represented approximately 10.04% of COFACE SA's share capital, or 15,078,095 shares. It was carried out by way of an ABB (accelerated book-building) at an average price of €11.55. Following this transaction, Natixis no longer held any shares in COFACE SA.

Anticipated impacts of the Ukraine crisis

The invasion of Ukraine by Russia on February 24, 2022 has triggered a war in Europe for the first time since the Second World War. This armed conflict and the numerous economic sanctions taken against Russia will certainly have serious economic and financial consequences for the whole world, while the previous crisis linked to the Covid was not yet over. The inflationary consequences are significant: the hope of seeing the prices of energy, minerals and agricultural products fall in the second half of 2022 is gone, or at least remote.

The decline in freight costs has also been postponed (due to air travel bans and soaring fuel costs). As a result, the standardization of production lines has also been postponed. In addition, the Central European countries have to bear the burden of hundreds of thousands of Ukrainian refugees. These same countries, as Russia's trade corridors and outlets, are suffering from the reduction in trade between the two belligerents and Europe. Finally, energy and food price inflation is a potential source of social unrest, which could lead to political upheaval, especially in developing countries, where government intervention to mitigate its impact on households is made difficult by weak budgetary capacity and high debt levels increased by the pandemic. Faced with high inflation in property prices, real estate and financial assets, as well as a sharp economic slowdown, central banks find themselves in an uncomfortable situation. The extent and duration of the damage caused to the world economy by the conflict are still difficult to determine, as we do not know the duration and evolution of the intensity of the war.

In this context, Coface has adjusted its assessments of Russian, Belarusian and Ukrainian risks and reduced its exposure to these countries. The Group continues to monitor closely the situation on a daily basis and is constantly adjusting its underwriting policy to ensure compliance with international sanctions.

To date, and subject to any changes in the situation, this serious crisis has greatly increased uncertainty and volatility due to its multi-sector and multi-geographical impact.

Coface is not directly exposed to the countries in conflict through its investment portfolio.

Coface Russia Insurance's earned premiums will amount to €5.4M at 30 June 2022 (vs. €12.5M in 2021, i.e 1% of the Group total) and this subsidiary contributed €43.0M to the Group's total balance sheet at 30 June 2022 (i.e. 0.5% of the consolidated total balance sheet).

Losses related to this conflict have increased but remain limited at the Group level.The Group's exposure to risk in this region, overall less than 1% of its global exposure before the start of the conflict, has since been adjusted downwards and monitored regularly.

A deterioration of the loss ratio occurred in this area but it remains limited at group level. The impact if this crisis, whether direct or indirect, could result over time in a deterioration of the group loss ratio.

Coface New Zealand: new branch opens

On April 4, 2022, Coface announced the opening of an office in New Zealand after the approval from the Reserve Bank of New Zealand. This is in line with its ambitions to grow in new high-potential markets.

According to the World Bank, the value of New Zealand's exports reached $50.5 billion in 2020. This market therefore offers significant potential to develop the credit insurance solutions and adjacent specialty services.

AM Best affirms Coface’s main operating subsidiaries rating at A (Excellent) with a stable outlook

On April 7, 2022, the rating agency AM Best affirmed the A (Excellent) Insurer Financial Strength – IFS rating of Compagnie française d’assurance pour le commerce extérieur (la Compagnie), Coface North America Insurance Company (CNAIC) and Coface Re. The outlook for these ratings remain “stable”.

Consolidated balance sheet

Asset

(in thousands of euros)	Notes	June 30, 2022	Dec. 31, 2021
Intangible assets		**235,450**	**229,951**
Goodwill	*1*	155,808	155,529
Other intangible assets	*2*	79,642	74,423
Insurance business investments	*3*	**2,978,774**	**3,219,430**
Investment property	*3*	1,108	288
Held-to-maturity securities	*3*	1,801	1,833
Available-for-sale securities	*3*	2,886,738	3,115,154
Trading securities	*3*	29	15
Derivatives	*3*	17,520	10,458
Loans and receivables	*3*	71,578	91,683
Receivables arising from banking activities	*4*	**3,113,356**	**2,690,125**
Reinsurers' share of insurance liabilities	*10*	**517,545**	**512,187**
Other assets		**1,176,597**	**1,024,871**
Buildings used for operations purposes and other property, plant and equipment		100,135	105,809
Deferred acquisition costs		50,797	38,900
Deferred tax assets		71,001	58,345
Receivables arising from insurance and reinsurance operations		611,757	511,038
Trade receivables arising from service activities		51,058	59,489
Current tax receivables		75,916	75,682
Other receivables		215,933	175,609
Cash and cash equivalents	*5*	**467,411**	**362,441**
TOTAL ASSETS		**8,489,133**	**8,039,006**

Liability

(in thousands of euros)	Notes	June 30, 2022	Dec. 31, 2021
Equity attributable to owners of the parent		**1,926,502**	**2,141,041**
Share capital	*6*	300,360	300,360
Additional paid-in capital		723,501	810,420
Retained earnings		730,633	644,807
Other comprehensive income		27,600	161,638
Consolidated net income of the year		144,408	223,817
Non-controlling interests		**318**	**309**
Total equity		**1,926,820**	**2,141,351**
Provisions for liabilities and charges	*7*	**73,210**	**85,748**
Financing liabilities	*8*	**383,011**	**390,553**
Lease liabilities	*9*	**78,581**	**81,930**
Liabilities relating to insurance contracts	*10*	**2,056,664**	**1,859,059**
Payables arising from banking activities	*11*	**3,117,330**	**2,698,525**
Amounts due to banking sector companies	*11*	919,048	822,962
Amounts due to customers of banking sector companies	*11*	444,611	376,788
Debt securities	*11*	1,753,671	1,498,775
Other liabilities		**853,518**	**781,841**
Deferred tax liabilities		103,598	120,326
Payables arising from insurance and reinsurance operations		349,900	286,583
Current taxes payables		81,647	80,712
Derivatives		5,437	3,480
Other payables		312,936	290,739
TOTAL EQUITY AND LIABILITIES		**8,489,133**	**8,039,006**

Consolidated income statement

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
Gross written premiums		*885,261*	*745,433*
Premium refunds		*(66,544)*	*(50,156)*
Net change in unearned premium provisions		*(64,703)*	*(56,562)*
Earned premiums	*12*	**754,014**	**638,715**
Fee and commission income		*79,609*	*74,532*
Net income from banking activities		*35,038*	*31,548*
Income from services activities		*26,230*	*23,243*
Other revenue	*12*	**140,877**	**129,323**
Revenue		**894,891**	**768,038**
Claims expenses	*13*	**(230,810)**	**(188,723)**
Policy acquisition costs	*14*	*(146,303)*	*(124,821)*
Administrative costs	*14*	*(145,072)*	*(133,333)*
Other insurance activity expenses	*14*	*(33,135)*	*(32,997)*
Expenses from banking activities, excluding cost of risk	*14*	*(6,372)*	*(6,412)*
Expenses from services activities	*14*	*(48,152)*	*(41,815)*
Operating expenses		**(379,034)**	**(339,378)**
Risk cost		**155**	**106**
UNDERWRITING INCOME BEFORE REINSURANCE		**285,202**	**240,043**
Income and expenses from ceded reinsurance	*15*	(102,242)	(84,254)
UNDERWRITING INCOME AFTER REINSURANCE		**182,959**	**155,788**
Investment income, net of management expenses (excluding finance costs)	*16*	24,388	15,857
CURRENT OPERATING INCOME		**207,347**	**171,645**
Other operating income and expenses	*17*	(4,342)	172,094
OPERATING INCOME		**203,005**	**172,094**
Finance costs		(10,199)	(10,436)
Share in net income of associates			
Badwill		(0)	(0)
Income tax expense		(48,370)	123,236
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS		**144,436**	**123,236**
Non-controlling interests		(28)	(3)
NET INCOME FOR THE YEAR		**144,408**	**123,233**
Earnings per share (€)	*19*	0.97	0.83
Diluted earnings per share (€)	*19*	0.97	0.83

Consolidated statement of comprehensive income

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
Net income of the period		**144,408**	**123,232**
Non-controlling interests		28	3
Other comprehensive income			
Currency translation differences reclassifiable to income		**23,988**	**(5,113)**
Reclassified to income		(0)	(0)
Recognised in equity		23,988	(5,113)
Fair value adjustments on available-for-sale financial assets		**(163,409)**	**(23,434)**
Recognised in equity – reclassifiable to income – gross		(218,310)	(18,948)
Recognised in equity – reclassifiable to income – tax effect		45,358	(1,628)
Reclassified to income – gross		9,015	(2,839)
Reclassified to income – tax effect		528	(19)
Fair value adjustments on employee benefit obligations		**5,378**	**692**
Recognised in equity – not reclassifiable to income – gross		7,604	935
Recognised in equity – not reclassifiable to income – tax effect		(2,226)	(243)
Other comprehensive income of the period, net of tax		**(134,043)**	**(27,855)**
Total comprehensive income of the period		**10,393**	**95,380**
- attributable to owners of the parent		10,370	95,373
- attributable to non-controlling interests		23	7

Statement of changes in equity

(in thousands of euros)	Share capita	Premiums	Consolidated reserves	Treasury shares	Other comprehensive income			Net income for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Foreign currency translation reserve	Reclassifiable revaluation reserves	Non-reclassifiable revaluation reserves				
Equity at December 31, 2020	304,064	810,420	671,939	(15,822)	(33,560)	202,482	(24,115)	82,900	1,998,308	267	1,998,575
2020 net income to be appropriated			82,900					(82,900)			
Payment of 2020 dividends in 2021			(81,976)						(81,976)	4	(81,980)
Total transactions with owners	**0**	**0**	**924**	**0**	**0**	**0**	**0**	**(82,900)**	**(81,976)**	**(4)**	**(81,980)**
December 31, 2021 net income								223 817	223 817	57	223 874
Fair value adjustments on available-for-sale financial assets recognized in equity						17,106			17,106	1	17,107
Fair value adjustments on available-for-sale financial assets reclassified to income statement						(7,363)			(7,363)	(0)	(7,363)
Change in actuarial gains and losses (IAS 19R)							1,622		1,622		1,622
Currency translation differences					4,958				4,958	(2)	4,956
Cancellation of COFACE SA shares	(3,704)		(11,298)						(15,002)		(15,002)
Treasury shares elimination				103					103		103
Free share plans expenses			465						465		465
Transactions with shareholders and others			(1,504)			508			(996)	(10)	(1,006)
Equity at December 31, 2021	300,360	810,420	660,526	(15,719)	(28,602)	212,733	(22,493)	223,817	2,141,042	309	2,141,351
2021 net income to be appropriated			223,817					(223,817)			
Payment of 2021 dividends in 2022		(86,868)	(137,161)						(224,029)	14	(224,043)
Total transactions with owners	**(0)**	**(86,868)**	**86,656**	**(0)**	**(0)**	**(0)**	**(0)**	**(223,817)**	**(224,029)**	**(14)**	**(224,043)**
June 30, 2022 net income								144,408	144,408	28	144,436
Fair value adjustments on available-for-sale financial assets recognized in equity						(172,937)			(172,937)	(15)	(172,952)
Fair value adjustments on available-for-sale financial assets reclassified to income statement						9,542			9,542	1	9,543
Change in actuarial gains and losses (IAS 19R)							5,378		5,378		5,378
Currency translation differences					23,979				23,979	9	23,988
Cancellation of COFACE SA shares											
Treasury shares elimination				(1,187)					(1,187)		(1,187)
Free share plans expenses			1,080						1,080		1,080
Transactions with shareholders and others		(51)	(723)						(774)		(774)
Equity at June 30, 2022	**300,360**	**723,501**	**747,539**	**(16,906)**	**(4,623)**	**49,338**	**(17,115)**	**144,408**	**1,926,502**	**318**	**1,926,820**

Consolidated statement of cash flows

(in thousands of euros)	June 30, 2022	June 30, 2021
Net income for the period	**144,408**	**123,233**
Non-controlling interests	28	3
Income tax expense	48,370	38,423
Finance costs	10,199	10,436
Operating income (A)	**203,005**	**172,094**
+/- Depreciation, amortization and impairment losses	15,614	17,057
+/- Net additions to / reversals from technical provisions	159,566	(33,886)
+/- Unrealized foreign exchange income / loss	9,039	16,414
+/- Non-cash items	(17,085)	29
Total non-cash items (B)	***167,134***	***(7,641)***
Gross cash flows from operations (C) = (A) + (B)	***370,139***	***171,708***
Change in operating receivables and payables	(22,870)	(97,936)
Net taxes paid	(34,175)	(2,674)
Net cash related to operating activities (D)	***(57,045)***	***(100,609)***
Increase (decrease) in receivables arising from factoring operations	(433,082)	(49,019)
Increase (decrease) in payables arising from factoring operations	322,719	(68,489)
Increase (decrease) in factoring liabilities	105,824	130,686
Net cash generated from banking and factoring operations (E)	***(4,538)***	***13,178***
Net cash generated from operating activities (F) = (C+D+E)	308,556	84,277
Acquisitions of investments	(1,533,899)	(701,281)
Disposals of investments	1,606,223	735,262
Net cash used in movements in investments (G)	***72,324***	***33,981***
Acquisitions of consolidated subsidiaries, net of cash acquired	4,854	840
Disposals of consolidated companies, net of cash transferred		(0)
Net cash used in changes in scope of consolidation (H)	***4,854***	***840***
Acquisitions of property, plant and equipment and intangible assets	(15,264)	(8,999)
Disposals of property, plant and equipment and intangible assets	381	72
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	***(14,883)***	***(8,927)***
Net cash used in investing activities (J) = (G+H+I)	62,295	25,894
Proceeds from the issue of equity instruments		(0)
Treasury share transactions	(1,187)	(14,962)
Dividends paid to owners of the parent	(224,029)	(81,976)
Dividends paid to non-controlling interests	(15)	(4)
Cash flows related to transactions with owners	***(228,972)***	***(96,942)***
Proceeds from the issue of debt instruments	0	(7,053)
Cash used in the redemption of debt instruments	(0)	(0)
Lease liabilities variations	(8,801)	(8,389)
Interests paid	(17,741)	(17,830)
Cash flows related to the financing of Group operations	***(26,541)***	***(33,271)***
Net cash generated from (used in) financing activities (K)	(255,513)	(130,213)
Impact of changes in exchange rates on cash and cash equivalents (L)	(10,369)	(24,480)
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)	104,970	(44,522)
Net cash generated from operating activities (F)	308,556	84,277
Net cash used in investing activities (J)	62,295	25,894
Net cash generated from (used in) financing activities (K)	(255,513)	(130,213)
Impact of changes in exchange rates on cash and cash equivalents (L)	(10,369)	(24,480)
Cash and cash equivalents at beginning of period	**362,441**	**400,969**
Cash and cash equivalents at end of period	**467,411**	**356,447**
NET CHANGE IN CASH AND CASH EQUIVALENTS	104,970	(44,522)

III. Notes to the condensed interim consolidated financial statements

III. Notes to the condensed interim consolidated financial statements

All amounts are stated in thousands of euros in the following notes, unless specified otherwise.

Note 1. Goodwill

The value of goodwill increased by 279 thousand euro in the first half of 2022; this change is entirely due to changes in exchange rates.

In accordance with IAS 36, goodwill is not amortized but is systematically tested for impairment at end of each semester or whenever there is an impairment indicator.

Impairment testing methods

Goodwill and shares in subsidiaries were tested for impairment losses at June 30, 2022. Coface performed the tests by comparing the value in use of the groups of cash-generating units (CGU) to which goodwill was allocated with their carrying amounts.

The value in use corresponds to the present value of the future cash flows expected to be generated by an asset or a CGU. This value is determined using the *discounted cash flows* method, based on the three-year business plan drawn up by subsidiaries and validated by Management. Cash flows are extrapolated for an additional two years using target *loss* and *cost ratios*. Beyond this five-year period, the terminal value is calculated by projecting the final year cash flows to perpetuity.

The main assumptions used to estimate the value in use of the groups of CGUs are a long-term growth rate of 2.0% for all entities and the weighted average cost of capital.

The table below summarizes the key assumptions used for goodwill impairment testing at June 30, 2022:

(in millions of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean and Africa	North America
Cost of capital	10.4%	10.4%	10.4%	10.4%	10.4%
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	2.0%
Contribution to consolidated net assets	588.5	510.1	223.4	342.6	85.8

The assumptions used in December 2021 were:

(in millions of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean and Africa	North America
Cost of capital	11.1%	11.1%	11.1%	11.1%	11.1%
erpetual growth rate	1.5%	1.5%	1.5%	1.5%	1.5%
Contribution to consolidated net assets	583.4	473.7	207.7	321.4	71.0

Sensitivity analysis on valuations

Sensitivity analysis were performed on the valuations established for impairment testing. The following factors have been used:

- long-term growth rate sensitivity: the impairment tests were stressed for a 0.5-point decrease in the perpetual growth rate applied. The analysis showed that such a 0.5-point decrease would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the semester ended June 30, 2022;
- cost of capital sensitivity: the impairment tests were stressed for a 0.5-point increase in the cost of capital applied. The analysis showed that such a 0.5-point increase would not have any impact on the outcome of the impairment tests and therefore on the Group's consolidated financial statements for the semester ended June 30, 2022;
- cost and loss ratios sensitivities for the last two years of the business plan (2025 and 2026): additional impairment tests were performed based on a 2-point increase in the loss ratio and a 1-point increase in the cost ratio. The outcome of a 2-point increase in the assumptions used would have a negative impact on the

results of the original impairment tests in Western Europe and therefore on the Group's consolidated financial statements for the semester ended June 30, 2022.

CGUs valuations sensitivity to selected assumptions is shown in the following table:

Outcome of impairment tests

(in millions of euros)	**Northern Europe**	**Western Europe**	**Central Europe**	**Mediterranean and Africa**	**North America**
Contribution to consolidated net assets [1]	588.5	510.1	223.4	342.6	85.8
Value in use of CGU	952.4	642.2	401.7	643.6	124.0
Sensitivity: Long-term growth rate -0.5 point [2]	918.9	618.5	382.0	619.9	119.2
Sensitivity: WACC +0.5 point [2]	908.4	611.3	378.1	612.6	117.6
Sensitivity: Loss/ Cost Ratio 2026 +1 point [2]	935.4	564.7	391.1	618.1	114.1
Sensitivity: Loss/ Cost Ratio 2026 +2 points [2]	918.5	487.0	380.4	592.6	104.2

(1) The contribution to the consolidated Group's net assets corresponds to the book value

(2) Sensitivity analysis were performed on the value in use of each CGU

Note 2. Other intangible assets

The change in other intangible assets increased by €5,219 thousand at June 30, 2022. This change is mainly explained by an increase in the book value of €13,016 thousand offset by an allowance for amortisation of €7,797 thousand.

Note 3. Insurance business investments

3.1 – Analysis by category

At June 30th, 2022, the carrying amount of available-for-sale (AFS) securities amounted to €2,886,738 thousand, securities held for trading ("trading securities") came to €29 thousand and held-to-maturity (HTM) securities was €1,801 thousand.

As an insurance group, Coface's investment allocation is heavily weighted towards fixed-income instruments.

The distribution of the bonds portfolio by rating at June 30th, 2022 was as follows:

- Bonds rated "AAA": 12.6%
- Bonds rated "AA" and "A": 52.1%
- Bonds rated "BBB": 29.5%
- Bonds rated "BB" and lower : 5.8%.

	June 30, 2022					Dec. 31, 2021				
(in thousands of euros)	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses	Amortized cost	Revaluation	Net value	Fair value	Unrealized gains and losses
AFS securities	**2,855,794**	**30,944**	**2,886,738**	**2,886,738**		**2,876,416**	**238,738**	**3,115,154**	**3,115,154**	
Equities and other variable-income securities	166,583	141,323	307,905	307,905		191,074	194,077	385,151	385,151	
Bonds and government securities	2,486,914	(133,693)	2,353,221	2,353,221		2,489,251	28,029	2,517,280	2,517,280	
o/w direct investments in securities	*2,061,695*	*(130,519)*	*1,931,176*	*1,931,176*		*2,087,552*	*25,285*	*2,112,837*	*2,112,837*	
o/w investments in UCITS	*425,219*	*(3,174)*	*422,045*	*422,045*		*401,699*	*2,745*	*404,444*	*404,444*	
Shares in non-trading property companies	202,297	23,314	225,612	225,612		196,091	16,633	212,724	212,724	
HTM securities										
Bonds	1,801		**1,801**	2,069	267	1,833		**1,833**	2,421	588
Fair value through income – trading securities										
Money market funds (UCIT S)	29		**29**	29		15		**15**	15	
Derivatives (positive fair value)		**17,520**	**17,520**	**17,520**			**10,458**	**10,458**	**10,458**	
(derivatives negative fair value for information)		*(5,437)*	*(5,437)*	*(5,437)*			*(3,480)*	*(3,480)*	*(3,480)*	
Loans and receivables	**71,578**		**71,578**	**71,578**		**91,683**		**91,683**	**91,683**	
Investment property	**1,516**	**(407)**	**1,108**	**1,108**		**695**	**(407)**	**288**	**288**	
TOTAL	**2,930,719**	**48,056**	**2,978,774**	**2,979,043**	**267**	**2,970,642**	**248,788**	**3,219,430**	**3,220,019**	**588**

(in thousands of euros)	Gross June 30, 2022	Impairment	Net June 30, 2022	Net Dec. 31, 2021
AFS securities	**2,925,441**	**(38,702)**	**2,886,738**	**3,115,154**
Equities and other variable-income securities	340,634	(32,728)	307,905	385,151
Bonds and government securities	2,353,221	(0)	2,353,221	2,517,280
o/w direct investments in securities	*1,931,176*	*(0)*	*1,931,176*	*2,112,837*
o/w investments in UCITS	*422,045*		*422,045*	*404,444*
Shares in non-trading property companies	231,586	(5,974)	225,612	212,724
HTM securities				
Bond	**1,801**		**1,801**	1,833
Fair value through income – trading securities				
Money market funds (UCIT S)	**29**		**29**	15
Derivatives (positive fair value)	**17,520**		**17,520**	10,458
(for information, derivatives with a negative fair value)	*(5,437)*		*(5,437)*	*(3,480)*
Loans and receivables	**71,578**		**71,578**	91,683
Investment property	**1,108**		**1,108**	288
TOTAL	**3,017,476**	**(38,702)**	**2,978,774**	**3,219,430**

Impairment

(in thousands of euros)	Dec. 31, 2021	Additions	Reversals	Exchange rate effects and other	June 30, 2022
AFS securities	**38,187**	**538**	**(0)**	**(22)**	**38,702**
Equities and other variable-income securities	32,432	318	(0)	(22)	32,728
Bonds and government securities	(0)	(0)	(0)		(0)
Shares in non-trading property companies	5,754	220			5,974
Loans and receivables	**(0)**	**(0)**	**(0)**		**(0)**
TOTAL	**38,187**	**538**	**(0)**	**(22)**	**38,702**

Reversals are related to the disposal of AFS securities.

Change in investments by category

	Dec. 31, 2021						June 30, 2022
(in thousands of euros)	Carrying amount	Increases	Decreases	Revaluation	Impairment	Other movements	Carrying amount
AFS securities	**3,115,156**	**1,492,774**	**(1,554,604)**	**(209,227)**	**(538)**	**43,180**	**2,886,738**
Equities and other variable-income securities	385,151	26,056	(49,030)	(54,758)	(318)	805	307,905
Bonds and government securities	2,517,280	1,427,089	(1,469,317)	(160,281)		38,452	2,353,221
Shares in non-trading property companies	212,724	39,630	(36,258)	5,812	(220)	3,923	225,612
HTM securities							
Bonds	1,833	(0)	(31)				1,801
Fair value through income – trading securities	15	16				(1)	29
Loans, receivables and other financial investments	**102,430**	**40,734**	**(51,927)**		**(27)**	**(1,000)**	**90,206**
TOTAL	**3,219,430**	**1,533,523**	**(1,606,562)**	**(209,227)**	**(565)**	**42,181**	**2,978,774**

Derivatives

The structural use of derivatives is strictly limited to hedging. The notional amounts of the hedges therefore do not exceed the amounts of the underlying assets in the portfolio.

During the first half of 2022, the majority of the derivative transactions carried out by the Group concerned the systematic hedging of currency risk via swaps or currency futures for primarily USD-denominated bonds held in the investment portfolio.

Investments in equities were subject to systematic partial hedging through purchases of put options. The hedging strategy applied by the Group is aimed at protecting the portfolio against a sharp drop in the equities market in the eurozone.

Regarding the bond portfolio, one-off interest rate hedges were put in place in the first half of 2022 by certain managers. Some one-off interest rate hedging transactions were also set up on negotiable debt securities.

None of these transactions qualified for hedge accounting under IFRS as they were mainly currency transactions and partial market hedges.

3.2 – Financial instruments recognised at fair value

The fair values of financial instruments recorded in the balance sheet are measured according to a hierarchy that categorises the inputs used to measure fair value into three levels as follows:

Level 1: Quoted prices in active markets for an identical financial instrument.

Level 1 securities represent 81% of the Group's portfolio. They correspond to:

- equities, bonds and government securities listed on organised markets, as well as units in dedicated mutual funds whose net asset value is calculated and published on a very regular basis and is readily available (AFS securities);
- government bonds and bonds indexed to variable interest rates (HTM securities);
- French units in money-market funds, SICAV (trading securities).

Level 2: Use of inputs, other than quoted prices for an identical instrument that are directly or indirectly observable in the market (inputs corroborated by the market such as yield curves, swap rates, multiples method, etc.).

Level 2 securities represent 7% of the Group's portfolio. This level is used for the following instruments:

- unlisted equities;
- loans and receivables due from banks or clients and whose fair value is determined using the historical cost method.

Level 3: Valuation techniques based on unobservable inputs such as projections or internal data.

Level 3 securities represent 13% of the Group's portfolio. This level corresponds to unlisted equities, investment securities and units in dedicated mutual funds, as well as investment property.

Value in use is the present value of future cash flows that may result from an asset or cash-generating unit. The valuation, using on the discounted cash flow method, is based on the three-year projected budget prepared by the subsidiaries and validated by management with two further years based on standardised management ratios (loss ratios and target cost ratios). Beyond the fifth year, the terminal value is valued on a basis of perpetual capitalisation of the last year's cash flow.

Breakdown of financial instrument fair value measurements as at June 30th, 2022 by level in the fair value hierarchy

			Level 1	Level 2	Level 3
(in thousands of euros)	Carrying amount	Fair value	Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	**2,886,738**	**2,886,738**	**2,388,669**	**121,609**	**376,459**
Equities and other variable-income securities	307,905	307,905	157,033	23	150,848
Bonds and government securities	2,353,221	2,353,221	2,231,637	121,586	
Shares in non-trading property companies	225,612	225,612			225,612
HTM securities					
Bonds	1,801	2,069	2,069		
Fair value through income – trading securities					
Money market funds (UCITS)	29	29	29		
Derivatives	**17,520**	**17,520**	**17,395**	**16**	**109**
Loans and receivables	**71,578**	**71,578**		**71,578**	
Investment property	**1,108**	**1,108**			**1,108**
TOTAL	**2,978,774**	**2,979,043**	**2,408,163**	**193,203**	**377,677**

Movements in Level 3 securities as at June 30th, 2022

		Gains and losses recognized in the period		Transactions for the period		Other movements	Changes in scope of consolidation	Exchange rate effects	
(in thousands of euros)	At Dec. 31, 2021	In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions				At June. 30, 2022
AFS securities	**370,761**	**(220)**	**(2,182)**	**39,630**	**(36,258)**	**3,923**	**(1,424)**	**2,231**	**376,460**
Equities and other variable-income securities	158,036		(7,995)				(1,424)	2,231	150,848
Shares in non-trading property companies	212,724	(220)	5,812	39,630	(36,258)	3,923			225,611
Derivatives	**109**							**(0)**	**109**
Investment property	**288**	**(27)**				**848**			**1,108**
TOTAL	**371,159**	**(247)**	**(2,182)**	**39,630**	**(36,258)**	**4,770**	**(1,424)**	**2,231**	**377,677**

Breakdown of financial instrument fair value measurements as at December 31st, 2021 by level in the fair value hierarchy

			Level 1	Level 2	Level 3
(in thousands of euros)	Carrying amount	Fair value	Fair value determined based on quoted prices in active markets	Fair value determined based on valuation techniques that use observable inputs	Fair value determined based on valuation techniques that use unobservable inputs
AFS securities	**3,115,154**	**3,115,154**	**2,613,799**	**130,593**	**370,761**
Equities and other variable-income	385,151	385,151	227,091	23	158,036
Bonds and government securities	2,517,280	2,517,280	2,386,710	130,570	
Shares in non-trading property companies	212,724	212,724			212,724
HTM securities					
Bonds	1,833	2,421	2,421		
Fair value through income – trading securiti					
Money market funds (UCITS)	15	15	15		
Derivatives	**10,458**	**10,458**	**9,876**	**473**	**109**
Loans and receivables	**91,683**	**91,683**		**91,683**	
Investment property	**288**	**288**			**288**
TOTAL	**3,219,430**	**3,220,019**	**2,626,111**	**222,749**	**371,158**

Movements in Level 3 securities as at December 31st, 2021

		Gains and losses recognized in the period		Transactions for the period		Changes in scope of consolidation	Exchange rate effects	
(in thousands of euros)	At Dec. 31, 2020	In income	Directly in equity	Purchases/ Issues	Sales/ Redemptions			At Dec. 31, 2021
AFS securities	**386,055**	**(1,368)**	**9,995**	**2,385**	**(26,842)**	**(613)**	**1,149**	**370,761**
Equities and other variable-income	155,775	(222)	4,516	2,385	(4,954)	(613)	1,149	158,036
Shares in non-trading property companies	230,280	(1,146)	5,478		(21,888)			212,724
Derivatives	**109**						**(0)**	**109**
Investment property	**288**							**288**
TOTAL	**386,452**	**(1,368)**	**9,995**	**2,385**	**(26,842)**	**(613)**	**1,149**	**371,159**

SPPI Financial assets at June 30, 2022 (IFRS 9)

(in thousands of euros)	Fair value	Fair value variation
Direct investments in securities - SPPI financial assets	1 906 596	-159 855
Direct investments in securities - No SPPI financial assets	24 581	-4 784
Direct investments in securities	**1 931 177**	**-164 639**
Loans and receivables - SPPI financial assets	71 578	0
Loans and receivables	**71 578**	**0**
Cash and cash equivalents - SPPI financial assets	467 411	0
Cash and cash equivalents	**422 881**	**0**
SPPI financial assets	**2 445 585**	**-159 855**
No SPPI financial assets	**24 581**	**-4 784**
TOTAL	**2 470 166**	**-164 639**

(in thousands of euros)	Gross value	Fair value
SPPI financial assets without a low credit risk	**180,609**	**178,962**

IFRS 9 has been applicable to factoring companies since January 1, 2018.

Note 4. Receivables arising from banking sector

Breakdown by nature

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Receivables arising from banking sector	3,113,333	2,690,125
Non-performing receivables arising from banking sector	33,990	34,440
Allowances for receivables arising from banking sector	(33,967)	(34,440)
TOTAL	**3,113,356**	**2,690,125**

Receivables arising from the banking sector represent receivables acquired within the scope of factoring agreements.

They are recognised at cost within assets in the balance sheet and they are classified as level 1. Factoring receivables include both receivables whose future recovery is guaranteed by Coface and receivables for which the risk of future recovery is borne by the customer.

Where applicable, the Group recognises a valuation allowance against receivables to take account of any potential difficulties in their future recovery.These receivables are also covered by a credit insurance agreement. Accordingly, the related risks are covered by claims provisions.

Note 5. Cash and cash equivalents

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Cash at bank and available	452,764	345,061
Cash equivalents	14,647	17,381
TOTAL	**467,411**	**362,441**

At June 30, 2022, operating cash flow was up by €105.0 million compared with December 31, 2021. This change is explained by a lower loss ratio than expected in the first half of 2022. All cash and cash equivalents are available; no amounts are held in escrow accounts.

Note 6. Share capital

Ordinary shares	Number of shares	Per value	Share capital (in €)
Value at December 31, 2021	150,179,792	2	300,359,584
Cancellation of shares	(0)	2	(0)
Value at June 30, 2022	**150,179,792**	**2**	**300,359,584**
Treasury shares deducted	(913,353)	2	(1,826,706)
Value at June 30, 2022 (excluding treasury shares)	**149,266,439**	**2**	**298,532,878**

	June 30, 2022		Dec. 31, 2021	
Shareholders	Number of shares	%	Number of shares	%
Natixis	(0)	0,00%	15,078,051	10,12%
Arch Capital Group Ltd	44,849,425	30,05%	44,849,425	30,09%
Public	104,417,014	69,95%	89,104,806	59,79%
Total excluding treasury shares	**149,266,439**	**100%**	**149,032,282**	**100%**

On January 6, 2022, Natixis sold its remaining stake in Coface SA. This sale represented 10.12% of the share capital excluding treasury shares.

Note 7. Provisions for liabilities and charges

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Provisions for disputes	2,152	2,275
Provisions for pension and other post-employment benefit	52,561	61,473
Other provisions for liabilities and charges	18,497	22,000
Total	**73,210**	**85,748**

Provisions for liabilities and charges mainly include provisions for pensions and other post-employment benefit obligations.

The other provisions for liabilities and charges mainly include provisions for negative net equities of non consolidated subsidiaries (€9.8 million) and provisions for restructuring (€5.3 million).

The net change in the first half of 2022 is mainly related to the decrease of provisions for retirement indemnities and other post-employment benefits (€7.2 million) as well as a decrease in provisions for restructuring (€4.4 million).

Note 8. Financing liabilities

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Due within one year		
- Interest	4,094	11,930
- Amortization of expenses	(609)	(596)
Total	**3,485**	**11,335**
Due between one and five years		
- Amortization of expenses	(474)	(781)
- Nominal	380,000	380,000
Total	**379,526**	**379,219**
Due beyond five years		
- Amortization of expenses	(0)	(0)
- Nominal	(0)	(0)
Total	**(0)**	**(0)**
TOTAL	**383,011**	**390,553**

On March 27th, 2014, COFACE SA issued a subordinated debt in the form of bonds for a nominal amount of €380 million (corresponding to 3,800 bonds with a nominal unit value of €100,000), maturing on March 27th, 2024 , with an annual interest rate of 4.125%.

The per-unit bond issue price was €99,493.80, and the net amount received by COFACE SA was €376.7 million, net of placement fees and directly attributable transaction costs.

These securities are irrevocably and unconditionally guaranteed on a subordinated basis by *Compagnie française d'assurance pour le commerce extérieur*, the COFACE Group's main operating entity.

On March 25th, 2014, *Compagnie française d'assurance pour le commerce extérieur* issued a joint and serveral guarantee totalling €380 million, to the investors in COFACE SA's subordinated bonds, applicable until the extinction of all liabilities in respect of said investors.

As at June 30th, 2022, the debt presented on the line "Subordinated borrowings" of the balance sheet, amounted to €383,010 thousand, is composed of:

- nominal amount of bonds: €380,000 thousand;
- reduced by the debt issuance costs and the issue premium for €1,083 thousand;
- increased by accrued interest of €4,093 thousand.

The impact on consolidated income statement income as at June 30th, 2022 mainly includes the interest related to the period for €8,132 thousand.

Note 9. Lease liabilities

(in thousand of euros)	June 30, 2022	Dec. 31, 2021
Lease liabilities - Real estate leasing	69 035	71 433
Lease liabilities - Equipment leasing	9 546	10 497
Lease liabilities - Leasing	**78 581**	**81 930**

Note 10. Liabilities relating to insurance contracts

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Provisions for unearned premiums	360,726	287,499
Claims reserves	1,459,711	1,351,095
Provisions for premium refunds	236,227	220,465
Liabilities relating to insurance contracts	**2,056,664**	**1,859,059**
Provisions for unearned premiums	(77,817)	(51,968)
Claims reserves	(364,425)	(382,699)
Provisions for premium refunds	(75,303)	(77,520)
Reinsurers' share of insurance liabilities	**(517,545)**	**(512,187)**
Net technical provisions	**1,539,119**	**1,346,872**

Claims reserves include provisions to cover claims incurred but not yet reported, as well as contingencies in the estimation of reserves for reported claims; they amounted to 905 million euros at June 30, 2022.

Note 11. Payables arising from banking sector activities

(in thousands of euros)	June 30, 2022	Dec. 31, 2021
Amounts due to banking sector companies	919,048	822,962
Amounts due to customers of banking sector companies	444,611	376,788
Debt securities	1,753,671	1,498,775
TOTAL	**3,117,330**	**2,698,525**

The items "Amounts due to banking sector companies" and "Debt securities" correspond to sources of refinancing for the Group's factoring entities – Coface Finanz (Germany) and Coface Factoring Poland.

Note 12. Revenue

Breakdown of consolidated revenue

(in thousands of euros)	June 30, 2022	June 30, 2021
Premiums – direct business	*809,578*	*689,532*
Premiums – inward reinsurance	*75,683*	*55,901*
Gross written premiums	**885,261**	**745,433**
Premium refunds	**(66,544)**	**(50,156)**
Change of provisions for unearned premiums	**(64,703)**	**(56,562)**
Earned premiums	**754,014**	**638,715**
Fees and commission income	**79,609**	**74,532**
Net income from banking activities	**35,038**	**31,548**
Other insurance-related services	*21*	*70*
Business information and other services	*23,179*	*18,386*
Receivables management	*3,030*	*4,787*
Income from other activities	**26,230**	**23,243**
Revenue or income from other activities	**140,877**	**129,324**
CONSOLIDATED REVENUE	**894,891**	**768,038**

Consolidated revenue by country of invoicing

(in thousands of euros)	June 30, 2022	June 30, 2021
Northern Europe	184,875	166,924
Western Europe	174,177	153,736
Central Europe	88,759	75,415
Mediterranean & Africa	239,853	211,977
North America	83,207	66,280
Latin America	48,556	36,156
Asia-Pacific	75,464	57,550
CONSOLIDATED REVENUE	**894,891**	**768,038**

Consolidated revenue by activity

(in thousands of euros)	June 30, 2022	June 30, 2021
Earned premiums - Credit	*711,036*	*599,823*
Earned premiums - Single risk	*13,338*	*10,915*
Earned premiums - Credit insurance	**724,374**	**610,738**
Fees and commission income	**79,609**	**74,532**
Other insurance-related services	**21**	**70**
Revenue of credit insurance activity	**804,004**	**685,340**
Earned premiums - Guarantees	**29,640**	**27,977**
Financing fees	15,726	13,309
Factoring fees	20,550	18,754
Other	(1,238)	(514)
Net income from banking activities (factoring)	**35,038**	**31,548**
Business information and other services	23,179	18,386
Receivables management	3,030	4,787
Revenue of business information and other services activity	**26,209**	**23,173**
CONSOLIDATED REVENUE	**894,891**	**768,038**

Note 13. Claim expenses

(in thousands of euros)	June 30, 2022	June 30, 2021
Paid claims, net of recoveries	(138,563)	(181,548)
Claims handling expenses	(18,871)	(16,297)
Change in claims reserves	(73,376)	9,122
Total	**(230,810)**	**(188,723)**

Claims expenses by period of occurrence

	June 30, 2022			June 30, 2021		
(in thousands of euros)	Gross	Outward	Net	Gross	Outward	Net
Claims expenses – current year	(501,610)	121,255	(380,355)	(454,488)	211,776	(242,713)
Claims expenses – prior years	270,800	(93,364)	177,435	265,765	(93,496)	172,269
Total	**(230,810)**	**27,890**	**(202,920)**	**(188,723)**	**118,279**	**(70,444)**

Note 14. Overheads by function

(in thousands of euros)	June 30, 2022	June 30, 2021
Acquisition costs	(146,303)	(124,821)
Administrative costs	(145,072)	(133,333)
Other operating expenses	(33,135)	(32,997)
Expenses from banking activities, excluding cost of risk	(6,372)	(6,412)
Expenses from other activities	(48,152)	(41,815)
Operating expenses	**(379,034)**	**(339,378)**
Investment management expenses	**(1,969)**	**(1,890)**
Claims handling expenses	**(18,871)**	**(16,297)**
TOTAL	**(399,874)**	**(357,566)**
of which employee profit-sharing	*(3,146)*	*(2,625)*

Total overheads of Coface Group include general insurance expenses (by function), expenses from other activities and expenses from banking activities. They stood at €399,874 thousand as at June 30, 2022 versus €357,566 thousand as at June 30, 2021.

In the income statement, claims handling expenses are included in "Claims expenses" and investment management expenses are shown in "Investment income, net of management expenses (excluding finance costs)".

Note 15. Income and expenses from ceded reinsurance

(in thousands of euros)	June 30, 2022	June 30, 2021
Ceded claims	33,342	66,469
Change in claims provisions net of recoveries	(18,303)	51,810
Commissions paid by reinsurers	89,584	107,289
Income from ceded reinsurance	**104,624**	**225,568**
Ceded premiums	(232,667)	(336,448)
Change in unearned premiums provisions	25,801	26,625
Expenses from ceded reinsurance	**(206,866)**	**(309,823)**
Total	**(102,242)**	**(84,254)**

Note 16. Investment income, net of management expenses (excluding finance costs)

Investment income by class

(in thousands of euros)	June 30, 2022	June 30, 2021
Equities	11,610	4,161
Fixed income	(8,306)	13,148
Investment properties	6,140	3,994
Sub-total	**9,444**	**21,303**
Associated and non consolidated companies	995	(197)
Exchange rate - change profit / loss	18,232	(1,581)
Financial and investment charges	(4,283)	(3,668)
TOTAL	**24,388**	**15,857**

Note 17. Other operating income and expenses

(in thousands of euros)	June 30, 2022	June 30, 2021
Impact of entry in consolidation scope	(577)	(77)
Build to Lead restructuring expenses	(0)	(255)
Restructuring provision	(468)	(0)
Net expenses related to the IFRS 17 project	(3,010)	(0)
Other operating expenses	(1,041)	(905)
Total other operating expenses	**(5,096)**	**(1,237)**
Impact of entry in consolidation scope	(0)	882
Other operating income	754	804
Total other operating income	**754**	**1,686**
TOTAL	**(4,342)**	**448**

At June 30, 2022 the entities Coface Norden Services A/S and Coface Sverige Services AB entered into the scope of consolidation with the respective impact of € (240) thousand and € (337) thousand.

At June 30, 2021 the entities Coface Poland Insurance, Coface Romania Insurance and Coface Finance Israel entered into the scope of consolidation with the respective impact of € (77) thousand, € 425 thousand and € 457 thousand.

Note 18. Breakdown of net income by segment

Premiums, claims and commissions are monitored by country of invoicing. In the case of direct business, the country of invoicing is that in which the issuer of the invoice is located and for inward reinsurance, the country of invoicing is that in which the ceding insurer is located.

Geographic segmentation by billing location does not necessarily match the debtor’s location.

Reinsurance income, which is calculated and recognised for the whole Group at the level of *Compagnie française d’assurance pour le commerce extérieur* and Coface Re, has been reallocated at the level of each region.

Income taxes by segment have been calculated based on this monitoring framework.

Analysis of June 30th, 2022 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**185,194**	**172,576**	**89,360**	**240,724**	**83,207**	**48,588**	**75,464**	**590,934**	**14,079**	**(0)**	**(605,235)**	**894,891**
o/w Earned Premium	*132,112*	*154,259*	*70,802*	*200,032*	*76,488*	*46,670*	*73,651*	*590,934*	*(0)*	*(0)*	*(590,934)*	***754,014***
o/w Factoring	*27,486*	*(6)*	*7,558*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	***35,038***
o/w Other insurance-related services	*25,596*	*18,323*	*11,000*	*40,692*	*6,719*	*1,918*	*1,813*	*(0)*	*14,079*	*(0)*	*(14,302)*	***105,838***
Claims-related expenses (including claims handling costs)	(37,502)	(35,544)	(40,083)	(66,185)	(23,041)	(5,294)	(16,235)	(210,733)	(0)	(1,678)	205,485	**(230,810)**
Cost of risk	154	(0)	1	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**155**
Commissions	(13,587)	(22,032)	(7,263)	(23,873)	(9,120)	(6,600)	(13,311)	(241,430)	(0)	(0)	241,394	**(95,822)**
Other internal general expenses	(62,036)	(51,652)	(29,208)	(71,962)	(27,895)	(15,363)	(22,981)	(0)	(13,903)	(8,918)	20,706	**(283,212)**
UNDERWRITING INCOME BEFORE REINSURANCE*	**72,223**	**63,348**	**12,807**	**78,704**	**23,151**	**21,331**	**22,937**	**138,771**	**176**	**(10,596)**	**(137,650)**	**285,202**
Income/(loss) on ceded reinsurance	(25,048)	(18,089)	(8,456)	(22,034)	(3,621)	(5,668)	(5,110)	(152,988)	(0)	(0)	138,772	**(102,242)**
Other operating income and expenses	(577)	(2,815)	(68)	(663)	(92)	78	(205)	(0)	(0)	(0)	(0)	**(4,342)**
Net financial income excluding finance costs	1,039	13,200	3,078	5,121	688	5,616	556	(0)	(204)	(381)	(4,325)	**24,388**
Finance costs	(67)	(1,157)	(2,739)	(324)	(766)	(85)	(83)	(0)	(93)	(8,132)	3,247	**(10,199)**
OPERATING INCOME including finance costs	**47,570**	**54,487**	**4,622**	**60,804**	**19,360**	**21,272**	**18,095**	**(14,217)**	**(121)**	**(19,109)**	**43**	**192,806**
Badwill	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**(0)**
NET INCOME BEFORE TAX	**47,570**	**54,487**	**4,622**	**60,804**	**19,360**	**21,272**	**18,095**	**(14,217)**	**(121)**	**(19,109)**	**43**	**192,806**
Income tax expense	(11,934)	(13,669)	(1,160)	(15,254)	(4,857)	(5,337)	(4,540)	3,567	30	4,794	(11)	**(48,370)**
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	**35,636**	**40,818**	**3,462**	**45,550**	**14,503**	**15,935**	**13,555**	**(10,650)**	**(91)**	**(14,315)**	**32**	**144,436**
Non-controlling interests	(2)	(0)	(0)	(26)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	**(28)**
NET INCOME FOR THE PERIOD	**35,634**	**40,818**	**3,462**	**45,524**	**14,503**	**15,935**	**13,555**	**(10,650)**	**(91)**	**(14,315)**	**32**	**144,408**

** Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from service activities.*

Analysis of June 30th, 2021 net income by segment

(in thousands of euros)	Northern Europe	Western Europe	Central Europe	Mediterranean & Africa	North America	Latin America	Asia - Pacific	Group reinsurance	Cogeri	Holding company costs	Inter-zone	Group total
REVENUE	**166,548**	**152,388**	**76,093**	**212,825**	**66,281**	**36,155**	**57,550**	**339,171**	**14,570**	**(0)**	**(353,543)**	**768,038**
o/w Earned Premium	*116,603*	*134,274*	*59,851*	*177,611*	*59,821*	*35,147*	*55,407*	*339,171*	*(0)*	*(0)*	*(339,170)*	*638,715*
o/w Factoring	*25,443*	*925*	*5,180*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*(0)*	*31,548*
o/w Other insurance-related services	*24,502*	*17,189*	*11,062*	*35,214*	*6,460*	*1,008*	*2,143*	*(0)*	*14,570*	*(0)*	*(14,373)*	*97,775*
Claims-related expenses (including claims handling costs)	(31,529)	(41,833)	(15,098)	(62,666)	(17,211)	(7,647)	(7,302)	(49,049)	(0)	(2,458)	46,070	(188,723)
Cost of risk	147	(0)	(41)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	106
Commissions	(11,749)	(18,799)	(5,523)	(22,626)	(7,342)	(4,908)	(10,276)	(142,543)	(0)	(0)	142,547	(81,219)
Other internal general expenses	(58,496)	(50,850)	(26,327)	(60,546)	(23,182)	(11,614)	(18,162)	(0)	(13,246)	(13,981)	18,246	(258,158)
UNDERWRITING INCOME BEFORE REINSURANCE*	64,921	40,906	29,104	66,987	18,546	11,986	21,810	147,579	1,324	(16,439)	(146,681)	240,043
Income/(loss) on ceded reinsurance	(7,899)	(59,155)	(3,573)	(2,633)	(1,066)	(1,486)	(12,536)	(143,485)	(0)	(0)	147,579	(84,254)
Other operating income and expenses	(0)	(229)	739	(61)	(0)	14	(14)	(0)	(0)	(0)	(0)	449
Net financial income excluding finance costs	(20)	14,132	(616)	1,747	1,286	1,793	1,720	(0)	254	(598)	(3,841)	15,857
Finance costs	(1,402)	(1,268)	(534)	(1,151)	(456)	(92)	(173)	(0)	(55)	(8,281)	2,976	(10,436)
OPERATING INCOME including finance costs	55,600	(5,614)	25,120	64,889	18,310	12,215	10,807	4,094	1,523	(25,318)	32	161,658
Badwill	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
NET INCOME BEFORE TAX	55,600	(5,614)	25,120	64,889	18,310	12,215	10,807	4,094	1,523	(25,318)	32	161,658
Income tax expense	(13,215)	1,334	(5,970)	(15,423)	(4,352)	(2,903)	(2,569)	(973)	(362)	6,018	(8)	(38,423)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	42,385	(4,280)	19,150	49,466	13,958	9,312	8,238	3,121	1,161	(19,300)	24	123,236
Non-controlling interests	(1)	(1)	(1)	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
NET INCOME FOR THE PERIOD	**42,384**	**(4,281)**	**19,149**	**49,466**	**13,958**	**9,312**	**8,238**	**3,121**	**1,161**	**(19,300)**	**24**	**123,233**

** Underwriting income before reinsurance is a key financial indicator used by the Coface Group to analyse the performance of its businesses. Underwriting income before reinsurance corresponds to the sum of revenue, claims expenses, expenses from banking activities, cost of risk, policy acquisition costs, administrative costs, and other current operating expenses, and expenses from service activities.*

Note 19. Earnings per share

	June 30, 2022		
	Average number of shares	Net income for the period (in €k)	Earnings per share (in €)
Basic earnings per share	149,149,361	144,408	0.97
Dilutive instruments	(0)		
DILUTED EARNINGS PER SHARE	**149,149,361**	**144,408**	**0.97**

	June 30, 2021		
	Average number of shares	Net income for the period (in €k)	Earnings per share (in €)
Basic earnings per share	149,348,666	123,233	0.83
Dilutive instruments	(0)		
DILUTED EARNINGS PER SHARE	**149,348,666**	**123,233**	**0.83**

Note 20. Related parties

	Number of shares	%
Arch Capital Group Ltd.	44 849 425	30,05%
Natixis	0	0,00%
Public	104 417 014	69,95%
Total	**149 266 439**	**100.00%**

On January 6, 2022, Natixis announced the sale of its remaining interest in Coface SA. This sale represented approximately 10.04% of Coface SA's share capital, or 15,078,051 shares. Following this transaction, Natixis no longer held any shares in Coface SA and is no longer a related party.

At 30 June 2022, Arch Capital Group Ltd. held 30.05% of Coface Group's shares, excluding treasury stock, and 29.86% of the shares including treasury stock.

Relations between the Group's consolidated entities and related parties

The COFACE Group's main transactions with related parties concern Arch Capital Group and its subsidiaries.

The main related-party transactions are as follows:

- reinsurance policies between Coface and Arch Reinsurance Group wich is owned by Arch Capital Group Ltd.
- Coface's credit insurance coverage made available to entities related to Coface;
- recovery of insurance receivables carried out by entities related to Coface on behalf of Coface;
- rebilling of general and administrative expenses, including overheads, personnel expenses, etc.

These transactions are broken down below:

Current operating income *(in thousands of euros)*	June 30, 2022 Arch Reinsurance Group
Revenue (net banking income, after cost of risk)	(0)
Claims expenses	(0)
Expenses from other activities	(0)
Policy acquisition costs	(0)
Administrative costs	(0)
Other current operating income and expenses	(0)
Reinsurance result	6,586
Operating income/(loss)	**6,586**

Related-party receivables and payables *(in thousands of euros)*	June 30, 2022 Arch Reinsurance Group
Financial investments	
Other assets	
Reinsurance receivables	1
Cash and cash equivalents	
Liabilities relating to insurance contracts	
Amounts due to banking sector companies	
Reinsurance debts	(1,493)
Other liabilities	

Note 21. Off-balance sheet commitments

	June 30, 2022		
(in thousands of euros)	TOTAL	Related to financing	Related to activity
Commitments given	**1,309,651**	**1,302,000**	**7,651**
Endorsements and letters of credit	1,302,000	1,302,000	0
Property guarantees	3,500	0	3,500
Financial commitments in respect of equity interests	4,151	0	4,151
Commitments received	**1,475,060**	**985,189**	**489,871**
Endorsements and letters of credit	148,594		148,594
Guarantees	341,277		341,277
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	285,189	285,189	
Financial commitments in respect of equity interests			
Guarantees received	**347,983**	**(0)**	**347,983**
Securities lodged as collateral by reinsurers	347,983	(0)	347,983
Financial market transactions	**98,787**	**(0)**	**98,787**

Endorsements and letters of credit correspond mainly to:

- Joint guarantee for €387 million given by Coface Europe to the benefit of investors in the subordinated debt issued by COFACE SA (maturity 10 years);
- Joint guarantees for €908 million given by COFACE SA to banks (Natixis, BNPP, Santander, HSBC, Société Générale) financing bilateral lines of Coface Finanz and Coface Poland Factoring.

Securities lodged as collateral by reinsurers concern Coface Ré for €312,4 million and Coface Europe for €35,6 million.

	Dec. 31, 2021		
(in thousands of euros)	TOTAL	Related to financing	Related to activity
Commitments given	**1,144,652**	**1,133,000**	**11,651**
Endorsements and letters of credit	1,133,000	1,133,000	
Property guarantees	7,500		7,500
Financial commitments in respect of equity interests	4,151		4,151
Commitments received	**1,397,644**	**853,084**	**544,561**
Endorsements and letters of credit	141,291		141,291
Guarantees	403,270		403,270
Credit lines linked to commercial paper	700,000	700,000	
Credit lines linked to factoring	153,084	153,084	
Financial commitments in respect of equity interests			
Guarantees received	**323,314**		**323,314**
Securities lodged as collateral by reinsurers	323,314		323,314
Financial market transactions	**211,543**		**211,543**

Note 22. Entry into the scope of consolidation

Entries into the scope of consolidation in the first half of 2022 mainly concern four entities Coface Services Greece, Coface Norden Services A/S (Denmark Services), Coface Sverige Services AB (Sweden Services) and a new branch Coface New Zealand.

In the absence of an IFRS standard covering entries into the scope of consolidation of entities held for several years and in accordance with CRC regulation n ° 99-02, the results accumulated by these three entities since their takeover have been recorded in the consolidated income, after deduction of dividends received by the group.

The contribution of new entities to the Coface Group's consolidated accounts as of June 30, 2022 is presented below:

- Turnover: €2,207 thousand;
- Net income: €520 thousand;
- Equity: €457 thousand;
- Total balance sheet: €3,368 thousand.

Note 23. Events after the reporting period

MSCI upgrades COFACE SA's rating from AA to AAA

On July 14, 2022, COFACE SA's rating was upgraded to "AAA" by the extra-financial rating agency MSCI, which analyzes the environmental, social and governance (ESG) practices of thousands of companies worldwide.

This places COFACE SA in the top 4% of companies in its industry (“Property & Casualty Insurance” category).

IV. Statutory auditors’ review report on the half-yearly consolidated financial statements

IV. Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2022

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of COFACE SA,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of COFACE SA, for the period from January 1 to June 30, 2022.
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements. We precise that it is not our role to report the matters related to the sincerity and the concordance with the condensed half-yearly consolidated financial statements of Solvency II information extracted from the report.

Paris-La Défense, on July 29th, 2022

The Statutory Auditors

French original signed by

Deloitte & Associés	Mazars
Jérôme LEMIERRE	Jean-Claude PAULY
Associé	*Associé*

V. Statement of the person responsible for the financial statements

V. Statement of the person responsible for the financial statements

I hereby declare, after having taken every reasonable measure for such purpose, that the information contained in this interim financial report for the first half 2022, to my knowledge, is true to fact and that no material aspects of such information have been omitted.

I certify that, to the best of my knowledge, the interim condensed consolidated financial statements of the period under review have been prepared in accordance with applicable accounting standards and give a true and fair view of assets, financial position and income of the Group and the companies comprised in the consolidation scope, and that the interim activity report, in paragraph I. of this document, includes a fair review of the important events occurring during the first half of the financial year and their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the year.

The limited review report for the interim consolidated financial statements for the six-month period ended June 30, 2022 is reproduced above, in paragraph IV.

Bois-Colombes, on 28 July 2022

Xavier DURAND

CEO of COFACE SA

VI. Key indicators

VI. Key indicators

A. KEY PERFORMANCE INDICATORS

1. Financial indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.1 of the 2021 Universal Registration Document filed with the AMF on 6 April 2022 under number D. 22-0244.

2. Operating indicators

For details on the definitions of these indicators, please refer to chapter 3, section 3.7.2 of the 2021 Universal Registration Document filed with the AMF on 6 April 2022 under number D. 22-0244.

B. ALTERNATIVE PERFORMANCE MEASURES (APM)

This section deals with indicators that are not defined by accounting standards and are used by the company in its financial communication, also available on section 3.7.4 of the 2021 Universal Registration Document filed with the AMF on 6 April 2022 under number D. 22-0244.

This section has been developed in accordance to the AMF Position – IAP DOC 2015-12.

The indicators below represent the company's APM.

a) APM linked to revenue and its items:

Definition	**Justification**	**Reconciliation with the financial statements**	**Comparison Y/Y-1**	
			2022	**2021**
Turnover with restated items				
(1) 2 types of revenue restatements: i- Calculation of the percentage of revenue growth in like-for-like (i.e. constant scope and FX): - Year Y recalculated at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y	i- Historic method for calculating like-for-like percentages for Coface	i- (Revenue Y – FX Impact Y-1) / (Revenue Y-1 + Impact scope N) - 1	i. 14.6% = (894.9 - (-13.2) / (768 + 1.6) - 1	i. 7.4% = (768.0 - (-17.3) / (724.6 + 6.4) - 1
ii- Removal or addition of revenue in value (€) considered as non-recurring. The term “non-recurring” refers to impacts on revenue which do not occur every year.	ii- Item considered as non-recurring, which means that it will not occur again in the current year (Year Y).	ii- Revenue Y +/- Restatements / Additions of non-recurring items Y	ii. 768.0 +/- 0.0	ii. 768.0 +/- 0.0
Fee and commission income/Earned premiums (current – like-for like)				
Weight of fee and commission income compared to earned premiums in like-for like (i.e. constant scope and FX): - Year Y at the exchange rate for year Y-1 - Year Y-1 at the scope of year Y	Indicator used to monitor changes in fees and commission income compared to the main Revenue item on a like-for-like basis (ie. constant scope and FX).	Fee and commission income/Earned premiums	**Current:** **10.3%** = 79.6 / 774.8	**Current:** **11.8%** = 74.6 / 632.4
Fee and commission income corresponds to revenue billed for ancillary services.		Like-for-Like (no scope impact ; ex. FX)	**Constant:** **10.4%** = 79.2 / 763.7	**Constant:** **11.5%** = 75.2 / 654.9

Internal general expenses excluding non-recurring items				
(2) Restatement or Addition of items considered as non-recurring to internal overheads. The term “non-recurring” refers to the impacts on expenses which do not occur every year.	Indicator used to compare the change in internal overheads, excluding non-recurring items.	Current internal overheads +/- Restatements / Addition of non-recurring items	**304.1** M€ = 304.1 +/- 0.0	**276.3** M€ = 276.3 +/- 0.0

b) APM linked to operating income:

Definition	**Justification**	**Reconciliation with the financial statements**	**Comparison Y/Y-1**	
			2022	**2021**
Restated operating income excluding non-recurring items (including financial costs and excluding other operating income and expenses)				
Restatement or Addition of items considered as non-recurring, to the operating income: these include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or general expenses (see definition above) (2))	Indicator used to compare the change in operating income, excluding non-recurring items.	Current operating income +/- Restatements / Addition of non-recurring items	**197.1** M€ = 202.9 + (-10.1) – (-4.3)	**161.2** M€ = 172.1 + (-10.4) – (+0.4)

c) APM linked to net income:

Definition	**Justification**	**Reconciliation with the financial statements**	**Comparison Y/Y-1**	
			2022	**2021**
Net income excluding non-recurring items				
Restatement or Addition of items considered as non-recurring, to net income: These include non-recurring income and expenses likely to impact either revenue (see definition above, (1)) or expenses (see definition above) (2)) This aggregate is also restated to account for "current operating income and expenses" classified after operating income in the management income statement (3).	Indicator used to compare the change in net income, excluding non-recurring items.	Net income +/- Restatements / Additions of non-recurring items	**144.4** M€ +/- 0.0	**123.2** M€ +/- 0,0

d) APM in connection with combined ratio:

Definition	**Justification**	**Reconciliation with the financial statements**	**Comparison Y/Y-1**	
			2022	**2021**
Gross loss ratio (or loss ratio before reinsurance) and gross loss ratio including claims management fees refer to the very same indicator				
Please, refer to part VII of the present document				
Net loss ratio (or loss ratio after reinsurance)				
Please, refer to part VII of the present document				
Gross/Net cost ratio (or cost ratio before/after reinsurance)				
Please, refer to part VII of the present document				
Gross/Net combined ratio (or combined ratio before/after reinsurance)				
Please, refer to part VII of the present document				
*Net combined ratio excluding restated and non-recurring items **[A]***				
Restatement or Addition of items considered as non-recurring to the combined ratio after reinsurance. This includes non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in combined ratios after reinsurance, excluding non-recurring items.	Combined ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**[A]=[B]+[C]** **66.0%** = 39.4% + 26.6%	**[A]=[B]+[C]** **51.9%** = 21.4% + 30.4%
*Net loss ratio excluding non-recurring items **[B]***				
Restatement or Addition of items considered as non-recurring to loss ratio after reinsurance.	Indicator used to compare the change in loss ratios after reinsurance, excluding non-recurring items.	Loss ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**39.4%** = 39.4% +/- 0.0pts	**21.4%** = 21.4% +/- 0.0pts

Net cost ratio excluding restated and non-recurring items ***[C]***				
Restatement or Addition of items considered as non-recurring, to cost ratio after reinsurance. These include non-recurring income and expenses with an impact on either revenue (see definition above, (1)) or overheads (see definition above) (2))	Indicator used to compare the change in cost ratios after reinsurance, excluding non-recurring items.	Cost ratio after reinsurance +/- Restatements/ Addition of non-recurring items	**26.6%** = 26.6% +/- 0.0pts	**30.4%** = 30.4% +/- 0.0pts
Current underwriting year gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the current underwriting year ***[D]***				
Ultimate claims expense (after recourse) over earned premiums (after premium rebates) for the current underwriting year. The insurance attachment year (insurance period) is exclusively the current year Y.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	= Claims attached to the current year/ Gross earned premiums for the current year See ultimate loss ratios development triangles	**75.2%** = see ultimate loss ratios development triangles	**75.1%** = see ultimate loss ratios development triangles
Prior underwriting years gross loss ratio - loss ratio before reinsurance and excluding claims handling expenses for the prior underwriting years ***[E]***				
Corresponds to the Gains/Losses for underwriting years (insurance periods) prior to the current year Y, which is not included. A Gain or Loss corresponds respectively to an excess or deficit in claims provisions compared to the loss ratio actually recognised.	Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	[E] = [F-D]	**-47.1%** = 28.1 % - 75.2%	**48.1%** = 27.0 % - 75.1%
All underwriting years gross loss ratio – loss ratio before reinsurance and excluding claims handling expenses for all underwriting years ***[F]***				
Corresponds to the accounting loss ratio relating to all underwriting years (Current year Y and its prior years). Indicator used to calculate the loss ratio before reinsurance, excluding claims handling expense.	Key indicator in loss monitoring	-(Claims / Earned premiums) (see P&L)	**28.1%** = - (-211.9 / 754.0)	**27.0%** = - (-172.4 / 638.7)

e) APM in connection with equity:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			2022	**2021**
RoATE – Return on average tangible equity				
Net income (attributable to the equity owner of the parent – group share) for the year over average tangible equity (average equity restated for intangible assets).	The return on equity ratio is used to measure the return on the Group's invested capital.	Net income group share Y /[(Equity attributable to equity holders of the parent Y-1, restated for intangible assets + Equity attributable to equity holders of the parent Y, restated for intangible assets)/2] For intermediary periods (Q1, H1 and 9M results), the net income is annualized ie. For Q1: Net income x 4 For H1: Net income x 2 For 9M : Net income / 3 x 4	**15,4%** = (144.4x2) / [(1,911 + 1,835) /2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator	**13.5%** = (123.2x2) / [(1,767 + 1,892) /2] The annualized net income (x2) is taken into account for both the ratio's numerator and denominator
RoATE excluding exceptional and non-recurring items				
RoATE (refer to the definition above) recalculated based on the net income excluding non-recurring items and the average tangible equity excluding non-recurring items.	The return on equity ratio excluding non-recurring items is used to track changes on the Group's invested capital between two reporting periods	Net income group share Y excluding non-recurring items /[(Equity attributable to equity holders of the parent Y-1 excluding non-recurring items, restated for intangible assets + /[(Equity attributable to equity holders of the parent Y excluding non-recurring items, restated for intangible assets)/2]	Not applicable	Not applicable

f) *APM linked to the investment portfolio*:

Definition	**Justification**	**Reconciliation with the financial statements**	**Comparison Y/Y-1**	
			2022	**2021**
Accounting rate of return of financial assets				
Investment income before income from investments in companies, foreign exchange gains or losses and financial expenses compared to the balance sheet total of financial assets excluding investments in companies	Indicator used to monitor the accounting performance of the financial assets portfolio	Investment portfolio income / ((market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	**0.8%** = 23.2 / (((2,979 - 145) + (3,220 - 152)) / 2)	**0.6%** = 18.1 / (((2,949 - 121) + (2,984 - 150)) / 2)
Accounting rate of return of financial assets excluding income from disposals				
Investment income before income from investments in companies, foreign exchange gains or losses and financial expenses excluding capital gains or losses on disposals compared to the balance sheet total of financial assets excluding investments in companies	Indicator used to monitor the recurring accounting performance of the financial assets portfolio	Investment portfolio income excluding capital gains or losses / ((market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1)/2)	**0,7%** = (23.2 – 4.0) / (((2,979 - 145) + (3,220 - 152)) / 2)	**0.7%** = (18.1 -0.6) / (((2,949 - 121) + (2,984 - 150)) / 2))
Economic rate of return of financial assets				
Economic performance of the asset portfolio. Thus the change in revaluation reserves for the period over the balance sheet total of financial assets is added to the accounting return.	Indicator used to monitor the economic performance of the financial assets portfolio	((Accounting rate of return of financial assets + (revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y – revaluation reserves of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / ((market value of financial assets ((stocks excluding investments in companies, real estate, fixed-income instruments) year Y + market value of financial assets (stocks excluding investments in companies, real estate, fixed-income instruments) year Y-1) / 2	**-6.1%** = (23.2 – 95.8 – 106.0) / (((2,979 - 145) + (3,220 - 152)) / 2)	**0.9%** = (18.1 + 102.7 – 96.2) / (((2,949 - 121) + (2,984 - 150)) / 2)

Investment portfolio income				
Income from the investment portfolio (stocks excluding share in companies, fixed-income instruments and real estate)	Used to monitor income from the investment portfolio only	Income from stocks excluding investments in companies + fixed-income instruments + real estate income	**23.2 M€** = 8.4 – 8.3 + 9.3 + 13.8	**18.1 M€** = 4.2 + 13.1 + 4.0 - 3.2
Others				
Income from derivatives excluding exchange rate, investments in companies and financial expenses.	Used to monitor income from investments in companies, derivatives excluding exchange rate and fees relating to investments.	Income from derivatives excluding exchange rate + investments in companies + financial expenses.	**1.2 M€** = 4.5 + 1.0 – 4.3	**-2.3 M€** = 1.6 - 0.2 -3.7

g) APM linked to reinsurance:

Definition	Justification	Reconciliation with the financial statements	Comparison Y/Y-1	
			2022	**2021**
Ceded premiums / Gross earned premiums (or premium cession rate)				
Weight of ceded premiums compared to earned premiums. Ceded premiums correspond to the share of earned premiums that Coface cede to its reinsurers under reinsurance treaties signed with them. Earned premiums correspond to the sum of written premiums and provisions on earned premiums not written.	Indicator used to monitor the drivers of the change in reinsurance result	(Ceded premiums (o/w change in premium reserves) / Earned premiums)	**27.4%** = -(-206.9 / 754.0)	**48.5%** = -(-309.8 / 638.7)
Ceded claims / total claims (or claims cession rate)				
Weight of ceded claims compared to total claims. Ceded claims correspond to the share of claims that Coface transfers to reinsurers under reinsurance treaties signed with them.	Indicator used to monitor the drivers of the change in reinsurance result	- Ceded claims (o/w change in claims reserves after recourse) / total claims incl. claims handling costs	**6.5%** = -15.0 / -(211.9 + 18.9)	**62.7%** = -118.3 / -(172.4 + 16.3)
Underwriting income before reinsurance				
Please, refer to Chapter 3 of the 2019 registration document.				

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VII. Appendix:
Calculation of financial ratios

VII. Appendix: Calculation of financial ratios

Loss Ratio

This ratio allows the Coface Group to measure the underwriting profitability of insurance contracts during the financial year. By analysing this ratio, it is also possible to price policies effectively by taking into account the amount of claims made by policyholders.

Loss Ratio before Reinsurance

The loss ratio before reinsurance is the ratio of claim expenses (as defined below) to gross earned premiums (the sum of the gross written premiums and unearned premium provisions), net of premium rebates. Premium rebates are reimbursements made to policyholders of part of the premiums paid by them when claims under their insurance policies do not exceed a certain threshold (low claims bonus) or when there are no claims (no-claims bonus).

Loss Ratio after Reinsurance

The loss ratio after reinsurance corresponds to the ratio of claims expenses (net of claims expenses ceded to reinsurers under reinsurance treaties entered into by the Coface Group) to the gross earned premiums (net of premiums ceded to reinsurers).

Cost Ratio

Cost Ratio before Reinsurance

The cost ratio before reinsurance is the ratio of overheads (as defined below) to gross earned premiums (as described above).

The cost ratio before reinsurance is used by the Coface Group to measure all the costs related to the acquisition and management of its portfolio of contracts in a given financial year. The Coface Group's credit insurance business is supported by services activities such as corporate information and recovery of receivables. These services are inherent to the traditional credit insurance activity (related services) and the related expenses are included in the overheads of the Coface Group. The overheads are also increased by complementary activities such as factoring (in Germany and Poland). However, in order for the cost ratio calculated by the Coface Group to be comparable to the cost ratio calculated by other main market players, revenue generated by the additional businesses (non-insurance) described above is deducted from overheads.

Cost Ratio after Reinsurance

The cost ratio after reinsurance is the ratio of general expenses (after deduction of reinsurance premiums paid by reinsurers) to gross earned premiums (net of premiums ceded to reinsurers).

Overheads

Overheads accounted for in the cost ratio are the sum of:

- policy acquisition costs (consisting of the external costs of acquisition of contracts, corresponding to commissions paid to business contributor intermediaries (brokers or other intermediaries) and internal contract acquisition costs corresponding to the cost of maintaining distribution networks and the costs relating to drafting services in charge of writing contracts);
- administrative costs (including Coface Group operating costs, payroll costs, IT costs, etc. excluding profit-sharing and incentive schemes);
- other current operating expenses (expenses that cannot be allocated to any of the purposes defined by the accounting plan, in particular including management expenses);
- expenses from banking activities (general operating expenses, such as payroll costs, IT costs, etc., relating to the factoring business); and
- expenses from other activities (overheads related exclusively to information and recovery for customers without credit insurance) minus revenue related to:
    - fees and commission income (ancillary fees charged under insurance contracts for the provision of credit insurance related services, such as debtor information, fees for monitoring credit limits of customers of policyholders and receivables management and recovery of receivables),
    - other related benefits and services (ancillary services, such as administrative fees for managing claims and reinvoiced receivables recovery fees),
    - information and other services (fees charged for access to information on corporate solvency and marketing information) provided to customers without credit insurance,
    - receivables management (fees charged for receivables recovery services) provided to customers without credit insurance,
    - the net banking income relating to the factoring activities.

Combined Ratio

The combined ratio measures the overall profitability of the Coface Group's activities and its technical margin.

The combined ratio is the sum of the loss ratio and the cost ratio. It is tracked by the Coface Group both before and after reinsurance (claims expenses net of those ceded to reinsurers under reinsurance treaties entered into by the Coface Group and overheads, less reinsurance commissions paid by the reinsurers over total gross earned premiums net of premiums ceded to reinsurers).

Calculation of ratios

Breakdown of ratio calculations as of June 30 :

In the course of its business, and in addition to the financial information published in accordance with IFRS, the Coface Group tracks certain key operating ratios that provide an understanding of its performance and profitability of its products (loss ratio, cost ratio and combined ratio).

In €k	**H1-21**	**H1-22**
Earned Premiums		
Gross earned premiums [A]	**638,715**	**754,014**
Ceded premiums	(309,823)	(206,866)
Net earned premiums [D]	**328,892**	**547,148**
Claims expenses		
Claims expenses [B]	**(188,723)**	**(230,810)**
Ceded claims	**66,469**	**33,188**
Change in claims provisions	51,810	(18,149)
Net claims expenses [E]	**(70,444)**	**(215,771)**
Technical expenses		
Operating expenses	**(339,378)**	**(379,034)**
Employee profit sharing and incentive plans	2,625	3,146
Other revenue	129,324	140,877
Operating expenses, net of revenues from other services before reinsurance [C]	**(207,430)**	**(235,011)**
Commissions received from reinsurers	107,289	89,584
Operating expenses, net of revenues from other services after reinsurance [F]	**(100,141)**	**(145,427)**

$$\boldsymbol{combined\,ratio\;before\,reinsurance} = \;loss\;ratio\;before\;reinsurance\frac{[\boldsymbol{B}]}{[\boldsymbol{A}]} + \;cost\;ratio\;before\;reinsurance\frac{[\boldsymbol{C}]}{[\boldsymbol{A}]}$$

$$\boldsymbol{combined\,ratio\;after\;reinsurance} = \boldsymbol{loss\,ratio\;after\;reinsurance}\frac{[\boldsymbol{E}]}{[\boldsymbol{D}]} + \;\boldsymbol{cost\,ratio\;before\;reinsurance}\frac{[\boldsymbol{F}]}{[\boldsymbol{D}]}$$

Ratios	**H1-21**	**H1-22**
Loss ratio before reinsurance	29.5%	30.6%
Loss ratio after reinsurance	**21.4%**	**39.4%**
Cost ratio before reinsurance	32.5%	31.2%
Cost ratio after reinsurance	**30.4%**	**26.6%**
Combined ratio before reinsurance	62.0%	61.8%
Combined ratio after reinsurance	**51.9%**	**66.0%**

End of the document