



Unaudited interim consolidated financial statements
(free translation)
Three months ending March 31, 2019

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Basis of preparation

These condensed interim IFRS financial statements of Coface Group as at March 31, 2019 include:

- the balance sheet;
- the income statement;
- the consolidated statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows.

They are presented with comparative financial information at January 1, 2019 and December 31, 2018 for balance sheet items, and for the 3 months ended March 31, 2018 for income statement items.

The balance sheet at January 1, 2019 includes the effect of the first application of IFRS 16 "Leases".

The accounting principles and policies used for the interim financial statements as at March 31, 2019 are the same, except for the new standard IFRS 16, as the ones used for the year ended December 31, 2018. They are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union¹. They are detailed in the note "Applicable Accounting Standards" of consolidated financial statements for the year ended December 31, 2018.

These condensed consolidated financial statements were reviewed by Coface Group's Board of Directors on April 24, 2019. They were also previously reviewed by the Audit Committee on April 19, 2019.

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

Significant events

26 March - Coface launches credit insurance offer in Greece

In line with its strategic ambition to grow in promising new markets, Coface is launching its credit insurance offer in Greece. The country has undertaken reforms which pave the way for a promising credit insurance market. This opening extends Coface's historically strong presence in the Mediterranean and Africa region, which represented 27% of the Group's revenues in 2018.

28 March – Dividend per share at €0.79 and new directors proposed

The Board of Directors of Coface SA has decided to propose a dividend of €0.79 per share representing a payout of 100% of net income.

The Board also decided, on the recommendation of the Compensation & Nomination Committee, to propose to the Annual General Meeting of Shareholders, the appointment of two new Board members: Nathalie Bricker (non- independent), CFO of Natixis and Nicolas Moreau (independent).

Consolidated balance sheet

Asset

<i>(in thousands of euros)</i>	March 31, 2019	Jan. 1, 2019 (*)	Dec. 31, 2018
Intangible assets	219,991	220,675	220,675
Goodwill	155,506	155,058	155,058
Other intangible assets	64,485	65,617	65,617
Insurance business investments	2,918,688	2,833,613	2,833,613
Investment property	288	288	288
Held-to-maturity securities	1,867	1,848	1,848
Available-for-sale securities	2,816,883	2,742,533	2,742,533
Trading securities	16,058	9,527	9,527
Derivatives	539	2,354	2,354
Loans and receivables	83,053	77,063	77,063
Receivables arising from banking activities	2,492,805	2,509,047	2,509,047
Reinsurers' share of insurance liabilities	438,003	425,398	425,398
Other assets	1,078,374	1,013,283	927,888
Buildings used for operations purposes and other property, plant and equipment	139,214	134,367	48,972
Deferred acquisition costs	42,510	42,176	42,176
Deferred tax assets	44,755	52,809	52,809
Receivables arising from insurance and reinsurance operations	549,303	498,826	498,826
Trade receivables arising from other activities	54,701	48,553	48,553
Current tax receivables	52,733	57,267	57,267
Other receivables	195,158	179,285	179,285
Cash and cash equivalents	299,244	302,419	302,419
TOTAL ASSETS	7,447,105	7,304,435	7,219,040

(*) Effects related to the first application of IFRS 16 (unaudited)

Liability

<i>(in thousands of euros)</i>	March 31, 2019	Jan. 1, 2019 (*)	Dec. 31, 2018
Equity attributable to owners of the parent	1,881,761	1,806,452	1,806,249
Share capital	307,799	307,799	307,799
Additional paid-in capital	810,420	810,420	810,420
Retained earnings	630,498	509,128	508,925
Other comprehensive income	96,676	56,772	56,772
Consolidated net income of the year	36,368	122,333	122,333
Non-controlling interests	153	148	148
Total equity	1,881,914	1,806,600	1,806,397
Provisions for liabilities and charges	92,387	94,344	94,344
Financing liabilities	377,096	388,729	388,729
Financial liabilities	93,145	85,395	-
Liabilities relating to insurance contracts	1,785,585	1,746,379	1,746,379
Payables arising from banking activities	2,501,549	2,544,716	2,544,716
Amounts due to banking sector companies	551,333	660,204	660,204
Amounts due to customers of banking sector companies	320,639	346,932	346,932
Debt securities	1,629,577	1,537,580	1,537,580
Other liabilities	715,429	638,272	638,475
Deferred tax liabilities	102,046	96,058	95,962
Payables arising from insurance and reinsurance operations	228,525	195,653	195,653
Current taxes payable	47,222	41,580	41,580
Derivatives	2,152	1,666	1,666
Other payables	335,484	303,315	303,614
TOTAL EQUITY AND LIABILITIES	7,447,105	7,304,435	7,219,040

(*) Effects related to the first application of IFRS 16 (unaudited)

Effects of the first application of IFRS 16 "Leases" on the balance sheet

Asset

<i>(in thousands of euros)</i>	Dec. 31, 2018	Effect of the first application of the standard IFRS 16	Jan. 1, 2019 (*)
Intangible assets	220,675		220,675
Goodwill	155,058		155,058
Other intangible assets	65,617		65,617
Insurance business investments	2,833,613		2,833,613
Investment property	288		288
Held-to-maturity securities	1,848		1,848
Available-for-sale securities	2,742,533		2,742,533
Trading securities	9,527		9,527
Derivatives	2,354		2,354
Loans and receivables	77,063		77,063
Receivables arising from banking activities	2,509,047		2,509,047
Reinsurers' share of insurance liabilities	425,398		425,398
Other assets	927,888	85,395	1,013,283
Buildings used in the business and other property, plant and equipment	48,972	85,395	134,367
Deferred acquisition costs	42,176		42,176
Deferred tax assets	52,809		52,809
Receivables arising from insurance and reinsurance operations	498,826		498,826
Trade receivables arising from other activities	48,553		48,553
Current tax receivables	57,267		57,267
Other receivables	179,285		179,285
Cash and cash equivalents	302,419		302,419
TOTAL ASSETS	7,219,040	85,395	7,304,435

(*) Effects related to the first application of IFRS 16 (unaudited)

Liability

<i>(in thousands of euros)</i>	Dec. 31, 2018	Effect of the first application of the standard IFRS 16	Jan. 1, 2019 (*)
Equity attributable to owners of the parent	1,806,249	203	1,806,452
Share capital	307,799		307,799
Additional paid-in capital	810,420		810,420
Retained earnings	508,925	203	509,128
Other comprehensive income	56,772		56,772
Consolidated net income for the year	122,333		122,333
Non-controlling interests	148		148
Total equity	1,806,397	203	1,806,600
Provisions for liabilities and charges	94,344		94,344
Financing liabilities	388,729		388,729
Financial liabilities		85,395	85,395
Liabilities relating to insurance contracts	1,746,379		1,746,379
Payables arising from banking sector activities	2,544,716		2,544,716
Amounts due to banking sector companies	660,204		660,204
Amounts due to customers of banking sector companies	346,932		346,932
Debt securities	1,537,580		1,537,580
Other liabilities	638,475	(203)	638,272
Deferred tax liabilities	95,962	96	96,058
Payables arising from insurance and reinsurance operations	195,653		195,653
Current taxes payable	41,580		41,580
Derivatives	1,666		1,666
Other payables	303,614	(298)	303,315
TOTAL EQUITY AND LIABILITIES	7,219,040	85,395	7,304,435

(*) Effects related to the first application of IFRS 16 (unaudited)

Consolidated income statement

<i>(in thousands of euros)</i>	March 31, 2019	March 31, 2018
Gross written premiums	344,774	334,400
Premium refunds	(21,905)	(23,353)
Net change in unearned premium provisions	(23,840)	(32,630)
Earned premiums	299,029	278,417
Fee and commission income	37,923	38,026
Net income from banking activities	16,957	17,026
Income from other activities	11,558	10,554
Other revenue	66,438	65,606
Revenue	365,467	344,023
Claims expenses	(119,038)	(110,444)
Policy acquisition costs	(61,883)	(60,469)
Administrative costs	(66,333)	(60,786)
Other insurance activity expenses	(16,399)	(21,575)
Expenses from banking activities, excluding cost of risk	(3,412)	(3,384)
Expenses from other activities	(19,190)	(17,582)
Operating expenses	(167,217)	(163,796)
Risk cost	(553)	(849)
UNDERWRITING INCOME BEFORE REINSURANCE	78,659	68,934
Income and expenses from ceded reinsurance	(26,625)	(16,543)
UNDERWRITING INCOME AFTER REINSURANCE	52,034	52,391
Investment income, net of management expenses (excluding finance costs)	5,132	8,284
CURRENT OPERATING INCOME	57,166	60,675
Other operating income and expenses	(245)	(2,317)
OPERATING INCOME	56,921	58,358
Finance costs	(5,275)	(4,415)
Share in net income of associates	(0)	592
Income tax expense	(15,209)	(19,046)
CONSOLIDATED NET INCOME BEFORE NON-CONTROLLING INTERESTS	36,437	35,486
Non-controlling interests	(69)	54
NET INCOME FOR THE YEAR	36,368	35,543

Consolidated statement of comprehensive income

<i>(in thousands of euros)</i>	March 31, 2019	March 31, 2018
Net income of the period	36,368	35,543
Non-controlling interests	69	(54)
Other comprehensive income		
Currency translation differences reclassifiable to income	9,291	(5,621)
<i>Reclassified to income</i>		
<i>Recognised in equity</i>	9,291	(5,621)
Fair value adjustments on available-for-sale financial assets	30,635	(8,717)
<i>Recognised in equity – reclassifiable to income – gross</i>	46,278	(1,789)
<i>Recognised in equity – reclassifiable to income – tax effect</i>	(11,709)	2,588
<i>Reclassified to income – gross</i>	(5,282)	(13,366)
<i>Reclassified to income – tax effect</i>	1,348	3,850
Fair value adjustments on employee benefit obligations		18
<i>Recognised in equity – not reclassifiable to income – gross</i>		26
<i>Recognised in equity – not reclassifiable to income – tax effect</i>	(0)	(8)
Other comprehensive income of the period, net of tax	39,926	(14,320)
Total comprehensive income of the period	76,363	21,169
- attributable to owners of the parent	76,272	21,247
- attributable to non-controlling interests	91	(78)

Statement of changes in equity

(in thousands of euros)	Share capital	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, 2017	314,496	810,420	523,027	(4,666)	(24,913)	124,623	(23,579)	83,213	1,802,621	160	1,802,781
Effect of the first application of the standard IFRS 9			(198)						(198)		(198)
2017 net income to be appropriated			83,213					(83,213)			
Payment of 2017 dividends in 2018			(52,895)						(52,895)	(6)	(52,901)
Total transactions with owners	(0)	(0)	30,318	(0)	(0)	(0)	(0)	(83,213)	(52,895)	(6)	(52,901)
December 31, 2018 net income								122,333	122,333	353	122,686
Fair value adjustments on available-for-sale financial assets recognized						(18,668)			(18,668)	(3)	(18,671)
Fair value adjustments on available-for-sale financial assets reclassified to income						686			686	(0)	686
Change in actuarial gains and losses (IAS 19R)							1,395		1,395		1,395
Currency translation differences					(2,767)				(2,767)	(103)	(2,870)
Cancellation of COFACE SA shares	(6,697)		(23,303)	30,000							
Treasury shares elimination	0			(46,786)					(46,786)		(46,786)
Free share plans expenses			515						515		515
Transactions with shareholders			18		(5)				13	(253)	(240)
Equity at December 31, 2018	307,799	810,420	530,377	(21,452)	(27,685)	106,641	(22,184)	122,333	1,806,249	148	1,806,397
Effect of the first application of the standard IFRS 16			203						203		203
2018 net income to be appropriated			122,333					(122,333)			
Payment of 2018 dividends in 2019											
Total transactions with owners	(0)	(0)	122,333	(0)	(0)	(0)	(0)	(122,333)	(0)		(0)
March 31, 2019 net income								36,368	36,368	69	36,437
Fair value adjustments on available-for-sale financial assets recognized in equity						34,566			34,566	3	34,569
Fair value adjustments on available-for-sale financial assets reclassified to income						(3,934)			(3,934)	(0)	(3,934)
Change in actuarial gains and losses (IAS 19R)									(0)		(0)
Currency translation differences					9,272				9,272	19	9,291
Treasury shares elimination				(1,264)					(1,264)		(1,264)
Free share plans expenses			297						297		297
Transactions with shareholders			5						5	(86)	(81)
Equity at March 31, 2019	307,799	810,420	653,215	(22,716)	(18,413)	137,273	(22,184)	36,368	1,881,762	153	1,881,914

Consolidated statement of cash flows

<i>(in thousands of euros)</i>	March 31, 2019	March 31, 2018
Net income for the period	36,368	35,543
Non-controlling interests	69	(54)
Income tax expense	15,209	19,046
+/- Share in net income of associates	(0)	(592)
Finance costs	5,275	4,415
Operating income (A)	56,921	58,358
+/- Depreciation, amortization and impairment losses	8,122	(819)
+/- Net additions to / reversals from technical provisions	23,514	24,455
+ Dividends received from associates		
+/- Unrealized foreign exchange income / loss	10,027	7,092
+/- Non-cash items	(5,150)	(8,235)
Total non-cash items (B)	36,513	22,493
Gross cash flows from operations (C) = (A) + (B)	93,434	80,851
Change in operating receivables and payables	(16,321)	(3,302)
Net taxes paid	(1,558)	5,229
Net cash related to operating activities (D)	(17,879)	1,927
Increase (decrease) in receivables arising from factoring operations	15,381	94,929
Increase (decrease) in payables arising from factoring operations	65,704	(69,400)
Increase (decrease) in factoring liabilities	(108,036)	(45,689)
Net cash generated from banking and factoring operations (E)	(26,951)	(20,160)
Net cash generated from operating activities (F) = (C+D+E)	48,604	62,618
Acquisitions of investments	(403,127)	(584,217)
Disposals of investments	371,586	580,832
Net cash used in movements in investments (G)	(31,541)	(3,385)
Acquisitions of consolidated subsidiaries, net of cash acquired		(0)
Disposals of consolidated companies, net of cash transferred		
Net cash used in changes in scope of consolidation (H)	(0)	(0)
Acquisitions of property, plant and equipment and intangible assets	(13,410)	(5,952)
Disposals of property, plant and equipment and intangible assets	150	(0)
Net cash generated from (used in) acquisitions and disposals of property, plant and equipment and intangible assets (I)	(13,260)	(5,952)
Net cash used in investing activities (J) = (G+H+I)	(44,801)	(9,337)
Proceeds from the issue of equity instruments		
Treasury share transactions	(1,264)	(5,514)
Dividends paid to owners of the parent	(0)	(0)
Dividends paid to non-controlling interests	(0)	
Cash flows related to transactions with owners	(1,264)	(5,514)
Proceeds from the issue of debt instruments	7,698	(0)
Cash used in the redemption of debt instruments	(0)	(0)
Interests paid	(16,665)	(16,048)
Cash flows related to the financing of Group operations	(8,967)	(16,048)
Net cash generated from (used in) financing activities (K)	(10,231)	(21,562)
Impact of changes in exchange rates on cash and cash equivalents (L)	3,253	(2,228)
NET INCREASE IN CASH AND CASH EQUIVALENTS (F+J+K+L)	(3,175)	29,491
Net cash generated from operating activities (F)	48,604	62,618
Net cash used in investing activities (J)	(44,801)	(9,337)
Net cash generated from (used in) financing activities (K)	(10,231)	(21,562)
Impact of changes in exchange rates on cash and cash equivalents (L)	3,253	(2,228)
Cash and cash equivalents at beginning of period	302,419	264,325
Cash and cash equivalents at end of period	299,244	293,816
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,175)	29,491

Events after the reporting period

12 April – Coface acquires SID – PKZ, the leading credit insurance company in Slovenia

Coface has completed the acquisition of SID - PKZ, the market leader in credit insurance in Slovenia with a high market share. As Coface has acquired all SID - PKZ shares, the business will operate under the new brand name Coface PKZ. The acquisition supports Coface's strategy of profitable growth in Central & Eastern Europe region.

Founded by SID Bank in 2005, SID - PKZ recorded €14.3 million of gross written premium in 2018. The transaction will have a neutral impact on Coface's solvency ratio.